

A person wearing a blue beanie and a dark jacket with a red backpack, looking out over a city street. The background is a blurred cityscape with buildings and a street lamp.

**wise**

# Money without borders.

**Prospectus**  
July 2021

This document comprises a Prospectus relating to Wise plc prepared in accordance with the Prospectus Regulation Rules of the FCA made under Section 73A of the FSMA. This Prospectus 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 Prospectus 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 or the quality of the Class A Shares. Investors should make their own assessment as to the suitability of investing in the Class A Shares.

Application has been made to the FCA for all of the Class A Shares to be admitted to the standard listing segment of the Official List of the FCA and to London Stock Exchange for all of the Class A Shares to be admitted to trading on the London Stock Exchange's Main Market by way of a Direct Listing. It is expected that Admission will become effective, and that dealings in the Class A Shares will commence, on 7 July 2021. No application is currently intended to be made for the Class A Shares to be admitted to listing or dealt with on any other exchange. This Prospectus is not an offer or invitation to the public to subscribe for or purchase Class A Shares but is issued solely in connection with the Admission.

The Company will have two classes of shares at Admission, Class A Shares and Class B Shares. Holders of Class A Shares shall have one vote for every Class A Share held and holders of Class B Shares shall have nine votes for every Class B Share held. Each Class A Share corresponds to a Class B Share, with such Class B Share immediately ceasing to carry any entitlement to voting rights on (amongst other things) the depositing of the corresponding Class A Share into CREST or the issuance of a share certificate in respect of such Class A Share. The Class B Shares will not be admitted to listing or trading on any stock exchange and are non-transferable and non-tradeable. At Admission, all of the Class B Shares will be held by certain pre-Admission Shareholders who will therefore at Admission control approximately 90.63% of the voting rights of the Company.

The Directors, whose names appear in "Our Team—Our Directors" on page 61 of this Prospectus, and the Company accept responsibility for the information contained in this Prospectus. To the best of their knowledge, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

This Prospectus 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 Prospectus.



## Wise plc

*(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 13211214)*

### **Admission of Class A Shares to the standard listing segment of the Official List of the FCA and to trading on the Main Market of the London Stock Exchange by way of a Direct Listing**

*Lead Financial Advisers*

**Goldman Sachs**

**Morgan Stanley**

**Barclays**

*Co-adviser*

**Citigroup**

**Share capital immediately following Admission**

**Issued and fully paid**

<b>Class A Shares</b>		<b>Class B Shares</b>	
<b>Number</b>	<b>Nominal Value</b>	<b>Number</b>	<b>Nominal Value</b>
<b>994,589,856</b>	<b>£0.01</b>	<b>398,889,814</b>	<b>£0.000000001</b>

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## SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A-D (A.1 – D.2). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

### SECTION A—INTRODUCTION AND WARNINGS

#### **A.1.1 Name and international securities identifier number (ISIN) of the securities**

The class A ordinary shares in the capital of Wise plc (the “Company” or “Wise”) with a nominal value of £0.01 each (the “Class A Shares”).

When admitted to trading, the Class A Shares will be registered with ISIN number GB00BL9YR756 and SEDOL number BL9YR75 and trade under the symbol “WISE”.

#### **A.1.2 Identity and contact details of the issuer, including its Legal Entity Identifier**

Our registered office and principal place of business is at 6th Floor Tea Building, 56 Shoreditch High Street, London E1 6JJ. Our legal entity identifier (“LEI”) number is 213800LD9XCHIC1C4V71.

#### **A.1.3 Identity and contact details of the competent authority approving the prospectus**

This Prospectus has been approved by the FCA, as competent authority under the UK Prospectus Regulation, with its head office at 12 Endeavour Square, London E20 1JN, and telephone number: +44 (0) 20 7066 1000.

#### **A.1.4 Date of approval of the prospectus**

This Prospectus was approved on 2 July 2021.

#### **A.1.5 Warning**

This summary has been prepared in accordance with Article 7 of the UK Prospectus Regulation and should be read as an introduction to the prospectus (the “Prospectus”). Civil liability attaches only to those persons who are responsible for the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.

### SECTION B—KEY INFORMATION ON THE ISSUER

#### **B.1 Who is the issuer of the securities?**

##### **B.1.1 Domicile, legal form, LEI, jurisdiction of incorporation, the law under which it operates and country of operation**

The Company is a public limited company with registered number 13211214, incorporated under the name 456 Newco plc on 18 February 2021 and renamed Wise plc on 17 June 2021 with its registered office situated in England and Wales. The Company operates under the Companies Act 2006 (the “Act”). The Company’s LEI number is 213800LD9XCHIC1C4V71.

### **B.1.2 *Principal activities***

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

To achieve this, we’ve spent the last decade developing an infrastructure to replace this old, outdated system. Our infrastructure is made up of an ever-expanding global network of direct and indirect integrations with local payment systems, 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 UK high street banks.
- *Speed:* Over 38% of transfers 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.

Our global payments infrastructure powers 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 more than 85% of the world’s bank accounts.
- *Wise Account:* The Wise Account defines a new category to meet today’s multi-currency banking needs for people. Send and spend money internationally, hold money in 56 currencies and get real account numbers in ten currencies.
- *Wise Business:* The business account for going global, it has all the features of the Wise account plus extras tailored to the needs of small and medium businesses, like bank feeds, mass payouts and multi-user access.
- *Wise Platform:* The platform used by banks, credit unions, financial institutions and enterprise partners, providing customers cheaper, faster

payments and account features. Wise Platform is live with 15 banks in 11 countries across 4 continents.

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. Customers now hold over £3.7 billion in Wise (including Wise Account and Wise Business), with 1.6 million debit cards issued.

People use Wise to send money across borders, get paid 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.

We processed £54 billion in volume in FY2021, saving customers over £1 billion in fees. This volume translated into £421 million in revenues, which grew by almost 40% as compared to FY2020, and resulted in a 26% Adjusted EBITDA margin in FY2021.

### **B.1.3 Major 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, or will represent, directly or indirectly, 3% or more of the total issued share capital of the Company immediately prior to admission to trading on the London Stock Exchange's main market for listed securities (the "Main Market") (together, "Admission"):

	<b>Class A Shares</b>	<b>Class B Shares</b>	<b>Shares<sup>(1)</sup> outstanding in the Company</b>
Kristo Käärman <sup>(2)</sup> .....	186,802,356	186,802,356	18.78%
Taavet Hinrikus <sup>(3)</sup> .....	107,933,852	53,966,926	10.85%
Valar Ventures.....	101,628,280	49,883,777	10.22%
IA Ventures.....	95,172,792	47,586,396	9.57%
Andreessen Horowitz.....	92,109,290	28,216,214	9.26%
Baillie Gifford.....	48,530,092	21,263,801	4.88%
D1 Capital Partners .....	38,272,650	—	3.85%
IVP.....	36,462,504	—	3.67%

Notes:

(1) Calculated on the basis of Class A Shares only.

(2) Includes 779,766 Class A Shares and 779,766 Class B Shares held indirectly through a 100% interest in Kotilda OÜ.

(3) Held indirectly through a 100% interest in OÜ Notorious.

The Class A Shares and Class B Shares owned by the major shareholders shall rank *pari passu* with the other Class A Shares and Class B Shares in all respects.

### **B.1.4 Key managing directors**

The Company's Chief Executive Officer is Kristo Käärman and its Chief Financial Officer is Matthew Briers.

**B.1.5 Identity of the statutory auditors**

The Group's statutory auditors for the period covered by the historical financial information set out in this Prospectus are PricewaterhouseCoopers LLP whose registered address is at 1 Embankment Place, London WC2N 6RH, United Kingdom.

**B.2 What is the key financial information regarding the issuer?**

The tables below set out the Group's summary financial information for the periods indicated, as reported in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). There are no qualifications to the accountants' report on the historical financial information. The historical financial information for the Group as at and for each of the years ended 31 March 2021, 2020 and 2019 has been extracted without material adjustment from the Group's financial information.

**Selected Consolidated Statement of Comprehensive Income**

	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)
<b>Gross profit</b> .....	<b>260.5</b>	<b>188.1</b>	<b>110.4</b>
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
<b>Operating profit</b> .....	<b>44.9</b>	<b>23.6</b>	<b>12.2</b>
Finance expenses.....	(3.8)	(3.2)	(2.1)
<b>Profit before tax</b> .....	<b>41.1</b>	<b>20.4</b>	<b>10.1</b>
Income tax (expense)/credit.....	(10.2)	(5.4)	0.2
<b>Profit for the year</b> .....	<b>30.9</b>	<b>15.0</b>	<b>10.3</b>
<b>Other comprehensive income:</b>			
Fair value (loss)/gain on investment.....	(3.0)	1.1	1.2
Currency translation differences.....	(3.8)	0.5	0.4
<b>Total comprehensive (loss)/income</b> .....	<b>(6.8)</b>	<b>1.6</b>	<b>1.6</b>
<b>Total comprehensive income for the year</b> .....	<b>24.1</b>	<b>16.6</b>	<b>11.9</b>

## Selected Consolidated Statement of Financial Position

	As at 31 March		
	2021	2020	2019
	<i>(£ millions)</i>		
Total assets.....	4,301.8	2,376.4	1,112.7
Total liabilities .....	4,016.5	2,179.6	986.3
Total equity .....	285.3	196.8	126.4
Total liabilities and equity.....	4,301.8	2,376.4	1,112.7

## Selected Consolidated Statement of Cash Flows

	Year ended 31 March		
	2021	2020	2019
	<i>(£ millions)</i>		
Net cash generated from operating activities .	2,073.9	1,188.4	683.8
Net cash used in investing activities.....	(671.8)	(20.9)	(123.0)
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
<b>Cash and cash equivalents at end of year.....</b>	<b>3,358.6</b>	<b>2,077.6</b>	<b>856.1</b>

### B.3 What are the key risks that are specific to the issuer?

- There may be other companies who create better products and services for our customers in the future.
- Global and economic changes can reduce the demand for our products and services.
- We may not be able to maintain our current level of reputation and service.
- We face the risk of cyber-attacks which can compromise our IT systems and even expose our customer's data.
- We may reduce our fees faster than our costs, making us a less profitable business.
- Increases in transaction and processing fees can challenge our profitability and put upwards pressure on prices.
- We are exposed to foreign exchange movements, and excessive volatility can impact our profitability.
- 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.
- We may fail to comply with the regulatory licence conditions, resulting in us facing increasing costs or even losing the ability to operate.

## SECTION C—KEY INFORMATION ON THE SECURITIES

### **C.1 What are the main features of the securities?**

#### **C.1.1 Type, class and ISIN**

On Admission, the Company will have two classes of shares, Class A Shares and Class B Shares.

The Class A Shares will be registered with ISIN number GB00BL9YR756 and SEDOL number BL9YR75 and trade on the Main Market of the London Stock Exchange under the symbol “WISE”. The Class B Shares will not be admitted to listing or trading on any stock exchange and are non-transferable and non-tradeable.

#### **C.1.2 Currency, denomination, par value, number of securities issued and duration**

The currency of the Shares is United Kingdom pounds sterling. On Admission, there will be 994,589,856 Class A Shares of £0.01 each (all of which will be fully paid or credited as fully paid) and 398,889,814 Class B Shares of £0.000000001 each in issue.

#### **C.1.3 Rights attaching to the Shares**

The rights attaching to the Class A Shares will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions declared, made or paid on the ordinary share capital of the Company. Except as provided by the rights and restrictions attached to any class of shares, Class A Shareholders will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

The rights attaching to the Class B Shares will be uniform in all respects and they will form a single class for all purposes, including with respect to voting. The Class B Shares shall have no rights to the payment of dividends or to any return of surplus assets on a winding up (save for their nominal value, which amounts to £0.398889814 in aggregate across the entire Class B Share class).

#### **C.1.4 Rank of securities in the issuer’s capital structure in the event of insolvency**

The Class A Shares and Class B Shares do not carry any rights as respects to capital to participate in a distribution (including on a winding-up) other than those that exist as a matter of law.

#### **C.1.5 Restrictions on transfer**

There are no restrictions on the free transferability of the Class A Shares.

The Class B Shares are non-tradeable and non-transferable.

#### **C.1.6 Dividend or payout 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, 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.

**C.2** *Where will the securities be traded?*

Application has been made to the FCA for all of the Class A Shares to be admitted to the standard listing segment of the Official List of the FCA and to the London Stock Exchange for all of the Class A Shares to be admitted to trading on the London Stock Exchange's Main Market by way of a Direct Listing.

**C.3** *What are the key risks that are specific to the securities?*

- Our Class A Shares may be subject to market price volatility and the market price of the Class A Shares may decline disproportionately in response to developments that are unrelated to our operating performance.
- There is no existing market for our Class A Shares and an active trading market for our Class A Shares may not develop or be sustained.
- Upon Admission, the absence of an initial offer price and/or the absence of a pre-determined level of supply of Class A Shares for sale could impact the level of liquidity in trading in, and/or the price of, our Class A Shares.
- Our Dual Class Share Structure has the effect of enhancing the voting control of certain pre-Admission shareholders who have elected to receive Class B Shares, limiting the ability of Class A Shareholders to influence corporate matters.
- We cannot predict the impact our Dual Class Share Structure may have on the market price of our Class A Shares.
- Whilst all Class A Shares are freely transferable, Shareholders who hold Class B Shares will need to follow certain procedural steps in order to implement a trade in the Class A Shares that correspond to their Class B Shares.

**SECTION D—KEY INFORMATION ON THE LISTING OF SECURITIES AND THE ADMISSION TO TRADING ON A REGULATED MARKET**

**D.1** *Under which conditions and timetable can I invest in this security?*

This Prospectus does not constitute an offer or invitation to any person to subscribe for or purchase any shares in the Company. It is expected that Admission of the Class A Shares will become effective at 8.00 a.m. (London time) on 7 July 2021, and that dealings in the Class A Shares will commence on the London Stock Exchange no later than shortly after 11.22 a.m. (London time) on 7 July 2021.

**D.2** *Why is this prospectus being produced?*

This document has been prepared solely in connection with the application to the FCA for all of the Class A Shares to be admitted to the standard listing segment of the Official List of the FCA and to the London Stock Exchange for such Class A Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities by way of a Direct Listing.

**Material conflicts of interest**

There are no conflicting interests which are material in connection with the Admission.

## 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.***

Wise Payments Limited (formerly 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, 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.

***There are a number of risks related to our Class A Shares.***

***Our Class A Shares may be subject to market price volatility and the market price of the Class A Shares may decline disproportionately in response to developments that are unrelated to our operating performance.***

The market price of the Class A Shares following Admission may be volatile and subject to wide fluctuations. The market price of our Class A Shares may fluctuate as a result of a variety of factors, including, but not limited to, those referred to elsewhere in this section, as well as period to period variations in our operating results or changes in revenue or profit estimates by us, industry participants or financial analysts. The market price of Class

A Shares could also be adversely affected by developments unrelated to our operating performance, such as the operating and share price performance of other companies that investors may consider comparable to us, speculation about the Group in the press or the investment community, unfavourable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions, regulatory changes and broader market volatility and movements. In addition, sales of a substantial number of Class A Shares in the public market, or the perception that such sales might occur, could depress the market price of our Class A Shares and could impair our ability to raise capital through the sale of additional equity securities. Shareholders are not restricted from granting security over their Class A Shares in connection with lending arrangements, including margin loan facilities. In the event that security is granted over certain Class A Shares and that security is enforced, the lender under those arrangements may become interested in certain Class A Shares and may effect the sale of some or all of those Class A Shares in the public markets in short order. Any or all of these factors could result in material fluctuations in the price of our Class A Shares, which could lead to investors getting back less than they invested or a total loss of their investment.

***There is no existing market for our Class A Shares and an active trading market for our Class A Shares may not develop or be sustained.***

Prior to Admission, there has been no public trading market for the Class A Shares. Although we have applied to the FCA for admission of the Class A Shares to the standard listing segment of the Official List of the FCA and have applied to the London Stock Exchange for admission to trading on its Main Market for listed securities, we can give no assurance that an active trading market for the Class A Shares will develop or, if developed, could be sustained following Admission. If an active trading market is not developed or maintained, the liquidity and trading price of the Class A Shares could be adversely affected.

***The issuance of additional Class A Shares in the Company in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute all other shareholdings.***

In the future we may seek to raise financing to fund acquisitions and other growth opportunities. We may, for these and other purposes, issue additional equity or convertible equity securities in the Company. As a result, existing holders of Class A Shares may suffer dilution in their percentage ownership or the market price of the Class A Shares may be adversely affected.

***The proposed standard listing of our Class A Shares will afford shareholders a lower level of regulatory protection than a Premium Listing.***

Application will be made for our Class A Shares to be admitted to the standard listing segment of the Official List of the FCA. A standard listing will afford shareholders a lower level of regulatory protection than that afforded to investors in companies listed on the premium listing segment of the Official List of the FCA, where companies are subject to additional obligations under the Listing Rules. In particular, as a company with a standard listing, we will not be required to comply with the requirements of the UK Corporate Governance Code, following Admission. The Company will not be required to give

shareholders the opportunity to vote on any future acquisitions, even if Class A Shares are being issued as consideration for such acquisitions, save to the extent shareholder approval is required pursuant to the Companies Act to issue such Class A Shares. Similarly, the Group will not be required to comply with the requirements of Chapter 10 of the Listing Rules relating to the announcement and, in some cases, the approval, of significant transactions (as defined in the Listing Rules) and Chapter 11 of the Listing Rules relating to the announcement and, in some cases, the approval, of related party transactions (as defined in the Listing Rules).

***We will incur increased costs as a result of operating as a public company, and management will be required to devote substantial time to compliance with public company responsibilities and corporate governance practices.***

As a public company listed in the United Kingdom, we will incur significant additional legal, accounting, and other expenses. In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure may increase legal and financial compliance costs and make some activities more time consuming. These laws, regulations, and standards are subject to varying interpretations, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. We intend to invest resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If, notwithstanding our efforts, we fail to comply with new laws, regulations, and standards, regulatory authorities may initiate legal proceedings against the Group and our business may be harmed.

Failure to comply with these rules might also make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we might be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events would also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on committees of our board of directors, or as members of senior management.

***Upon Admission by way of a Direct Listing, the absence of an initial offer price and/or the absence of a pre-determined level of supply of Class A Shares for sale could impact the level of liquidity in trading in, and/or the price of, our Class A Shares.***

The Direct Listing of our Class A Shares is a method of listing securities that has a relative lack of comparable precedent on the London Stock Exchange. Unlike in an initial public offering, with the Direct Listing, there will be no public offer of existing or new Class A Shares to investors at the time of Admission, and there will be no pre-determined price or price range at which our Class A Shares will be sold in the market.

The absence of a predetermined initial price could impact the range and volume of buy and sell orders received by the London Stock Exchange in respect of the Class A Shares in the Opening Auction and immediately following Admission. In addition, there may be limited supply of our Class A Shares for sale at those times. Consequently, upon Admission we may experience lower levels of liquidity, and the public trading price of our Class A

Shares may be more volatile than would typically be the case in an underwritten initial public offering.

***If we are a PFIC for U.S. federal income tax purposes for any taxable year, U.S. Holders of Class A Shares could be subject to adverse U.S. federal income tax consequences.***

A non-U.S. corporation will be classified as a PFIC for any taxable year if either: (a) at least 75% of its gross income is “passive income” for purposes of the PFIC rules or (b) at least 50% of the gross value of its assets (generally determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income. Based on our historic and anticipated operations, composition of income and assets and the projected market value of our equity, we do not expect to be a PFIC for U.S. federal income tax purposes for our current taxable year. However, our possible status as a PFIC must be determined annually after the close of each taxable year, and therefore may be subject to change.

This determination will depend on the composition of our income and assets (including income and assets of 25% owned subsidiaries), the fair market value of our assets (including, among others, any less than 25% owned equity investments) from time to time, which may be determined by reference to our share price (which could fluctuate significantly), as well as on the application of complex statutory and regulatory rules that are subject to potentially varying or changing interpretations. Accordingly, there can be no assurance that we will not be considered a PFIC for any taxable year. If we were a PFIC, a U.S. Holder (as defined in “*Additional Information—Certain U.S. Federal Income Tax Considerations*”) of Class A Shares may be subject to adverse US federal income tax consequences, such as taxation at the highest marginal ordinary income tax rates on gains recognised on certain actual or deemed distributions, interest charges on certain taxes treated as deferred, and additional reporting requirements. See “*Additional Information—Certain U.S. Federal Income Tax Considerations—Passive Foreign Investment Company considerations*”.

**There are a number of risks related to our Dual Class Share Structure.**

***Our Dual Class Share Structure has the effect of enhancing the voting control of certain pre-Admission shareholders who have elected to receive Class B Shares, including Directors, senior managers, and employees and their respective affiliates, limiting the ability of Class A Shareholders to influence corporate matters.***

Our Class B Shares carry nine votes per Class B Share and our Class A Shares carry one vote per Class A Share. On Admission, it is expected that: (1) the holders of the outstanding Class B Shares will hold approximately 90.63% of the voting power of our outstanding share capital, with our Directors, senior managers and 3% shareholders and their respective affiliates holding approximately 89.90% of such voting power in the aggregate; and (2) our Executive Founder, together with his corporate nominees, will hold approximately 26.81% of our outstanding share capital (i.e. of the number of Class A Shares and Class B Shares in aggregate) but will control approximately 40.75% of the voting

power of our outstanding share capital. These holders are therefore expected to have significant influence over our management and affairs and over all matters requiring shareholder approval, including election of Directors and certain significant corporate transactions for the foreseeable future. The interests of Class B Shareholders may not align with the interests of Class A Shareholders who are not also Class B Shareholders. We cannot predict how Class B Shareholders will exercise their voting power on shareholder matters and cannot prevent such shareholders from exercising their voting power to the detriment of Class A Shareholders who do not also hold Class B Shares.

Each Class B Share will immediately cease to carry any entitlement to voting rights upon the occurrence of certain events, including: (1) its holder being issued a share certificate in respect of its corresponding Class A Share or that corresponding Class A Share being deposited into CREST; (2) the death of its holder; (3) the purported trade and/or transfer of the Class B Share; or (4) any indirect change in control of the original Class B Shareholder. Further, any Class B Shares with entitlement to voting rights will immediately cease to carry any such entitlement at 23.59 (London time) on the fifth anniversary of Admission. The Company may, in its sole discretion at any time, redeem any Class B Shares which have ceased to carry their entitlement to voting rights, upon which such Class B Share will be cancelled.

Decreases in Class B Shares carrying voting rights will have the effect, over time, of increasing the relative voting power of those other Shareholders, including holders of Class B Shares, who retain their Class B Shares, thereby concentrating control over our corporate matters in a decreasing number of Shareholders.

Pursuant to the Articles, the voting entitlement of Class B Shareholders is capped so that, regardless of the number of Class B Shares that a Class B Shareholder holds, the votes attaching to those Class B Shares will only increase the votes such Shareholder has by virtue of its Class A Shares up to a maximum of one vote below the following thresholds:

- in the case of our Executive Founder, for so long as he remains Chief Executive Officer of the Company, one vote below 50% of total votes eligible to be cast in respect of a Shareholder resolution; and, should he cease to be Chief Executive Officer of the Company, 35% of votes eligible to be cast in respect of a Shareholder resolution;
- in the case of all other Class B Shareholders, one vote below 35% of total votes eligible to be cast in respect of a Shareholder resolution; and
- while the Residual Change in Control Approval condition is outstanding, in the case of all Class B Shareholders (including our Executive Founder), one vote below 25% of total votes eligible to be cast in respect of a Shareholder resolution.

For the avoidance of doubt, there is no restriction on a Shareholder being entitled to exercise votes above the thresholds set out above by virtue solely of the Class A Shares they hold, the voting restrictions apply only in the context of the increase in votes afforded by Class B Shares.

***We cannot predict the impact our Dual Class Share Structure may have on the market price of our Class A Shares.***

We cannot predict whether our Dual Class Share Structure, combined with the concentrated control of our pre-Admission shareholders who have elected to receive Class B Shares, including our Directors, senior managers and employees and their respective affiliates, will result in a lower or more volatile market price of our Class A Shares or in adverse publicity or other adverse consequences.

***Whilst all Class A Shares are freely transferable, Shareholders who hold Class B Shares will need to follow certain procedural steps in order to implement a trade in the Class A Shares that correspond to their Class B Shares.***

The holders of Class B Shares will hold no economic rights in the Company by virtue of such Class B Shares other than in respect of a right to the return of their nominal value on a winding up of the Company (which amounts to £0.398889814 in aggregate across the whole Class B Share class). Instead, the holder of a Class B Share will hold economic rights in the Company only through a corresponding Class A Share that will be issued in respect of each Class B Share in issue. Monitoring mechanisms implemented to manage our and our shareholders' obligations in respect of control thresholds will require the corresponding Class A Share issued alongside each Class B Share to be held in dematerialised form (but not deposited into CREST) for so long as that Class B Share remains in issue. Upon the deposit of a Class A Share into CREST or the issue of a share certificate in respect of that Class A Share, the corresponding Class B Share will immediately cease to carry any entitlement to voting rights.

Whilst the free transferability of Class A Shares that correspond to Class B Shares is identical to those Class A Shares that do not correspond to Class B Shares, the requirement for such Class A Shares to be held initially in dematerialised form without being deposited into CREST will reduce the ability of holders of such corresponding Class A Shares to trade those shares on as immediate a basis, and to realise the economic value of those shares as quickly, as those shareholders who hold Class A Shares that are already deposited into CREST. Any delay in this process may result in holders of such shares being exposed to execution risk and longer periods of market price fluctuations following a decision to realise the economic value of that shareholding by selling such Class A Shares.

## LETTER FROM OUR CEO AND CO-FOUNDER

### **Where we started**

Ten years ago, Taavet and I started Wise. We were both sick of losing money to our banks.

I was sending money home to Estonia every month with my bank and losing thousands to hidden exchange rate markups. I didn't like this then and I still don't today.

We came up with what we thought was a pretty clever solution. Every month, we looked up the actual exchange rate and then Taavet put his Estonian kroon into my bank account in Estonia and I topped up Taavet's UK account with pounds.

No fees, no bad exchange rates - it felt like we had outsmarted a system that was built to fleece us. It felt good.

We thought we might be able to help others save some money who'd been overcharged and underserved by banks. We built a simple website, crowdsourced a name from our friends, and Wise was born.

### **Where we are today**

In the decade since, we've grown from a simple money transfer service into an international account that helps a community of over 10 million like-minded people and businesses manage and move their money across the world.

Wise now moves over £5 billion across borders every month, saving customers more than £1 billion in fees a year.

Our Wise Account and debit card is replacing traditional international banking for millions of people and businesses. We've issued more than 1.6 million debit cards and customers held £3.7 billion in deposits as at 31 March 2021 across 56 different currencies in Wise accounts, and many use their Wise account numbers to get paid like a local in 30 countries.

Businesses now use us to manage their cash flow, pay suppliers, and get paid all over the world.

And by building this infrastructure for consumers and businesses, we've created a service over API that more than a dozen banks and enterprises use today.

Over the years we expanded to new countries, launched new features, and are still fighting as hard as ever against hidden fees. Throughout this, one thing has remained constant - our mission.

### **The Wise Mission**

We are creating money without borders: instant, convenient, transparent and eventually free.

Money should move across borders instantly. Moving money across borders should be convenient. The fees should be transparent and not be hidden in exchange rates. Eventually, we want to make money move across borders for free.

We're powering money for people and businesses: to pay, get paid, to spend, in any currency, wherever you are, whatever you're doing.

In 2011, this had never been attempted. In 2021, it is still a huge leap from where we are. There remains a great deal of work to do.

Moving money into another currency is still a maze of hidden exchange rate markups, high fees, delays, and small print for most people. Sending, spending, receiving, and holding money internationally doesn't work like it should, because the international banking system was built for the past.

We're still in the early stages of making our mission a reality, but we know what we need to do and we have a team of over 2,400 dedicated people working to make it happen.

### **Making our mission a reality**

Today, moving money using Wise saves customers money, time, and hassle. It still mostly moves between bank accounts in different countries.

Increasingly, people and businesses use Wise to replace international bank accounts and hold their money, move money between their Wise Account balances, and spend it with their Wise debit cards.

Others are switching to banks, where cross-border transactions powered by Wise are built directly into their bank's apps.

As the world gets more connected, the need for moving money globally is only accelerating. We are making money work for that connected future.

The pages that follow lay out how we're going to do this. At its core, our plan revolves around:

- Building solutions to help personal customers manage their money internationally through the Wise Account.
- Making our Wise Business account work for businesses of all sizes so they can manage their international finances.
- Continuing to improve our infrastructure so that it can move money for anyone, anywhere and helping Wise Platform partners integrate Wise into their banks or apps.

If we do these things right, we will make progress on our mission and save people and businesses much, much more than the £1 billion they currently save every year using Wise.

### **What you should expect if you join us**

I like to tell our team that they haven't signed up to work at a company - but on a mission. Our shareholders should have the same mindset. Whether you own a small or large piece of Wise, you are not just buying a part of the company, but you're supporting our progress on creating money without borders.

The process of becoming a public company is a milestone on our journey, but is not a defining feature in and of itself. The work that remains is making Wise cheaper, faster, and easier to use - all around the world.

We've built Wise in a sustainable way to be financially independent - and will continue to do so. Our customers pay us enough fees - revenue - that lets us top up our balance sheet with profits for a rainy day.

We are working on a difficult, structural problem that will take a long time to solve. For generations, banks have been defined by borders. Traditional bank accounts trap our money in one country, making international lives more difficult and expensive than they need to be. We are building a better way, but it won't happen overnight. Our mission has a long term horizon for success.

It can take years to increase the speed of payments and drop fees by integrating into a nation's payment system. At the same time, we can create new features incredibly fast due to how our team and company is set up. Sometimes our progress may seem fast, but it requires patient, dedicated focus to make a lasting improvement in the fundamentals, such as the cost and speed.

Shareholders should understand that we prioritise our team's efforts - and judge success - on the basis of mission progress. Revenue and returns are a function of our focus on our mission.

We are not a company that prioritises short term solutions. If you're joining us as a shareholder, you should understand the long term nature of our mission and our focus on it. This is how we grew to help 10 million customers today and how we aim to help 100 million customers in the future.

### **Staying true to our values**

Becoming a publicly traded company is something that we've considered for a long time. We are approaching this evolution in our own way that reflects our mission and values.

This moment in time is marked by three key characteristics.

- 1 We are taking steps to align ownership and mission by bringing customers into our shareholder base.** Doing this ensures we are solving their problems the best we can.
- 2 We are taking steps to become public in a way that is transparent and fair.** By doing a Direct Listing, we are ensuring everyone gets the same opportunity to own a part of Wise as large institutions. We're allowing our existing shareholders to sell on their own terms and allowing the open market to set a price in a transparent way that's fair for all.
- 3 Keeping our long term focus.** We are putting in place a voting structure that ensures our team can focus on our mission over the long term.

## **Join us**

At the time of becoming a public company, it's easy to get distracted by evaluating revenue and profits and debating a share price. But for us, this moment is about our customers finally being able to become owners of Wise.

Money is an important part of our lives. But thinking about how to get it from one place to another should never be an expensive or inconvenient worry.

Many of our 10 million customers live away from home. The people who use Wise to move money around the world every day are individuals supporting their families, parents paying school fees, and business owners funding their entrepreneurial dreams.

When we talk about removing borders from money, what we're actually talking about is saving them money and making their lives easier. It's what we started doing 10 years ago and it's what we're going to be doing for a long time. If you believe in that, we're excited to have you join us on this mission.

Onwards.

## **THE DIRECT LISTING, DUAL CLASS SHARE STRUCTURE AND OWNWISE**

### **1 Direct Listing**

Admission is expected to take place at 8.00 a.m. on 7 July 2021. At Admission, the Class A Shares will be admitted to trading by way of a Direct Listing on the London Stock Exchange's Main Market under the symbol "WISE". The Class A Shares will be registered with ISIN number GB00BL9YR756 and SEDOL number BL9YR75.

On the day of Admission, the London Stock Exchange will facilitate the Opening Auction (as described below) using an algorithmic process to match buy and sell orders and establish an opening market price for the Class A Shares (the same auction mechanism, save for the differences set out below, as is generally used by London Stock Exchange for Main Market listed equities at the open of trading on each business day).

The Class B Shares will not be admitted to listing or trading on any stock exchange and are non-transferable and non-tradeable.

### **2 Dual Class Share Structure**

At Admission, Wise's share capital structure will consist of Class A Shares and Class B Shares.

#### **Class A Shares**

As detailed in the Articles, the Class A Shares carry one vote per share and have a pro rata economic interest (including in respect of dividends and other distributions) across the share class.

An application will be made to the FCA for all of the Class A Shares to be admitted to the standard listing segment of the Official List of the FCA and to the London Stock Exchange for all of the Class A Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities.

Following Admission, the Class A Shares will be freely and publicly transferable and it is expected that in excess of 25% of the Class A Shares will be held in public hands (within the meaning of paragraph 14.2.2 of the Listing Rules).

#### **Class B Shares**

As detailed in the Articles, the Class B Shares carry nine votes per share and have no economic interest or right to dividends (other than a preferential return of their nominal value (in aggregate £0.398889814 across the Class B Share class) on a winding up or liquidation of Wise).

Class B Shares are non-tradeable and non-transferrable.

As detailed in the Articles, Class B Shares carrying any entitlement to voting rights will immediately cease to carry any such entitlement in each of the following circumstances:

- the Class B Shareholder being issued a share certificate in respect of that Class B Share's corresponding Class A Share;
- the Class B Shareholder's corresponding Class A Share being deposited into CREST;

- the death of the Class B Shareholder;
- the purported trade and/or transfer of the beneficial and/or legal interest of a Class B Share;
- any indirect change in control in respect of the Class B Shareholder; or
- 23.59 (London time) of the fifth anniversary following Admission.

The Company may, in its sole discretion and at any time, redeem any Class B Shares that have ceased to carry their entitlement to voting rights in accordance with the Articles, upon which such Class B Share will be cancelled.

Each Class B Share will be issued alongside a corresponding Class A Share. Any Class A Shares which correspond to Class B Shares will be held in dematerialised form (but not deposited into CREST) and ownership thereof will be evidenced by reference to the Company's share register. Once a Class A Share is deposited into CREST or a share certificate is issued in respect of that Class A Share, its corresponding Class B Share will immediately cease to carry any entitlement to voting rights. Holders of Class A Shares that correspond to Class B Shares can deposit any or all of their Class A Shares into CREST, or request the issuance of a share certificate in respect of any or all of their Class A Shares, at any time, through the Registrar; a consequence of either action is that the corresponding Class B Shares will immediately cease to carry any entitlement to voting rights.

When any Class B Share ceases to carry its entitlement to voting rights, the Registrar will perform a "true up" whereby it will calculate the outstanding voting rights in the Company following the reduction in the number of Class B Share votes. By maintaining such a control monitoring mechanism, Wise can effectively monitor the total outstanding votes in Wise following any Class B Shares ceasing to carry their entitlement to voting rights, with such updated positions to be announced to the market following each loss of voting rights.

### **Class B Shareholders**

Prior to the date of this Prospectus and subject to certain limited exceptions, all Existing Shareholders (including employee holders of vested share options who choose to exercise prior to Admission) were entitled to elect whether or not to receive Class B Shares up to the following thresholds:

- our Executive Founder was entitled to receive up to 100% of the allocation of Class A Shares he is entitled to on Admission with corresponding Class B Shares; and
- all other Eligible Class B Shareholders were entitled to receive, should they so elect, 50% of the allocation of Class A Shares they were each entitled to on Admission with corresponding Class B Shares.

### **Class B Shareholder voting caps**

As detailed in the Articles, the voting entitlement of Class B Shareholders is capped so that, regardless of the number of Class B Shares that a Class B Shareholder holds, the votes attaching to those Class B Shares will only increase the votes such Shareholder has

by virtue of its Class A Shares up to a maximum of one vote below the following thresholds:

- in the case of our Executive Founder, for so long as he remains Chief Executive Officer of the Company, one vote below 50% of total votes eligible to be cast in respect of a Shareholder resolution; and, should he cease to be Chief Executive Officer of the Company, one vote below 35% of votes eligible to be cast in respect of a Shareholder resolution;
- in the case of all other Class B Shareholders, one vote below 35% of total votes eligible to be cast in respect of a Shareholder resolution; and
- while the Residual Change in Control Approval condition is outstanding, in the case all Class B Shareholders (including our Executive Founder), one vote below 25% of total votes eligible to be cast in respect of a Shareholder resolution.<sup>1</sup>

For the avoidance of doubt, there is no restriction on a Shareholder being entitled to exercise votes above the thresholds set out above by virtue solely of the Class A Shares they hold, the voting restrictions apply only in the context of the increase in votes afforded by Class B Shares.

### **How the Dual Class Share Structure supports our mission**

We are on a mission to solve moving money across borders. We believe that our success to date has come about through our relentless focus on solving the problems facing our customers whilst building a sustainable and profitable business to support this mission. In doing this, and in particular, bringing transparency and fairness into how we price our products, we have found a common ground of creating value for our customers and also for our shareholders.

We also believe that our long term success depends on continuing this focus, and that it is only through this long-term, as opposed to short-term, vision that the real alignment between customer and shareholder value is reached.

We attempt to be very clear on our mission and transparent on our approach; and we seek to attract long term focused investors who share our vision and passion for solving this problem for the world.

The primary reason for implementing this Dual Class Share Structure is to preserve the stability and continuity of control and strategic direction in the hands of our existing shareholder base during an initial transitional period after Admission. In particular, we believe that our Eligible Class B Shareholders have been central in setting, and then

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<sup>1</sup> The Group is regulated by a number of regulators throughout the world. As a result, certain approvals have been required in respect of the increased control levels of certain Shareholders resulting from the implementation of the Dual Class Share Structure. The Company has received the majority of these approvals, with one remaining outstanding as of the date of this document, namely approval from the regulatory authority of the State of Virginia in the United States, with such regulator requiring the Company to obtain approval prior to a Shareholder holding 25% or more of the voting rights in the Company. Such approval is expected to be granted shortly. Until this approval is granted and the grant of such approval is confirmed by the board of directors, or the Company's licensing arrangements mean that the approval is no longer required, this interim voting cap is required to ensure the Group complies with these regulatory obligations.

executing against, this long term mission, and that our Dual Class Share Structure will benefit our customers and in turn our Shareholders by:

- ensuring that the founder vision that has made Wise what it is today is retained, including in respect of its customer focused culture, and enabling us to continue to invest in building the fastest, cheapest and most convenient money-moving platform in the world;
- promoting Wise's long-term growth and hence long term value creation by enabling us to invest in our customers sustainably; and
- protecting Wise from events which may be contrary to its existing objectives, such as hostile takeover bids.

It is therefore intended that our Dual Class Share Structure will promote these objectives by providing enhanced voting rights to those who have been key to our development and have evidenced a commitment to our journey, and will help preserve the stability and continuity of strategic direction during an initial transitional period after Admission.

### **3 Liquidity Provision and Lock-up Agreement**

In order to support the public trading of Class A Shares on the date of Admission through the sale of certain Class A Shares in the Opening Auction and on the date of Admission, certain Existing Shareholders, the Company, Goldman Sachs and Morgan Stanley have entered into the Liquidity Provision and Lock-up Agreement. Pursuant to the Liquidity Provision and Lock-up Agreement, certain Existing Shareholders have committed to sell a proportion of their Class A Shares through Goldman Sachs and Morgan Stanley in the Opening Auction (or, if such shares are not sold in the Opening Auction, on the date of Admission). The total number of Class A Shares being supplied to Goldman Sachs and Morgan Stanley for sale in the Opening Auction (or, following the Opening Auction, on the date of Admission) through the Liquidity Provision and Lock-up Agreement is 24,243,895 Class A Shares (equal to 2.44% of the Class A Shares in issue at Admission).

Each of the Existing Shareholders selling Class A Shares pursuant to the Liquidity Provision and Lock-up Agreement has agreed to pay, in respect of the sale of its Class A Shares, a commission equal to 0.05% of the gross proceeds of sale to whichever of Goldman Sachs and Morgan Stanley executes the sale order, 0.45% of the gross proceeds of sale as a capital markets structuring fee to be distributed equally between Goldman Sachs and Morgan Stanley, and 2.0% of the gross proceeds of sale to the Company by way of contribution in respect of the fees payable by the Company pursuant to the Joint Financial Advisers Agreement.

Pursuant to the Liquidity Provision and Lock-up Agreement, certain Existing Shareholders have each agreed that, subject to certain exceptions (including in respect of the pledging, charging or otherwise granting any security interest over Class A Shares to or for the benefit of any margin loan lender(s)), during the period of 180 days from the date of Admission, they will not, without the prior written consent of Goldman Sachs and Morgan Stanley, offer, sell, assign, contract to sell, transfer, or otherwise dispose of, directly or indirectly, any of the Class A Shares they hold at Admission (or any interest therein or

in respect thereof). The aggregate number of Class A Shares subject to this lock-up is 223,896,140 Class A Shares (equal to 22.5% of the Class A Shares in issue at Admission).

#### **4 Opening Auction**

Through the Direct Listing, there is not expected to be any pricing guidance published by the Company in respect of the Class A Shares. To support an orderly price formation process through the Opening Auction, noting the potential market pricing uncertainty resulting from the absence of pricing guidance, the London Stock Exchange will, for the Opening Auction, be adopting changes to its usual opening auction duration and mechanism (for the date of Admission only). Details of these changes can be found in a Service Announcement issued by London Stock Exchange on 17 June 2021. The below provides a summary of these changes.

##### **Initial Auction Call Period**

The initial Opening Auction call period will commence at 7.50 a.m. (London time) on the date of Admission and will last for 190 minutes, longer than the typical opening auction call period of 10 minutes. Until the expiry of this initial call period, no LSE order book trades in respect of the Class A Shares will take place. Therefore, the Opening Auction trade in respect of the Class A Shares will not take place before 11.00 a.m. (London time) on the date of Admission.

##### **Price Monitoring Extensions**

The London Stock Exchange's usual opening auction processes allow for there to be one price monitoring extension after this initial call period. Under the modified processes for the Opening Auction in this case, it will be possible for there to be up to four price monitoring extensions. Each such extension will last for five minutes.

Any such extension would be triggered by the indicative uncrossing price of the Class A Shares established in the initial call period being more than a specified amount away (either higher or lower) from a reference price used by the London Stock Exchange for this purpose. This reference price is an operational tool for the purposes of the Opening Auction – it is not intended to reflect any view on the value of the Company or the Class A Shares (from the Company, any Shareholder or any other person) and it will not be published.

The first price monitoring extension will be triggered if the indicative uncrossing price of the Class A Shares established through the Opening Auction is, at the conclusion of the initial opening call period, 5% or more away from the London Stock Exchange's reference price. If, by the end of the first price monitoring extension, the indicative uncrossing price is 10% or more away from the London Stock Exchange's reference price, a second price monitoring extension will be triggered. A third price monitoring extension will be triggered if, at the close of the second price monitoring extension period, the indicative uncrossing price is 20% or more away from the London Stock Exchange's reference price, and a fourth extension will be triggered if, at the end of the third price monitoring extension period, the indicative uncrossing price is 50% or more away from the London Stock Exchange's reference price.

## **Market Order Extensions**

In addition to price monitoring extensions, the London Stock Exchange's usual opening auction processes also allow for a single two-minute market order extension if and when, at the end of the initial call period (or any subsequent auction extension period), the indicative uncrossing price would result in market orders (which are unpriced) remaining unexecuted on the order book. This typical process will also be followed for the Opening Auction.

## **Effect of Extensions**

If all possible price monitoring extensions and the single available market order extension are all triggered, the first trades in the Class A Shares from the Opening Auction will take place shortly after 11.22 a.m. (London time). If no price monitoring extensions are triggered and the market order extension is not triggered, the first trades in the Class A Shares from the Opening Auction will take place within a random 30 second period after 11.00 a.m. (London time).

Further information on London Stock Exchange's opening auction mechanisms and price monitoring functionality can be found in London Stock Exchange MIT201 - Guide to the Trading System, available on London Stock Exchange's website at [www.londonstockexchange.com/tradingservices](http://www.londonstockexchange.com/tradingservices).

## **5 Consequences of a Standard Listing**

Application will be made for the Class A Shares to be admitted to listing on the Official List of the FCA pursuant to Chapter 14 of the UK Listing Rules, which sets out the requirements for standard listings. A standard listing affords subscribers and purchasers of Class A Shares a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to the premium listing segment of the Official List of the FCA, which are subject to additional obligations under the Listing Rules.

An applicant that is applying for a standard listing of equity securities must comply with all the requirements listed in Chapter 2 of the Listing Rules, which specifies the requirements for listing for all securities, and there are a number of continuing obligations set out in Chapter 14 of the Listing Rules that will be applicable to us.

These include requirements as to:

- the forwarding of circulars and other documentation to the FCA for publication through the national storage mechanism, and related notification to a Regulatory Information Service;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure Guidance and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;

- Regulatory Information Service notification obligations in relation to a range of debt and equity capital issues; and
- compliance with, in particular, Chapters 4, 5 (if applicable), and 6 of the Disclosure Guidance and Transparency Rules.

In addition, while the Company has a Standard Listing, it is not required to comply with the provisions of, among other things:

- Chapter 6 of the Listing Rules containing additional requirements for the listing of equity securities, which are only applicable for companies with a premium listing;
- Chapter 8 of the UK Listing Rules regarding the appointment of a listing sponsor to guide the Group in understanding and meeting its responsibilities under the UK Listing Rules in connection with certain matters. The Company has not and does not intend to appoint such a sponsor in connection with the Listing;
- Chapter 9 of the Listing Rules containing provisions relating to transactions, including, amongst other things, requirements relating to future issues of shares, the ability to issue shares at a discount in excess of 10% of market value, notifications and contents of financial information;
- Chapter 10 of the UK Listing Rules relating to significant transactions;
- Chapter 11 of the UK Listing Rules regarding related party transactions;
- Chapter 12 of the UK Listing Rules regarding purchases by the Company of its Class A Shares; and
- Chapter 13 of the UK Listing Rules regarding the form and content of circulars to be sent to Shareholders.

A company with a standard listing is not currently eligible for inclusion in any of the FTSE indices, including the FTSE 100, FTSE 250, FTSE 350 and FTSE All-Share, among others.

For a company seeking admission of its shares to the standard listing segment of the Official List of the FCA, there is no requirement for a reporting accountant to perform services in respect of the company's financial position and prospects procedures. However, we have engaged Deloitte LLP to perform an assessment of our financial position and prospects procedures and have responded to findings raised for best practice.

## **6 OwnWise**

Wise believes our customers should also be given the opportunity to be shareholders. Our customers have the strongest understanding of the problems we're solving with our mission and we see it as natural that they have a say in how Wise is built and run. We believe creating alignment between our customers and shareholders helps us move even faster towards completing our mission and that this philosophy will create value for customers and shareholders alike.

To support and incentivise our customers who wish to become Wise shareholders, we are therefore planning to establish our customer shareholder program, OwnWise.

### **What is OwnWise?**

OwnWise is a dedicated programme designed to reward our customers who also become long-term shareholders with bonus shares and other perks. OwnWise is limited in its first year to 100,000 participating eligible customers.

OwnWise opened for pre-applications from UK eligible customers from 17 June 2021 and is expected to open to other Eligible Customers in certain other locations, including the EU, following our Direct Listing, subject in some jurisdictions to certain regulatory requirements being satisfied (including the publication and passporting of an approved prospectus relating to OwnWise in the EU). We will separately notify customers of the OwnWise opening dates.

### **OwnWise Bonus Shares**

If you are an Eligible Customer (in accordance with the criteria set out below) participating in OwnWise and you:

- buy Class A Shares during the OwnWise Eligibility Period relevant to your location (as notified by Wise); and
- continue to hold these Class A Shares for 12 months following the close of the relevant OwnWise Eligibility Period,

at the end of such 12 month period, you will be entitled at such time to receive OwnWise Bonus Shares in Wise representing 5% of the value of the Class A Shares you purchased during the OwnWise Eligibility Period (up to a maximum value per Eligible Customer of £100, based on the market value of the Class A Shares at the time of purchase and rounded down to the nearest whole share).

In order to facilitate the granting of OwnWise Bonus Shares, the Directors have been authorised by shareholder resolution to issue and allot Class A Shares to Eligible Customers by way of bonus issue and/or to make on-market purchases of Class A Shares for such purposes, in each case subject, in the first year of OwnWise, to a maximum cost to Wise of £10,000,000 (equating to up to £100 per Eligible Customer) and a maximum dilution to our Class A Shareholders of not more than 0.26% in connection with OwnWise (calculated on the basis of the maximum number of OwnWise Bonus Shares that can be issued (being 2,500,000 Class A Shares) as a percentage of the total number of Class A Shares in issue at the time of Admission). The terms of such resolutions are further described in "*Additional Information—Share Capital*".

Such authorities will remain effective until Wise's first AGM or, if earlier, the close of business on 30 September 2022, and it is proposed that such authorities will be sought from shareholders annually at each AGM.

In the event that OwnWise Bonus Shares representing the full entitlement under the programme cannot be granted to all participating Eligible Customers, including as a result of the OwnWise limits being reached, the Company's distributable reserves

position at the time or any other factor, the Directors may at their discretion scale back grants of OwnWise Bonus Shares pro rata among Eligible Customers.

**Other Perks**

In addition to OwnWise Bonus Shares, OwnWise will give participating Eligible Customers other perks intended to bring greater alignment between customers and long-term shareholders, including:

- a chance to win a trip to our Mission Days company conference. A handful of OwnWise customers will be selected to attend in person and, for everyone else, you will get to watch online;
- limited edition Wise swag; and
- the option to join our OwnWise community which offers quarterly sessions with our team and early access to new features and products.

These additional perks will be granted at Wise’s sole discretion to participating Eligible Customers on a lottery basis.

**Who’s eligible?**

OwnWise is limited in its first year to 100,000 Eligible Customers to be selected at the sole discretion of Wise. To qualify for OwnWise, customers must meet the below eligibility criteria designed to ensure that we bring active customers into our shareholder base for the long term. To be an “Eligible Customer”, you must:

- have been an individual Wise customer before 17 June 2021;
- have made at least two cross-currency transactions with Wise in the 12 months prior to 17 June 2021;
- be located in a jurisdiction open to applications for OwnWise (as notified by Wise), and you must not be restricted by law or regulation from receiving and holding shares in Wise or from receiving any other OwnWise benefits in the manner and on the terms set out in the OwnWise terms and conditions;
- not require Wise to take additional legal or procedural steps as a result of local laws or regulations in order to grant you shares in Wise or any other OwnWise benefits which, in the sole discretion of Wise, makes it necessary or expedient to exclude you from OwnWise; and
- not be a current or former employee of Wise or a Group company.

OwnWise is subject to its own terms and conditions and eligibility criteria. Non-UK customers who may be eligible to participate in the programme will receive an email with further information.

**7 Expected timetable of principal events**

Event	Time and Date <sup>(1)</sup>
Publication of Prospectus .....	2 July 2021

<b>Event</b>	<b>Time and Date<sup>(1)</sup></b>
Admission .....	8.00 a.m. on 7 July 2021
Opening Auction on the London Stock Exchange commences.....	7.50 a.m. on 7 July 2021 no later than shortly after 11.22 a.m. on 7 July 2021
Commencement of dealings on the London Stock Exchange.	

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Note:

- (1) References to times are to London times. Each of the times and dates is subject to change without further notice.

## 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.

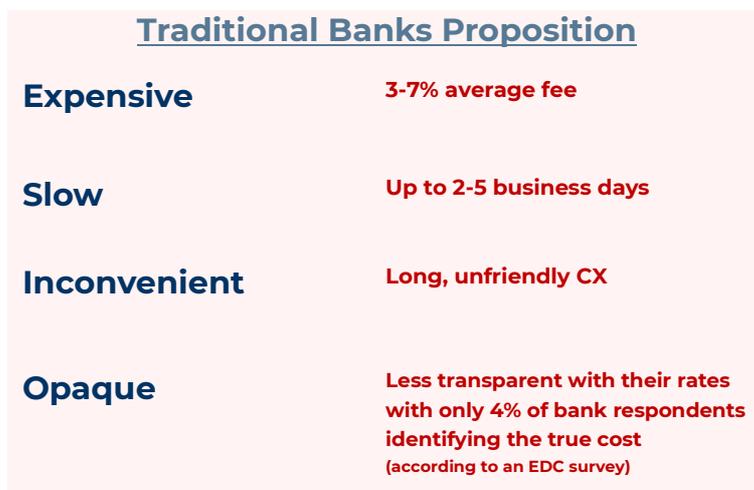
Banks and enterprises use Wise Platform to pass on the benefits of Wise's faster, cheaper international transfer service to their own customers.

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.

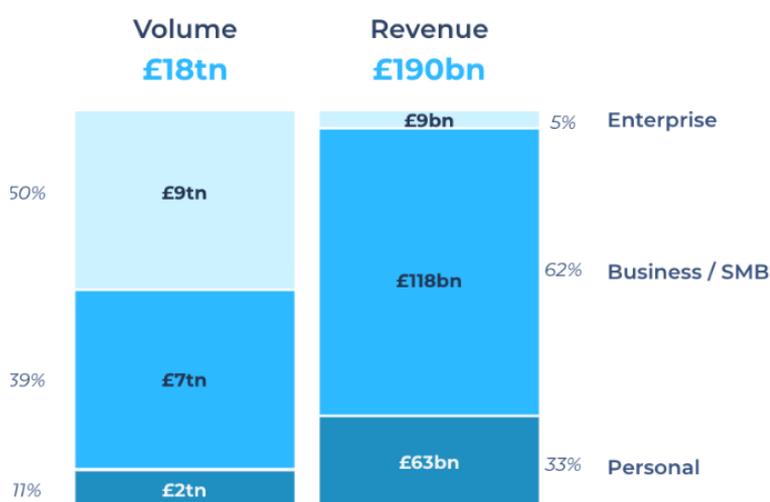
## The Cross-Border Payments Market

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.

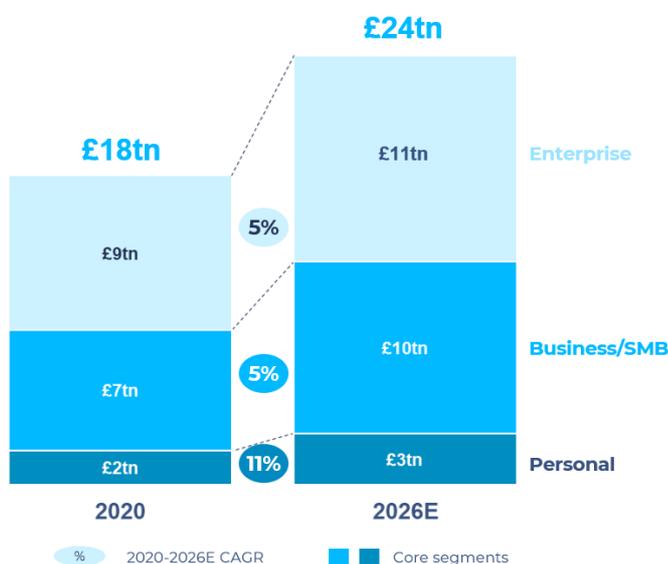
The personal segment consists of C2C (consumer-to-consumer) and C2B (consumer-to-business) payments capturing a broad set of cross-border use cases including personal remittances, eCommerce transactions, real estate investments and other bills, like tuition and healthcare payments.

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.

	<u>TRADITIONAL BANKS</u>
<b>Cheap</b> 0.7% avg. fee Cheaper with scale	<b>Expensive</b> 3-7% avg. fee
<b>Fast</b> 38% Instant 62% < 1 hr 83% < 24 hrs	<b>Slow</b> Up to 2-5 business days
<b>Convenient</b> A few taps to send	<b>Inconvenient</b> Long, unfriendly CX
<b>Transparent</b> No hidden fees	<b>Opaque</b> 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.

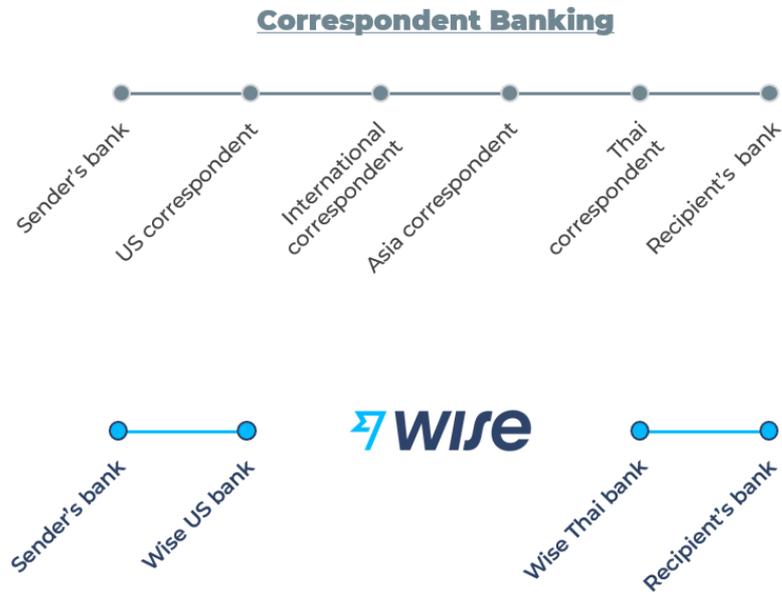
Kristo Käärman and Taavet Hinrikus were two Estonian professionals living in London. Taavet worked for Skype in Estonia, so was paid in Estonian kroon. At Deloitte in the UK, Kristo was paid in pounds but needed Estonian kroon to pay his mortgage back in Estonia. They devised a simple plan. Each month 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

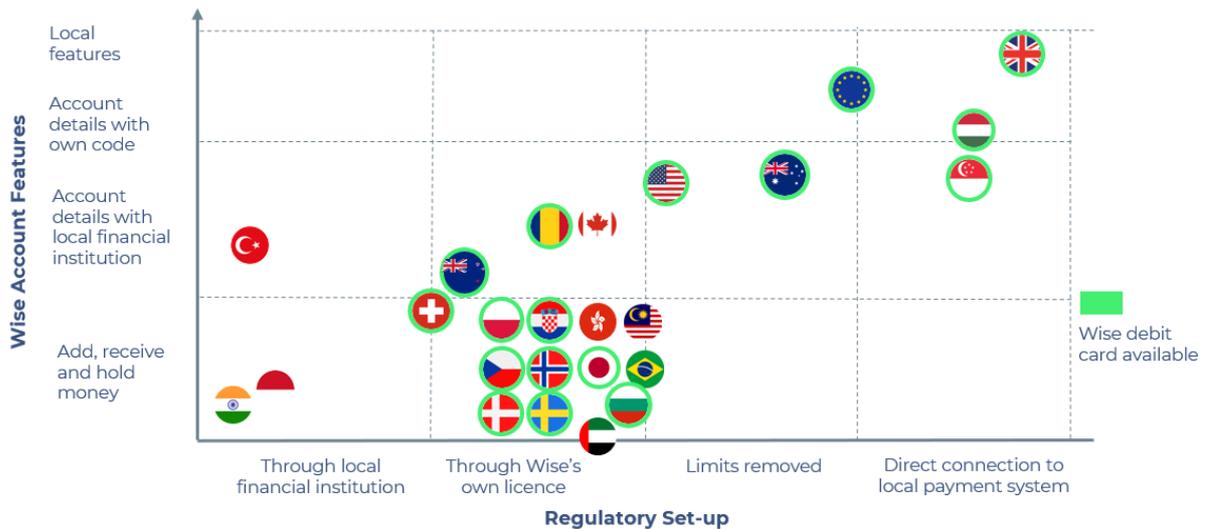
In order to solve the structural problems in the cross-border payments market, we realised we needed to replace the outdated correspondent banking system. Our infrastructure does this by stitching together local payment systems, eliminating intermediaries and manual processes, and hence removing the 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 ten 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 63 licences, across 12 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.

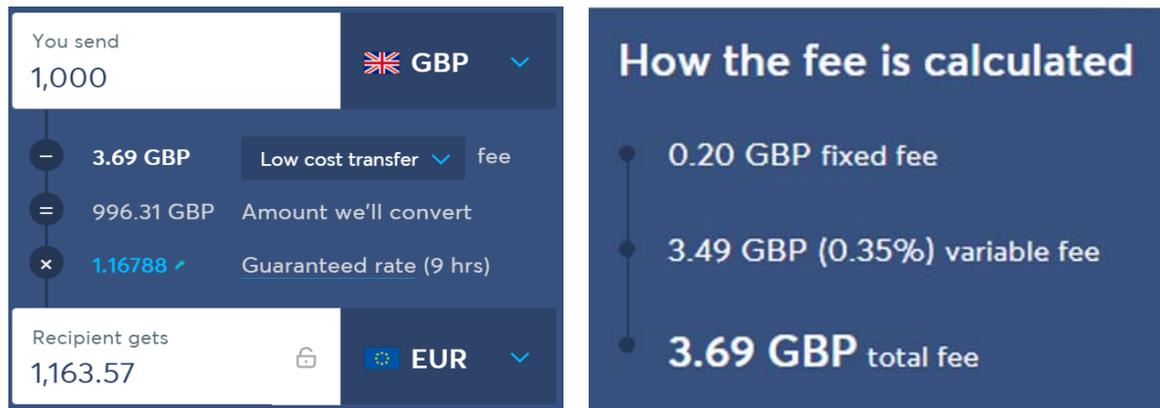
Over the last decade, our teams, across multiple disciplines, worked tirelessly to imagine an infrastructure capable of powering the world's money movement. The result – a global, highly integrated, technology-led infrastructure – is our core competitive advantage. It has allowed us to create a superior 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%.

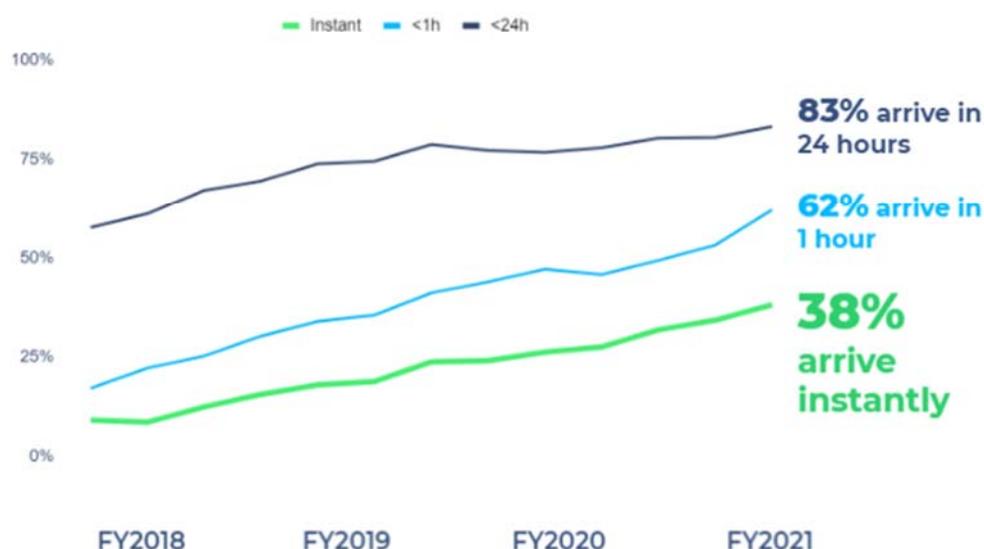
Eventually free means we're always working to decrease prices and over time, there are three ways we'll seek to lower prices further:

- *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

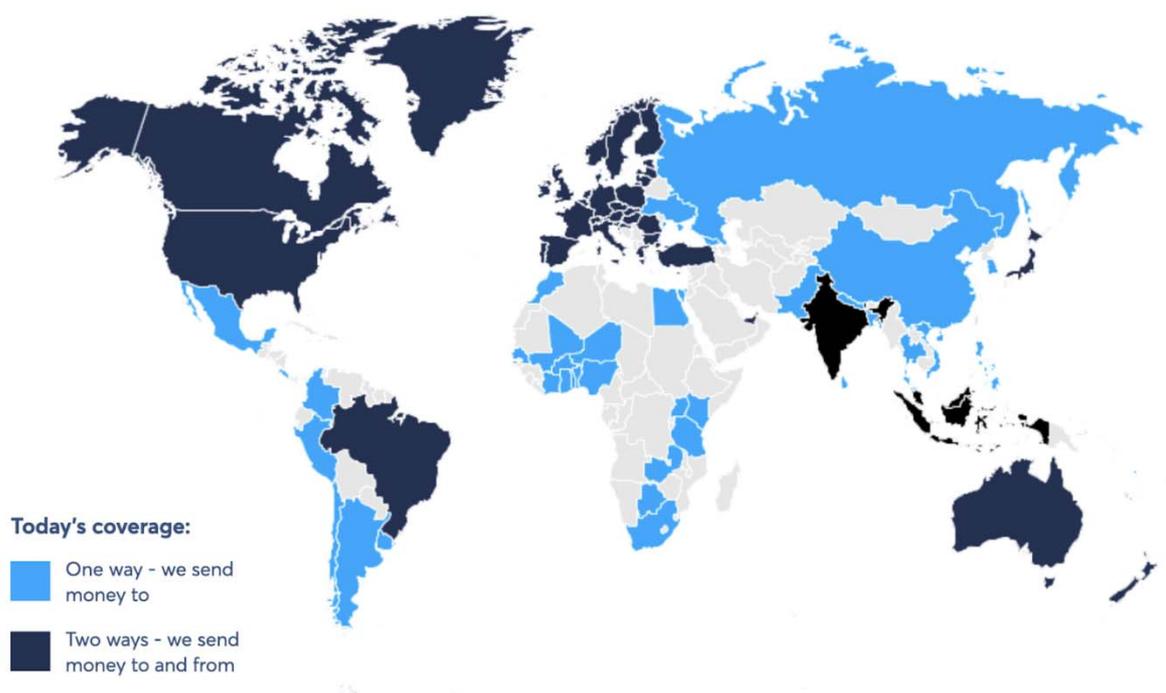
awareness. We believe it is critical that we drive change not just at Wise but on a global scale.

### **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.

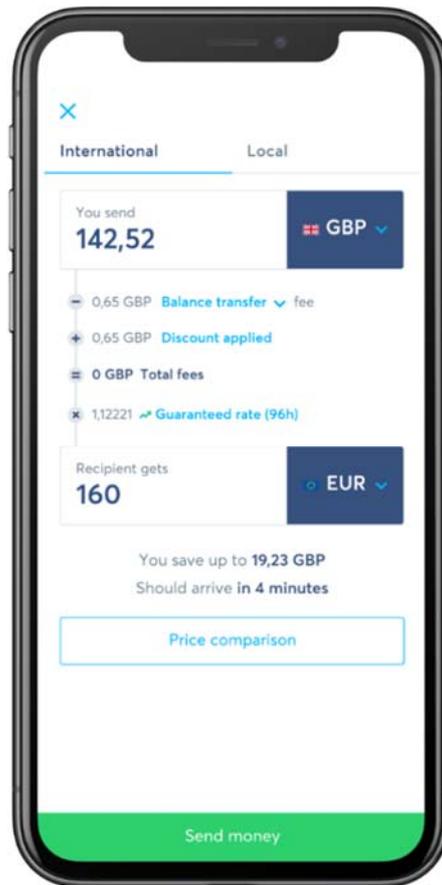
#### ***Wise Transfer***

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.

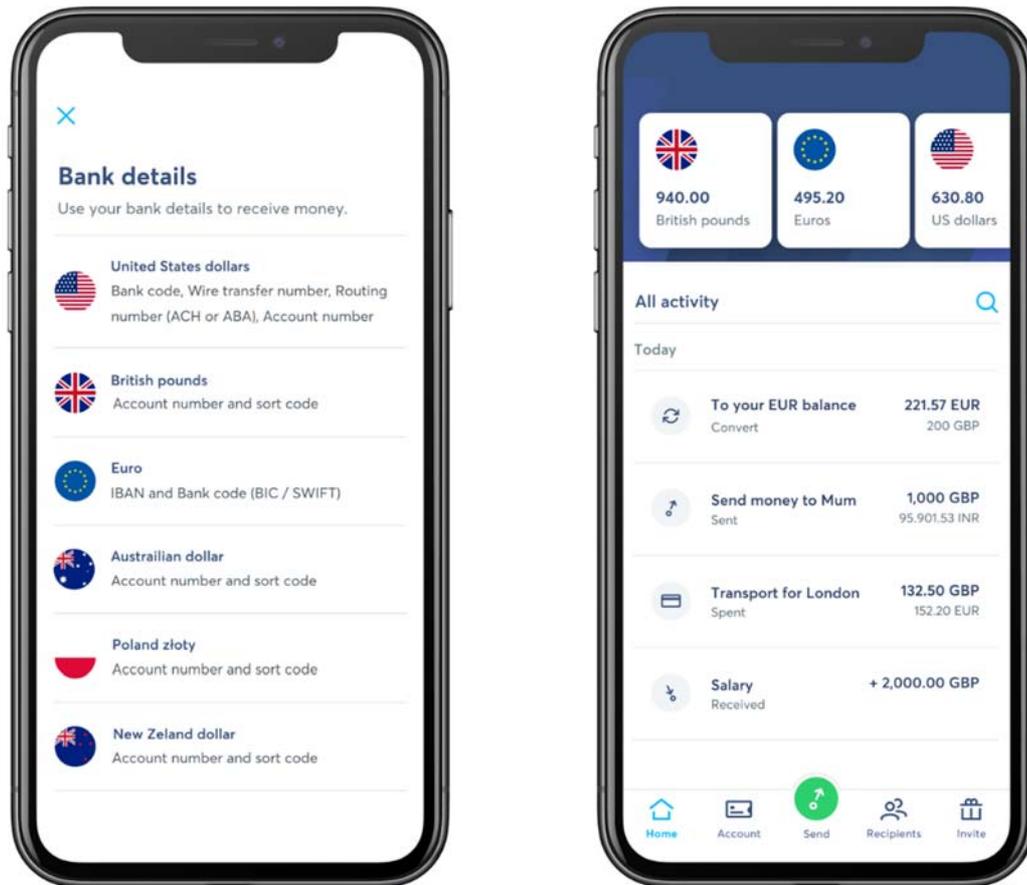
The account was designed for people living international lives, whether expats or travellers. It allows people to manage money around the world like a local bank account holder, cutting out traditional foreign transaction fees. It is free to sign up and there are no subscription fees.

#### *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.

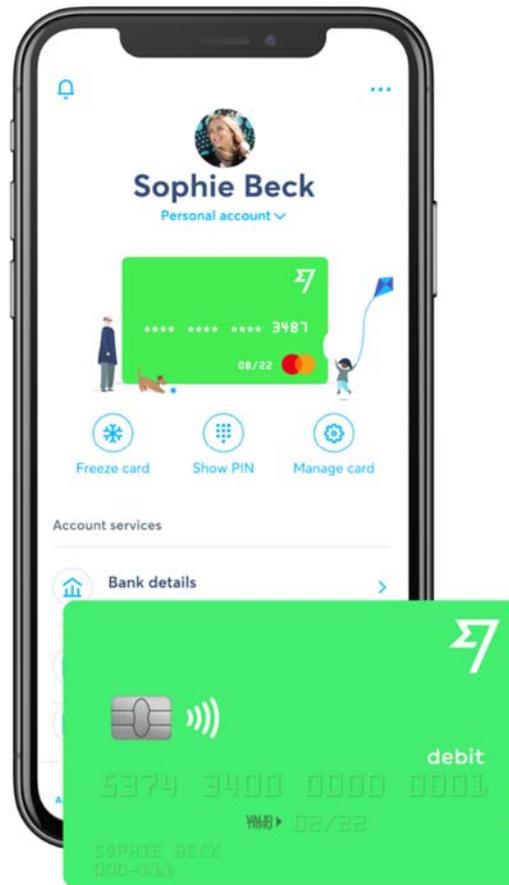
Further, customers can hold 56 different currencies in their account and convert money between any of these currencies at the mid-market rate. Money can be held as an everyday balance or separately in savings Jars. Money held in Jars provides customers with the ability to set aside money in any currency 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	✓	✓
<b>Business Onboarding</b>	✓	
<b>Business verification</b>	✓	
<b>Batch payments</b>	✓	
<b>Multi-user access with roles &amp; permissioning</b>	✓	
<b>Accounting Syncs &amp; reporting</b>	✓	

### *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.

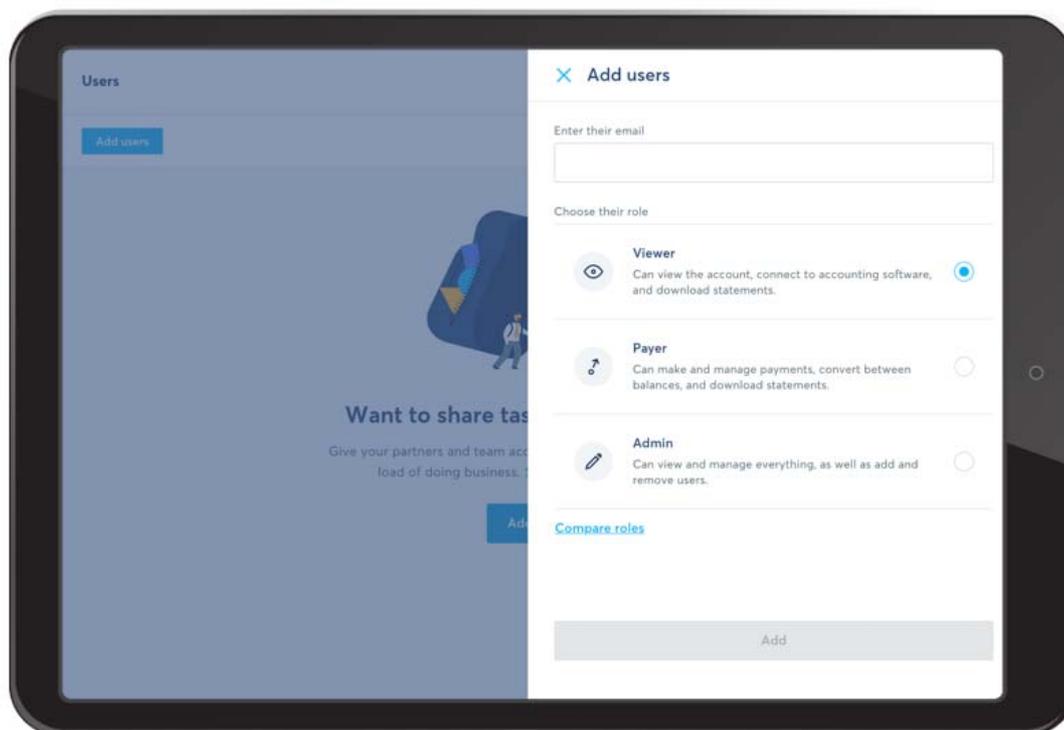
### *Batch Payments*

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.

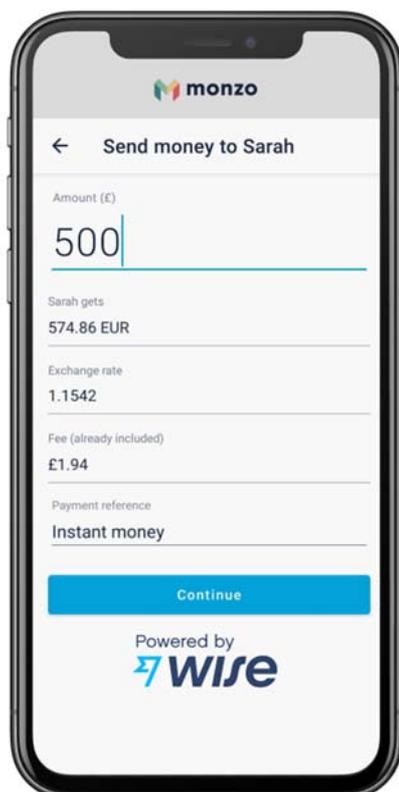


### **Wise Platform**

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 15 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.

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

<b>Name</b>	<b>Age</b>	<b>Position</b>
Hooi Ling Tan <sup>(1)</sup> .....	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 an Independent Non-Executive Director designate 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 an Independent Non-Executive Director designate 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 <sup>(1)</sup> .....	40	Chief Executive Officer
Matthew Briers <sup>(1)</sup> .....	44	Chief Financial Officer <sup>(2)</sup>

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

The Directors are committed to the highest standards of corporate governance and believe that we have a strong corporate governance track record, as demonstrated by the support of the sophisticated investors that have invested in our Group to date, and our establishment of audit and risk, remuneration and nomination committees whilst a private company.

As a company with a standard listing, we will not be required to comply, or otherwise explain non-compliance, with the requirements of the Governance Code following Admission. However, the Board places great emphasis on the importance of strong corporate governance and has decided, from Admission, voluntarily to comply with certain aspects of the Governance Code that the Board considers appropriate in light of the nature of our business and our strategy going forward. In addition, the Board expects that over the short to medium term the Company will be fully compliant with the Governance Code in all respects.

As envisaged by the Governance Code, the Board has established an audit and risk committee, a nomination committee and a remuneration committee and has also established a separate market disclosure committee. If the need should arise, the Board may set up additional committees as appropriate.

The Governance Code recommends that at least half the board of directors, excluding the chair, should comprise non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director’s judgement. The Governance Code also recommends that the board of directors should appoint one of the non-executive directors to be the senior independent director to provide a sounding board for the chair and to serve as an intermediary for the other directors when necessary. While the Company will not comply with these aspects of the Governance Code at Admission,

it is anticipated that the existing Chair, Taavet Hinrikus, will assist with the transition of the Company to a public context for up to one year following Admission, after which he will step down and the Senior Independent Director, currently David Wells, will be appointed as Chair. In addition, the Board is aiming to recruit an additional independent director within six months of Admission to ensure the composition of the Board is fully compliant with the Governance Code.

The Governance Code further recommends that directors should be subject to annual re-election. The Company intends to comply with this recommendation and such annual re-election is required.

### **Audit and Risk Committee**

The audit and risk committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing our 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 whistleblowing and fraud systems in place. The audit and risk committee will meet as often as it deems necessary and, in any case, at least three times a year.

The audit and risk committee is chaired by Ingo Uytdehaage and its other members are David Wells, Clare Gilmartin and Hooi Ling Tan. The Governance Code recommends that all members of the audit and risk committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment and that one such member has recent and relevant financial experience. The Board considers that the Company complies with the requirements of the Governance Code in this respect. The Governance Code also recommends that the Chair of the Board should not sit on the audit and risk committee. It is anticipated that, once appointed as Chair of the Board, David Wells will step down from the committee to ensure that the Group will comply with the requirements of the Governance Code in this respect.

### **Nomination Committee**

The nomination committee assists the Board in reviewing the structure, size and composition of the Board. It is also responsible for reviewing succession plans for the Company's Directors, including the Chair, the Chief Executive Officer, and other senior executives. The nomination committee will meet as often as it deems necessary and in any case at least once a year.

The nomination committee is chaired by David Wells and its other members are the Executive Founder and Hooi Ling Tan. The Governance Code recommends that a majority of the nomination committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Board considers that the Company complies with the requirements of the Governance Code in this respect. In respect of decisions taken by the nomination committee regarding the independence of potential

nominees, the Executive Founder will recuse himself from such decision-making processes.

### **Remuneration Committee**

The remuneration committee determines the Group's policy on executive remuneration, determines the levels of remuneration for Executive Directors, the Chair, the Company Secretary and members of the Company's senior management, and prepares an annual remuneration report for approval by the Shareholders at the AGM. The Remuneration Committee will meet as often as it deems necessary and, in any case, at least twice a year.

The remuneration committee is chaired by David Wells and its other members are Ingo Uytdehaage and Clare Gilmartin. The Governance Code recommends that all members of the remuneration committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Board considers that the Company complies with the requirements of the Governance Code in this respect. The Governance Code also recommends that the Chair of the Board should not sit on the remuneration committee. It is anticipated that once appointed Chair of the Board, David Wells, who currently chairs the remuneration committee, will step down from the committee in due course, with an alternative independent non-executive Director appointed to the committee instead, to ensure that, from that time, the Group will comply with the requirements of the Governance Code in this respect.

### **Market disclosure committee**

The Board has established a market disclosure committee in order to ensure timely and accurate disclosure of all information that is required to be so disclosed to the market to meet the legal and regulatory obligations and requirements arising from the listing of our securities on the London Stock Exchange, including the Listing Rules, the Disclosure Guidance and Transparency Rules and the UK Market Abuse Regulation.

The market disclosure committee will meet at such times as shall be necessary or appropriate, as determined by the Chair of the market disclosure committee or, in his or her absence, by any other member of the market disclosure committee. The market disclosure committee must have at least three members, at least one of which must be an Executive Director. The members of the market disclosure committee are the Chief Financial Officer (Chair), General Counsel/Company Secretary, global financial controller, head of financial planning and analysis, head of investor relations, head of public relations and vice president of product.

### **Share dealing code**

We have adopted, with effect from Admission, a code of securities dealings in relation to the Class A Shares which is based on the requirements of the UK Market Abuse Regulation. The code adopted will apply to our Directors and all employees of the Group.

### **Conflicts of interest**

There are no potential conflicts of interest between any duties owed by our Directors or Senior Managers and their private interests or other duties.

## 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, since 2017, 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.

	<b>Year ended 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
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.

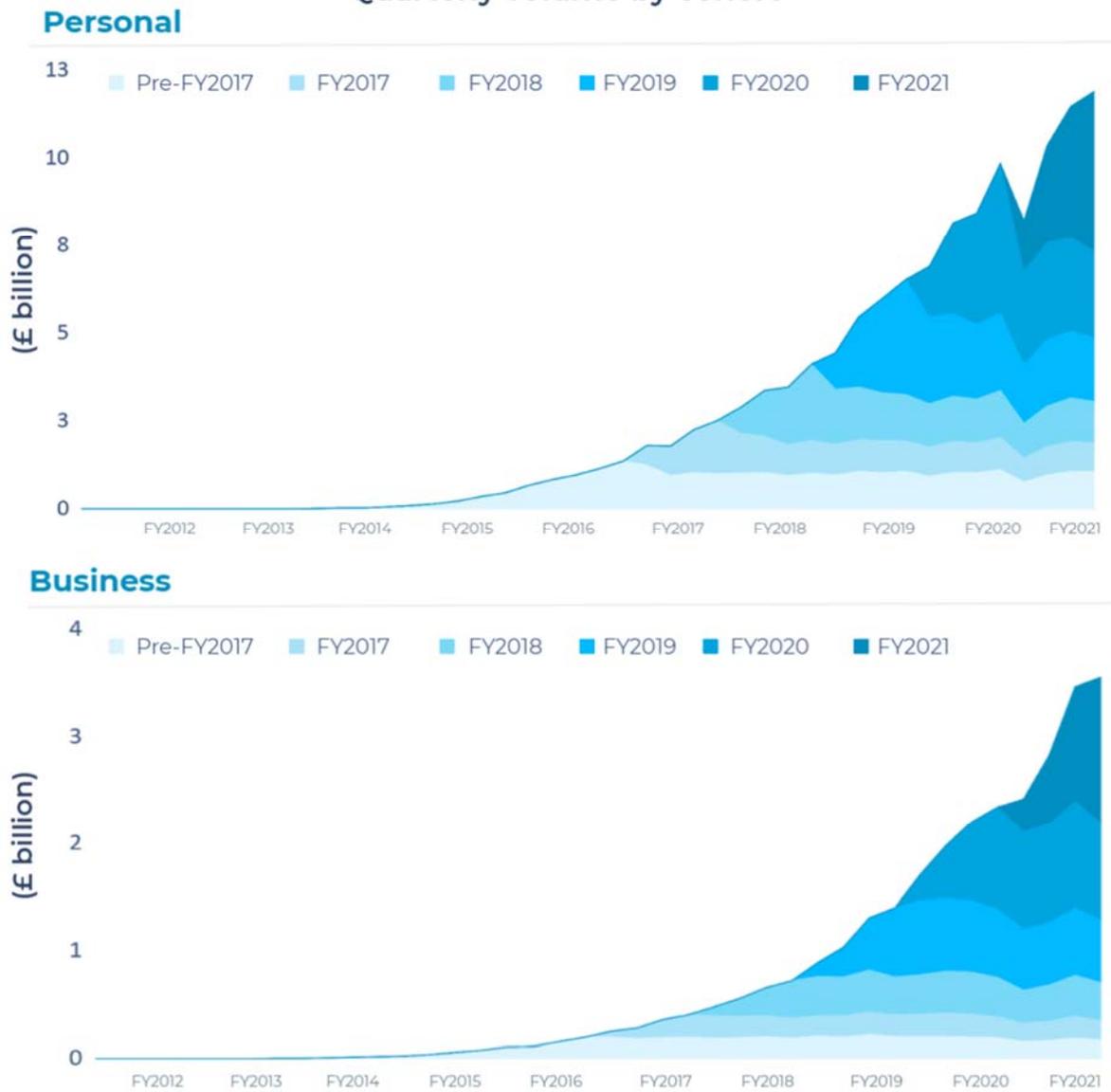
### ***The stable usage and consistent repeat behaviour of our customer cohorts***

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.

	<b>Year ended 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
		(%)	
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
<b>Total cost of sales.....</b>	<b>151.7</b>	<b>111.4</b>	<b>66.5</b>
Net credit losses on financial assets.....	8.8	3.1	1.0
<b>Total costs of sales and net credit losses.....</b>	<b>160.5</b>	<b>114.5</b>	<b>67.5</b>

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.

	<b>Year ended 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<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.

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

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

	<b>Year ended 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<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.

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

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.

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

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.

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

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

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>			
<b>Reconciliation of Adjusted EBITDA and Adjusted EBITDA margin</b>			
<b>Profit for the year</b> .....	<b>30.9</b>	<b>15.0</b>	<b>10.3</b>
<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	—	—
<b>Adjusted EBITDA</b> .....	<b>108.7</b>	<b>68.2</b>	<b>25.5</b>
Revenue.....	421.0	302.6	177.9
<b>Adjusted EBITDA margin</b> .....	<b>25.8%</b>	<b>22.5%</b>	<b>14.3%</b>
<b>Reconciliation of Free Cash Flow and Cash Conversion</b>			
<b>Adjusted EBITDA</b> .....	<b>108.7</b>	<b>68.2</b>	<b>25.5</b>
<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
<b>Free Cash Flow</b> .....	<b>103.9</b>	<b>51.0</b>	<b>13.3</b>
Adjusted EBITDA .....	108.7	68.2	25.5
<b>Cash Conversion</b> .....	<b>95.6%</b>	<b>74.8%</b>	<b>52.2%</b>

## 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)
<b>Gross profit</b> .....	<b>260.5</b>	<b>188.1</b>	<b>110.4</b>
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
<b>Operating profit</b> .....	<b>44.9</b>	<b>23.6</b>	<b>12.2</b>
Finance expense .....	(3.8)	(3.2)	(2.1)
<b>Profit before tax</b> .....	<b>41.1</b>	<b>20.4</b>	<b>10.1</b>
Income tax (expense)/credit .....	(10.2)	(5.4)	0.2
<b>Profit for the year</b> .....	<b>30.9</b>	<b>15.0</b>	<b>10.3</b>
<b>Other comprehensive income:</b>			
Fair value (loss)/gain on investment.....	(3.0)	1.1	1.2
Currency translation differences .....	(3.8)	0.5	0.4
<b>Total comprehensive (loss)/income</b> .....	<b>(6.8)</b>	<b>1.6</b>	<b>1.6</b>
<b>Total comprehensive income for the year</b> .....	<b>24.1</b>	<b>16.6</b>	<b>11.9</b>

### 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
<b>Total revenue.....</b>	<b>421.0</b>	<b>302.6</b>	<b>177.9</b>

### 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
<b>Total revenue.....</b>	<b>421.0</b>	<b>302.6</b>	<b>177.9</b>

### 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 programmes.

### ***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.

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

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

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.

	<b>As at 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<i>(£ millions)</i>		
<b>Infrastructure subscription</b>			
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
<b>Total</b> .....	<b>4.5</b>	<b>4.0</b>	<b>4.8</b>
Significant capital expenditure contracted			
No later than one year .....	2.1	—	—

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

### **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**

	<b>As at 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<i>(£ millions)</i>		
<b>Cash flows from operating activities</b>			
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)
<b>Net cash generated from operating activities</b> .....	<b>2,073.9</b>	<b>1,188.4</b>	<b>683.8</b>
<b>Cash flows from investing activities</b>			
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
<b>Net cash used in investing activities</b> .....	<b>(671.8)</b>	<b>(20.9)</b>	<b>(123.0)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares and other equity.....	0.9	0.3	—
Proceeds from borrowings.....	118.6	101.4	33.6

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

#### **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
	<i>(£ millions)</i>		
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)
<b>Total increase in corporate cash.....</b>	<b>138.0</b>	<b>54.0</b>	<b>(3.6)</b>
<b>Corporate cash at beginning of year.....</b>	<b>155.1</b>	<b>97.7</b>	<b>100.1</b>
Effect of exchange rate differences on corporate cash .....	(7.0)	3.4	1.2
<b>Corporate cash at end of year .....</b>	<b>286.1</b>	<b>155.1</b>	<b>97.7</b>

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

	<b>As at 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<i>(£ millions)</i>		
<b>Customer related assets</b>			
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
<b>Total customer related assets .....</b>	<b>3,857.3</b>	<b>2,089.9</b>	<b>956.2</b>
<b>Customer related liabilities</b>			
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)
<b>Total customer related liabilities.....</b>	<b>(3,857.3)</b>	<b>(2,089.9)</b>	<b>(956.2)</b>

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
	<i>(£ millions)</i>		
Purchase of property, plant and equipment ....	2.3	3.1	2.3
Payments for intangible assets .....	20.9	15.0	11.3
<b>Total capital expenditure .....</b>	<b>23.2</b>	<b>18.1</b>	<b>13.6</b>

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 CAPITALISATION AND INDEBTEDNESS

### Capitalisation and indebtedness

The following tables set out the Group's consolidated capitalisation as at 31 March 2021 and unaudited indebtedness as at 30 April 2021.

The capitalisation information set out below has been extracted without material adjustment from the Group's financial information included in "Our Historical Financial Information" as at 31 March 2021. The indebtedness information as at 30 April 2021 is unaudited and has been extracted without material adjustment from our unaudited management accounts as at 30 April 2021, which have been prepared using policies that are consistent with those used in preparing the Historical Financial Information as disclosed in "Our Historical Financial Information".

	<b>As at 30 April 2021</b>
	<i>(£ millions)</i> <i>(unaudited)</i>
<b>Total current debt</b>	
Guaranteed .....	—
Secured .....	0.2
Unguaranteed/unsecured <sup>(1)</sup> .....	3.6
<b>Total non-current debt</b> (excluding current portion of long-term debt)	
Guaranteed .....	—
Secured .....	78.2
Unguaranteed/unsecured <sup>(1)</sup> .....	16.3
<b>Total</b> .....	<b>98.3</b>

Note:

(1) All unguaranteed/unsecured debt relates to leases liabilities.

	<b>As at 31 March 2021</b>
	<i>(£ millions)</i>
<b>Shareholder's equity</b> <sup>(1)</sup>	
Share capital .....	—
Share premium .....	1.4
Other reserves <sup>(2)</sup> .....	121.3
<b>Total</b> .....	<b>122.7</b>

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Notes:

- (1) Excludes retained earnings.  
(2) Includes share-based payment reserve, currency translation difference and other reserves.

The Company was incorporated on 18 February 2021 with capitalisation of £50,000 and became part of the Group on 22 June 2021. The Group Reorganisation, the effects of which are not reflected in the table above, was completed on 22 June 2021. Except for the Group Reorganisation, which is described in “Additional Information—Group Reorganisation”, there has been no material change in the capitalisation of the Group since 31 March 2021.

The following table sets out the Group’s net indebtedness as at 30 April 2021.

	<b>As at 30 April 2021</b>
	<i>(£ millions)</i>
	<i>(unaudited)</i>
A. Cash and cash equivalents <sup>(1)</sup> .....	296.4
B. Trading securities.....	—
<b>C. Liquidity (A) + (B)</b> .....	<b>296.4</b>
<b>D. Current financial receivable</b> .....	—
E. Current bank debt.....	—
F. Current portion of non-current debt.....	0.2
G. Other current financial debt <sup>(2)</sup> .....	3.6
<b>H. Current financial debt (E) + (F) + (G)</b> .....	<b>3.8</b>
<b>I. Net current financial indebtedness (H) - (D) - (C)</b> .....	<b>(292.6)</b>
J. Non-current bank loans.....	78.2
K. Bond issued.....	—
L. Other non-current liabilities.....	16.3
<b>M. Non-current financial indebtedness (J) + (K) + (L)</b> .....	<b>94.5</b>
<b>N. Net financial indebtedness (I) + (M)</b> .....	<b>(198.1)</b>

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Notes:

- (1) Corporate cash balance represents internal funds unrelated to customer funds which are held on Wise deposits or collected from customers for Wise transfers that have not yet been processed.  
(2) Current portion of lease liability.

After 30 April 2021, the Group made additional drawdowns on its multicurrency revolving credit facility for general corporate and working capital purposes in the total amount of £43 million. Except for these drawdowns there has been no material change in the Group's indebtedness since 30 April 2021.

The Group has no indirect and contingent indebtedness.

## **OUR HISTORICAL FINANCIAL INFORMATION**

This section of the Prospectus 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”)  
Wise plc (the “Company”)  
6th floor, Tea Building  
56 Shoreditch High Street  
London  
E1 6JJ

2 July 2021

Dear Ladies and Gentlemen

Wise Payments Limited (the “Operating Company” and, together with its subsidiaries, the “Operating Group”)

We report on the financial information of the Operating Group for the years ended 31 March 2021, 2020 and 2019 set out in Part B of “*Our Historical Financial Information*” of the prospectus dated 2 July 2021 (the “Prospectus”) of the Company (the “Operating 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 Operating Group Financial Information Table gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Operating 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 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 Operating Group Financial Information Table about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Operating Group Financial Information Table and the Directors’ identification of any material uncertainties to the Operating Group’s ability to continue as a going concern over a period of at least twelve months from the date of this Prospectus.

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

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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 Operating 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 Operating 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 for any responsibility arising under item 5.3.2R(2)(f) of the Prospectus Regulation Rules of the Financial Conduct Authority (the "Prospectus Regulation Rules") to any person as and to the extent there provided, 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 Prospectus.

### **Basis of Preparation**

The Operating Group Financial Information Table has been prepared for inclusion in the Prospectus of the Company on the basis of the accounting policies set out in Note 1 to the Operating 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 Operating Group Financial Information Table. It also included an assessment of significant estimates and judgments 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 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 5.3.2R(2)(f) of the Prospectus Regulation Rules we are responsible for this report as part of the Prospectus 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 Prospectus 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)
<b>Gross profit</b> .....		<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
<b>Operating profit</b> .....		<u>44.9</u>	<u>23.6</u>	<u>12.2</u>
Finance expense .....		(3.8)	(3.2)	(2.1)
<b>Profit before tax</b> .....		<u>41.1</u>	<u>20.4</u>	<u>10.1</u>
Income tax (expense)/credit .....	7	(10.2)	(5.4)	0.2
<b>Profit for the year</b> .....		<u>30.9</u>	<u>15.0</u>	<u>10.3</u>
<b>Other comprehensive (loss)/income:</b>				
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
<b>Total other comprehensive (loss)/income</b> .....		<u>(6.8)</u>	<u>1.6</u>	<u>1.6</u>
<b>Total comprehensive income for the year</b> .....		<u>24.1</u>	<u>16.6</u>	<u>11.9</u>
<b>Earnings per share</b>				
Basic .....	22	1.88	0.95	0.67
Diluted .....	22	1.58	0.80	0.56

## Consolidated statement of financial position

		As at 31 March		
	Note	2021	2020	2019
<b>Non-current assets</b>				
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
<b>Total non-current assets</b> .....		123.3	80.0	38.8
<b>Current assets</b>				
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
<b>Total current assets</b> .....		4,178.5	2,296.4	1,073.9
<b>Total assets</b> .....		4,301.8	2,376.4	1,112.7
<b>Non-current liabilities</b>				
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
<b>Total non-current liabilities</b> .....		119.8	67.0	18.9
<b>Current liabilities</b>				
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
<b>Total current liabilities</b> .....		3,896.7	2,112.6	967.4
<b>Total liabilities</b> .....		4,016.5	2,179.6	986.3
<b>Equity</b>				
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
<b>Total equity</b> .....		285.3	196.8	126.4
<b>Total liabilities and equity</b> .....		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
<b>At 1 April 2018</b> .....		—	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
<b>At 31 March 2019</b> ...		—	120.2	11.8	1.2	(7.6)	0.8	126.4
Change in accounting policy...	1.3	—	—	—	—	0.6	—	0.6
<b>At 1 April 2019 restated</b> .....		—	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
<b>At 31 March 2020</b> ...		—	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
<b>At 1 April 2020</b> .....		—	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	—	—
<b>At 31 March 2021</b> .....		—	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
<b>Cash flows from operating activities</b>				
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)
<b>Net cash generated from operating activities</b> .....		2,073.9	1,188.4	683.8
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment .....		(2.3)	(3.1)	(2.3)
Payments for intangible assets .....	9	(20.9)	(15.0)	(11.3)

		<b>Year ended 31 March</b>		
	<b>Note</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
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
<b>Net cash used in investing activities.....</b>		<b>(671.8)</b>	<b>(20.9)</b>	<b>(123.0)</b>
<b>Cash flows from financing activities</b>				
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)	—
<b>Net cash generated from/(used in) financing activities .....</b>		<b>24.8</b>	<b>31.2</b>	<b>(6.6)</b>
<b>Net increase in cash and cash equivalents.....</b>		<b>1,426.9</b>	<b>1,198.7</b>	<b>554.2</b>
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

Wise Payments Limited (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 Prospectus 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)
<b>Lease liability recognised as at 1 April 2019</b> .....	<b>15.7</b>
<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 the assessment of 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 expenses 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:

	<b>As at 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Assets category</b>			
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
<b>Assets subject to credit risk total</b> .....	<b>4,172.4</b>	<b>2,296.4</b>	<b>1,070.1</b>

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:

	<b>As at 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Credit rating (Moody's)</b>			
<b>Cash and cash equivalents</b>			
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 <sup>(1)</sup> .....	99.8	23.6	13.0
Cash in transit .....	158.0	87.3	61.3
<b>Cash and cash equivalents total</b> .....	<b>3,358.6</b>	<b>2,077.6</b>	<b>856.1</b>
<b>Short-term financial investments</b>			
Aa .....	737.5	114.1	109.7
<b>Financial assets at fair value through other comprehensive income</b> .....	<b>737.5</b>	<b>114.1</b>	<b>109.7</b>
<b>Trade and other receivables</b>			
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 <sup>(1)</sup> .....	45.2	46.9	77.7
<b>Trade and other receivables total</b> .....	<b>76.3</b>	<b>104.7</b>	<b>108.1</b>

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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

<b>Net exposure by currency</b>	<b>As at 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
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:

<b>Sensitivity to 5% exchange rate change</b>	<b>As at 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
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:

	<b>As at 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Financial assets at amortised cost</b>			
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
<b>Financial assets at amortised cost total.....</b>	<b>3,435.9</b>	<b>2,179.8</b>	<b>960.7</b>
<b>Financial liabilities at amortised cost</b>			
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)
<b>Financial liabilities at amortised cost total...</b>	<b>(3,958.0)</b>	<b>(2,178.0)</b>	<b>(982.1)</b>
<b>Financial assets at FVOCI</b>			
Short-term financial investments.....	737.5	114.1	109.7
<b>Financial assets at FVOCI total.....</b>	<b>737.5</b>	<b>114.1</b>	<b>109.7</b>

#### *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:

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

**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:

	<b>As at 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Less than 1 year</b>			
Current lease liabilities .....	(4.4)	(4.6)	—

	<b>As at 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Current borrowings.....	2.4	(2.2)	(1.1)
Current trade and other payables.....	(3,859.3)	(2,108.4)	(958.3)
<b>Financial liabilities total.....</b>	<b>(3,866.1)</b>	<b>(2,115.2)</b>	<b>(959.4)</b>
<b>Between 1 and 5 years</b>			
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	—
<b>Financial liabilities total.....</b>	<b>(98.3)</b>	<b>(61.1)</b>	<b>(13.9)</b>

#### **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:

	<b>Year ended 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Revenue by geographical region:</b>			
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
<b>Total.....</b>	<b>421.0</b>	<b>302.6</b>	<b>177.9</b>

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

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

At the end of each period the majority of the non-current assets were carried by Wise Payments Limited 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
<b>Non-current assets by geographical region:</b>			
United Kingdom.....	99.4	60.8	34.8
Rest of the world.....	23.9	19.2	4.0
<b>Total non-current assets.....</b>	<b>123.3</b>	<b>80.0</b>	<b>38.8</b>

## Note 5. Cost of sales and administrative expenses

### Breakdown of expenses by nature

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

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

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.

<b>Administrative expenses</b>	<b>Year ended 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
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)
<b>Total administrative expenses .....</b>	<b>217.5</b>	<b>168.8</b>	<b>99.5</b>

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

	<b>Year ended 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Audit fees</b>			
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
<b>Total audit fees.....</b>	<b>1.1</b>	<b>0.5</b>	<b>0.3</b>
<b>Assurance-related fees</b>			
Other assurance services.....	0.3	0.2	0.3
<b>Total assurance-related fees .....</b>	<b>0.3</b>	<b>0.2</b>	<b>0.3</b>
<b>Non-audit fees</b>			
Reporting accountant fees.....	1.0	—	—
<b>Total non-audit fees .....</b>	<b>1.0</b>	<b>—</b>	<b>—</b>

## 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 <sup>(1)</sup> .....	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
<b>Total employee benefit expense.....</b>	<b>141.6</b>	<b>102.7</b>	<b>58.5</b>

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
<b>Current income tax for the year</b>			
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)	—
<b>Total current tax expense.....</b>	<b>9.8</b>	<b>6.9</b>	<b>2.1</b>
<b>Deferred income tax for the year</b>			
(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)
<b>Total deferred tax expense/(benefit) for the year .....</b>	<b>0.4</b>	<b>(1.5)</b>	<b>(2.3)</b>

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

#### 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
<b>Profit on ordinary activities multiplied by the UK tax rate of 19%</b> .....	<b>7.8</b>	<b>3.9</b>	<b>1.9</b>
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
<b>Total income tax expense/(credit)</b> .....	<b>10.2</b>	<b>5.4</b>	<b>(0.2)</b>

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	—
<b>Total amount recognised directly in equity.....</b>	<b>26.6</b>	<b>28.5</b>	<b>—</b>

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
<b>Opening deferred tax asset</b> .....	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
<b>Closing deferred tax asset</b> .....	<b>56.7</b>	<b>32.0</b>	<b>8.2</b>

### *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	—
<b>Total deferred tax assets</b> .....	<b>59.2</b>	<b>36.6</b>	<b>8.5</b>
Set-off of deferred tax liabilities pursuant to set-off provisions .....	(2.5)	(4.6)	(0.3)
<b>Net deferred tax assets</b> .....	<b>56.7</b>	<b>32.0</b>	<b>8.2</b>

**Movement in deferred tax liability:**

	Year ended 31 March		
	2021	2020	2019
<b>Opening deferred tax liability</b> .....	—	0.3	—
Other short-term temporary differences.....	2.0	(0.3)	(0.3)
<b>Closing deferred tax liability</b> .....	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	—
<b>Total deferred tax liabilities</b> .....	4.5	4.6	(0.6)
Set-off of deferred tax asset pursuant to set-off provisions.....	(2.5)	(4.6)	0.3
<b>Net deferred tax liabilities</b> .....	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
<b>At 1 April 2018</b>					
Cost.....	—	3.5	1.9	—	5.4
Accumulated depreciation .....	—	(1.0)	(0.9)	—	(1.9)
<b>Net book value</b> .....	—	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)
<b>At 31 March 2019</b>					
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)
<b>Net book value</b> .....	—	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)
<b>At 31 March 2020</b>					
Cost.....	17.5	6.5	4.6	0.1	28.7
Accumulated depreciation .....	(4.0)	(3.4)	(2.2)	—	(9.6)
<b>Net book value</b> .....	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)
<b>At 31 March 2021</b>					
Cost.....	26.4	7.5	4.0	0.4	38.3
Accumulated depreciation .....	(7.7)	(4.6)	(2.0)	—	(14.3)
<b>Net book value</b> .....	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
<b>At 1 April 2018</b>			
Cost .....	18.9	—	18.9
Accumulated amortisation .....	(4.9)	—	(4.9)
<b>Net book value</b> .....	14.0	—	14.0
Additions.....	11.3	—	11.3
Amortisation charge.....	(5.0)	—	(5.0)
Foreign currency translation differences .....	0.1	—	0.1
<b>At 31 March 2019</b>			
Cost .....	30.2	—	30.2
Accumulated amortisation .....	(9.8)	—	(9.8)
<b>Net book value</b> .....	20.4	—	20.4

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

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:

<b>Name</b>	<b>Nature of business</b>	<b>Effective holding</b>	<b>Country</b>	<b>Registered address</b>
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

<b>Name</b>	<b>Nature of business</b>	<b>Effective holding</b>	<b>Country</b>	<b>Registered address</b>
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	GoWork, Plaza Indonesia Mall Lantai 5, Jl. M.H. Thamrin Kav. 28-30 Jakarta Pusat, 10350, Indonesia
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

<b>Name</b>	<b>Nature of business</b>	<b>Effective holding</b>	<b>Country</b>	<b>Registered address</b>
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 Rival 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

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

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

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:

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

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

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

## **Note 13. Cash and cash equivalents**

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

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

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**

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

	<b>As at 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
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
<b>Total current trade and other payables .....</b>	<b>3,891.2</b>	<b>2,107.7</b>	<b>967.0</b>

Note:

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

## Note 15. Borrowings

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

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:

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

	<b>Revolving credit facility</b>	<b>Lease liabilities</b>	<b>Total</b>
Interest expense paid.....	1.0	—	1.0
Non-cash:		—	
Interest expense accrued.....	(1.0)	—	(1.0)
Other.....	0.3	—	0.3
<b>As at 31 March 2019</b> .....	<b>13.9</b>	<b>—</b>	<b>13.9</b>
<b>Cash flows:</b>			
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
<b>As at 31 March 2020</b> .....	<b>49.2</b>	<b>14.6</b>	<b>63.8</b>
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)
<b>As at 31 March 2021</b> .....	<b>78.6</b>	<b>20.1</b>	<b>98.7</b>

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 Wise Payments Limited, 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

	<b>As at 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Cash generated from operations</b>			
Profit for the year .....	30.9	15.0	10.3
<b>Adjustments for</b>			
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
<b>Changes in operating assets and liabilities</b>			
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
<b>Cash generated from operations.....</b>	<b>2,076.3</b>	<b>1,187.8</b>	<b>687.0</b>

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.

	<b>Year ended 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>			
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)
<b>Net corporate cash generated from operating activities.....</b>	<b>136.4</b>	<b>40.2</b>	<b>16.5</b>
<b>Net corporate cash used in investing activities .....</b>	<b>(23.2)</b>	<b>(17.3)</b>	<b>(13.6)</b>
<b>Net corporate cash generated from/(used in) financing activities.....</b>	<b>24.8</b>	<b>31.1</b>	<b>(6.5)</b>
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
<b>Corporate cash at end of year .....</b>	<b>286.1</b>	<b>155.1</b>	<b>97.7</b>

	<b>Note</b>	<b>As at 31 March</b>		
		<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Breakdown of corporate and customer cash</b>				
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
<b>Adjustments for</b>				
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)
<b>Net corporate cash at end of year ....</b>	<b>13</b>	<b>286.1</b>	<b>155.1</b>	<b>97.7</b>

## 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:

	<b>Average exercise price per share option, £</b>	<b>Number of options</b>
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
<b>End of year 31 March 2019</b> .....	<b>£1.75</b>	<b>3,787,173</b>
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
<b>End of year 31 March 2020</b> .....	<b>£3.57</b>	<b>4,103,313</b>
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
<b>End of year 31 March 2021</b> .....	<b>£2.86</b>	<b>3,740,468</b>
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:

<b>Grant date range: 12 months ended 31 March</b>	<b>Expiry date range: 12 months ending 31 March</b>	<b>Weighted average exercise price</b>	<b>Share options as at 31 March 2021</b>	<b>Share options as at 31 March 2020</b>	<b>Share options as at 31 March 2019</b>
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	—	—
<b>Total.....</b>			<b>3,740,468</b>	<b>4,103,313</b>	<b>3,787,173</b>
<b>Weighted average remaining contractual life of options outstanding at end of the period.....</b>			<b>6.9 years</b>	<b>7.3 years</b>	<b>7.1 years</b>

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
<b>Infrastructure subscription</b>			
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
<b>Total</b> .....	<b>4.5</b>	<b>4.0</b>	<b>4.8</b>
<b>Significant capital expenditure contracted</b>			
No later than 1 year.....	2.1	—	—
<b>Total</b> .....	<b>2.1</b>	<b>—</b>	<b>—</b>

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

Wise Payments Limited 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
<b>Compensation to key management personnel</b>			
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	—
<b>Total compensation paid to key management personnel.....</b>	<b>2.2</b>	<b>2.1</b>	<b>0.6</b>

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
<b>Profit for the year.....</b>	<b>30.9</b>	<b>15.0</b>	<b>10.3</b>
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:

	<b>Year ended 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Profit for the year ended 31 March.....</b>	<b>30.9</b>	<b>15.0</b>	<b>10.3</b>
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	—	—
<b>Adjusted EBITDA .....</b>	<b>108.7</b>	<b>68.2</b>	<b>25.5</b>
Revenue .....	421.0	302.6	177.9
<b>Adjusted EBITDA Margin .....</b>	<b>25.8%</b>	<b>22.5%</b>	<b>14.3%</b>

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.

## **Note 24. Post balance sheet events**

### **Group Reorganisation**

In connection with Admission, the Group has undertaken certain steps as part of a reorganisation of its corporate structure including the insertion of holding companies above the Company, via share for share exchanges and creation of a dual class share structure. The following key steps were completed on or before 22 June 2021:

- the existing preferred and ordinary shares in the Company were re-designated as A Shares and a share split was undertaken;

- the existing shareholders of the Company were offered the opportunity to elect to receive the Company B Shares, in addition to their Company A Shares, to create a dual class share structure comprising Company A Shares and Company B Shares. Such B Shares were issued by way of bonus issue to such electing, existing shareholders;
- the existing shareholders in the Company entered into the share for share exchange with Wise plc, pursuant to which Wise plc acquired the entire issued share capital of the Company in exchange for the issue of matching Class A Shares, Class B Shares and a non-voting redeemable preference share in Wise plc to the existing shareholders (and any unexercised options and unvested awards respectively over shares in the Company were exchanged for options over Class A Shares in Wise plc);
- the outstanding Company B Shares were bought back by the Company and subsequently cancelled; and
- the Company distributed the entire issued share capital of HoldCo to Wise Plc and Wise Plc contributed its shares in the Company to HoldCo in exchange for an issue of new shares in HoldCo, resulting in HoldCo becoming a Group subsidising holding company to Wise plc and parent company to the Company in the corporate structure of the Group.

As the result of the reorganisation, the Company transferred its share-based payment reserves (£120.1 million as at 31 March 2021) to retained earnings as the obligation to settle share-based payment awards will be with Wise plc. This transfer did not impact consolidated results of the Group following the reorganisation and will be reflected in the standalone Company financial statements.

On 25 June 2021 the Company changed its name to Wise Payments Limited.

## 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 63 licences, in 12 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 Wise Payments Limited (formerly 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).

TINV is subject to the CRR on both a solo and consolidated basis. In accordance with the discretion afforded to the FCA by the CRR, the FCA has confirmed that it has granted TINV permission to classify the Class A Shares as Common Equity Tier 1 instruments on a consolidated basis only, with such permission taking effect on 22 June 2021. The eligibility of the Class A shares to qualify as Common Equity Tier 1 instruments is subject to the firm continuing to meet the relevant regulatory requirements and the firm is required under SUP 8.5 of the FCA Handbook to notify the FCA immediately if it becomes aware of any altered circumstances that could affect the continuing relevance or appropriateness of the granted permission.

## ***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 Käärman (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 18 February 2021 as a private limited company under the Act with the name 456 Newco plc and with the registered number 13211214. On 17 June 2021, we changed our name to Wise plc.

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 213800LD9XCHIC1C4V71 and our website is [www.wise.com](http://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 Prospectus.

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

On incorporation, the Company's share capital was one ordinary share of £1.00, namely the Subscriber Share, which was allotted to Hackwood Secretaries Limited and credited as fully paid in return for cash. On 28 April 2021, the Subscriber Share was transferred to the Executive Founder; and a further 50,000 non-voting redeemable preference shares of £1.00 each were issued by the Company, all of which were allotted to the Executive Founder and credited as fully paid on the basis of an undertaking to pay given by the Executive Founder to the Company.

On 22 June 2021, the Subscriber Share was re-designated as a Class A Share, its share class rights were varied accordingly and it was subsequently sub-divided into 100 shares with a nominal value of £0.01 each. Subsequently, and also on 22 June 2021, the Existing Shareholders entered into the Share for Share Exchange with the Company. Under the Share for Share Exchange the Company acquired the entire issued share capital of TWL in exchange for the issue by the Company to the Existing Shareholders of Class A Shares, Class B Shares and a single non-voting redeemable preference share in the Company. Following the Share for Share Exchange, the share capital of the Company was made up of: (1) 994,589,856 Class A Shares of £0.01, being £9,945,898.56 in aggregate; (2) 398,889,814 Class B Shares of £0.000000001, being £0.398889814 in aggregate; and (3) 50,001 non-voting redeemable preference shares of £1.00, being £50,001 in aggregate.

On 22 June 2021, the following shareholder resolutions were passed by the Initial Subscriber as sole shareholder of the Company:

- 2.1 that the one existing ordinary share of £1.00 in the share capital of the Company be and is hereby re-designated as a class A ordinary share, such class A ordinary share having the same rights and being subject to the same restrictions as the Class A Shares in the capital of the Company as set out in the Articles;
- 2.2 that the one existing class A ordinary share of £1.00 in the share capital of the Company be and is hereby sub-divided into 100 new class A ordinary shares of

£0.01 each in the capital of the Company, such shares having the same rights and being subject to the same restrictions (save as to nominal value) as the existing Class A Shares;

- 2.3 that the Articles as further described in paragraph 5 (Articles of Association) be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the previous articles of association;
- 2.4 that the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Act to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £9,945,898.95888981, such authority to apply in substitution for all previous authorities pursuant to Section 551 of the Act and to expire on 31 December 2021 but so that the Company may, before such expiry, make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority given by this resolution has expired;
- 2.5 that the Directors be empowered to allot equity securities (as defined in Section 560(1) of the Act) wholly for cash pursuant to the authority in paragraph 2.4 above up to an aggregate nominal amount of £9,945,897.95888981 as if Section 561(1) of the Act did not apply to any such allotment;
- 2.6 that, conditional upon Admission, the Company be and is hereby unconditionally and generally authorised for the purpose of Section 701 of the Act to make market purchases (as defined in Section 693 of that Act) of Class A Shares, provided that:
  - 2.6.1 the maximum number of Class A Shares which may be purchased is equal to 10% of the amount of Class A Shares in issue in the capital of the Company immediately following Admission;
  - 2.6.2 the minimum price (exclusive of expenses) which may be paid for each Class A Share is the nominal value of a Class A Share;
  - 2.6.3 the maximum price (exclusive of expenses) which may be paid for each Class A Share is an amount equal to the higher of: (a) 105% of the average of the closing price of the Class A Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and (b) the higher of the price of the last independent trade and the highest current bid as stipulated by Regulatory Technical Standards as referred to in article 5(6) of the Market Abuse Regulation (as it forms part of UK law); and
  - 2.6.4 such authority shall expire at the conclusion of the AGM of the Company held in 2022 or, if earlier, at the close of business on 30 September 2022 (except in relation to the purchase of shares the contract for which was concluded before the expiry of such authority and which might be

executed wholly or partly after such expiry) unless such authority is renewed prior to such time;

2.7 that, conditional upon Admission, the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Act to exercise all the powers of the Company to allot Class A Shares in the Company or grant rights to subscribe for or to convert any security into Class A Shares in the Company:

2.7.1 up to an amount equal to one third of the number of Class A Shares in issue in the capital of the Company immediately following Admission;

2.7.2 comprising equity securities (as defined in Section 560(1) of the Act) up to a further amount equal to one third of the number of Class A Shares in issue in the capital of the Company immediately following Admission in connection with an offer by way of a rights issue,

pursuant to Section 551 of the Act and to expire at the end of the next AGM or at the close of business on 30 September 2022, whichever is the earlier, but, in each case, so that the Company may, before such expiry, make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority given by this resolution has expired;

2.8 that, conditional upon Admission, the Directors be authorised to allot Class A Shares comprising equity securities (as defined in Section 560(1) of the Act) wholly for cash:

2.8.1 pursuant to the authority given by paragraph 2.7.1 above or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the Act in each case:

(a) in connection with a pre-emptive offer; and

(b) otherwise than in connection with a pre-emptive offer, up to an amount of equal to 5% of the Class A Shares in issue in the capital of the Company immediately following Admission; and

2.8.2 pursuant to the authority given by paragraph 2.7.2 of resolution 2.7 above in connection with a pre-emptive rights issue,

as if Section 561(1) of the Act did not apply to any such allotment, such authority to expire at the end of the next AGM of the Company or at the close of business on 30 September 2022, whichever is the earlier but so that the Company may, before such expiry, make offers and enter into agreements which would, or might, require equity securities to be allotted and treasury shares to be sold after the authority given by this resolution has expired and the Directors may allot equity securities and sell treasury shares under any such offer or agreement as if the authority had not expired;

2.9 that, conditional upon Admission, and in addition to any authority granted under paragraph 2.8 above, the Directors be authorised to allot Class A Shares comprising equity securities (as defined in Section 560(1) of the Act) wholly for cash pursuant to the authority given by paragraph 2.7 above or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the Act as if Section 561(1) of the Act did not apply to any such allotment, such authority to be:

2.9.1 limited to the allotment of equity securities or sale of treasury shares up to an amount equal to 5% of the Class A Shares in issue in the capital of the Company immediately following Admission; and

2.9.2 used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of Directors of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the end of the next AGM of the Company or at the close of business on 30 September 2022, whichever is the earlier, but so that the Company may, before such expiry, make offers and enter into agreements which would, or might, require equity securities to be allotted and treasury shares to be sold after the authority given by this resolution has expired and the Directors may allot equity securities and sell treasury shares under any such offer or agreement as if the authority had not expired;

2.10 that, conditional upon Admission, the Directors be, in connection with the granting of OwnWise Bonus Shares:

2.10.1 authorised to capitalise a sum of up to £25,000 from the retained profits and/or reserves of the Company and to apply such sum in paying up in full new Class A Shares to be allotted and issued to certain customers of the Company participating in OwnWise (who may or may not be shareholders of the Company) in such proportions as they may be entitled to under the terms of OwnWise from time to time;

2.10.2 generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Act to exercise all the powers of the Company to allot Class A Shares in the Company or grant rights to subscribe for or to convert any security into Class A Shares in the Company up to 2,500,000 Class A Shares; and

2.10.3 generally and unconditionally authorised to make market purchases (as defined in the Act) of Class A Shares, provided that:

(a) the maximum number of Class A Shares which may be purchased is 2,500,000;

- (b) the minimum price (exclusive of expenses) which may be paid for each Class A Share shall be equal to the nominal value in respect of such share; and
- (c) the maximum price (exclusive of expenses) which may be paid for each Class A Share is an amount equal to the higher of: (i) 105% of the average of the closing price of the Class A Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such Class A Share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the highest current bid as stipulated by EU Commission adopted Regulatory Technical Standards pursuant to article 5(6) of the Market Abuse Regulation (as it forms part of UK retained law pursuant to the European Union (Withdrawal) Act 2018),

such authorities shall expire at the conclusion of the Company's first AGM or, if earlier, at the close of business on 30 September 2022; and

- 2.11 that the rules of the Wise plc Long Term Incentive Plan be approved and that the directors be authorised to do all such other acts and things as they may consider appropriate to implement the LTIP and establish further plans based on the LTIP but modified to take account of local tax, exchange controls or securities laws outside the UK, provided that any new issue or treasury shares made available under such further plans are treated as counting against the plan limits in the LTIP.

Save as disclosed above and in paragraph 7 (Directors' Terms of Employment), paragraph 9 (Legacy Employee Share Plans) and paragraph 10 (New Employee Share Plans) below:

- no share or loan capital of the Company has, within three years of the date of this Prospectus, 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 Group Reorganisation**

In connection with Admission, the Group has undertaken certain steps as part of a reorganisation of its corporate structure, collectively referred to as the "Group Reorganisation".

## **Key steps in the Group Reorganisation:**

The key steps of the Group Reorganisation are set out below:

- on 22 June 2021, the existing preferred and ordinary shares in TWL were re-designated and sub-divided into TWL A Shares;
- the Existing Shareholders, subject to limited exceptions, were offered the chance to elect to receive TWL B Shares, in addition to their TWL A Shares, to create a dual class share structure comprising TWL A Shares and TWL B Shares, and on 22 June 2021, the relevant number of TWL B Shares were issued by way of bonus issue to such electing Existing Shareholders;
- on 22 June 2021, the Existing Shareholders entered into the Share for Share Exchange with the Company, pursuant to which the Company acquired the entire issued share capital of TWL in exchange for the issue of Class A Shares, Class B Shares and a non-voting redeemable preference share in the Company to the Existing Shareholders (and any unexercised options and unvested awards, respectively, over shares in TWL were exchanged for options over Class A Shares);
- the outstanding TWL B Shares were bought back by TWL on 22 June 2021 and subsequently cancelled; and
- on 22 June 2021, TWL distributed the entire issued share capital of HoldCo to the Company and the Company contributed its shares in TWL to HoldCo in exchange for an issue of new shares in HoldCo, resulting in HoldCo becoming a Group holding company below the Company and above TWL.

## **4 Lock-up Arrangements**

Pursuant to the Liquidity Provision and Lock-up Agreement, certain Shareholders have each agreed that, subject to certain exemptions, during the period of 180 days from the date of Admission, they will not, without the prior written consent of Goldman Sachs and Morgan Stanley, offer, sell, assign, contract to sell, transfer, or otherwise dispose of, directly or indirectly, any of the Class A Shares they hold at Admission (or any interest therein or in respect thereof). The aggregate number of Class A Shares subject to this lock-up is 223,896,140 Class A Shares (equal to 22.5% of the Class A Shares in issue at Admission).

Pursuant to the Block Trade Agreement, following the execution of any Large Block Trade, the BTA Shareholders may not initiate or execute another Large Block Trade for 60 calendar days starting on the day the initial Large Block Trade completes.

## **5 Articles of Association**

The Articles, which have been adopted with effect from Admission, include provisions to the following effect:

## **Shares and special rights**

Without prejudice to any rights attached to any existing shares, the Company may issue shares with such rights or restrictions as determined by either the Company by ordinary resolution or, if the Company passes a resolution to so authorise them, the Directors.

The Company may issue any shares which are to be redeemed, or are liable to be redeemed, at the option of the Company or the holder, save for Class A Shares which shall be not redeemable. Each Class A Share shall be fully paid up upon issue. Any redeemable non-voting preference shares in issue following the Share for Share Exchange may be redeemed at their nominal amount and cancelled by the Directors at any time.

## **Share certificates**

The Company shall, on request, issue a share certificate to every person whose name is entered in the Company's share register in respect of shares in certificated form.

The Company shall not issue a share certificate to any person in respect of Class B Shares. Class B Shares are to be held in uncertificated form with the registered ownership of Class B Shares to be evidenced by reference to the Company's share register.

Class A Shares that correspond to Class B Shares are to be held in uncertificated form and their ownership is to be evidenced by reference to the Company's share register. Registered holders of such Class A Shares can request the issuance of a share certificate in respect of such Class A Shares in accordance with the first paragraph above. As set out in "*Class B Share allotment and transfers*" below, each Class B Share will immediately cease to carry any entitlement to voting rights on the issuance of a share certificate in respect of its corresponding Class A Share.

## **Voting rights**

On a poll each Class A Shareholder who is present in person or by proxy shall have one vote for every Class A Share of which such member is the holder.

The Class B Shares shall carry no entitlement to voting rights unless: (a) the registered holder is an initial holder of Class B Shares issued in connection with the Share for Share Exchange; and (b) the Class A Shares have been admitted to listing and/or trading on a regulated market. The entitlement to voting rights held exclusively by such Class B Shareholders is non-transferable and may only be exercised by the named holders of Class B Shares issued initially in connection with the Share for Share Exchange.

Subject to the restrictions set out in "*Class B Share voting restrictions*" below, on a poll each Class B Shareholder who is present in person or by proxy shall have nine votes for every Class B Share of which such member is the holder.

A proxy shall not be entitled to vote on a poll where the member appointing the proxy would not have been entitled to vote on the resolution had such member been present in person.

## **Class B Share voting restrictions**

Subject to the provisions below, each Class B Shareholder shall be entitled to attend and speak at any general meeting of the Company or any meeting of the holders of any class

of Shares or to vote at any such meeting and the rights to attend (whether in person or by proxy), to speak and to demand and vote on a poll.

The number of votes that each Class B Shareholder group (as set out in the Articles, including the Executive Founder when he is not Chief Executive Officer of the Company and excluding the Executive Founder while he is Chief Executive Officer of the Company) is entitled to exercise by virtue of its consolidated holding of Class B Shares shall be capped on the following basis and in the following circumstances in respect of each Shareholder resolution:

- each member of the relevant Class B Shareholder group shall be entitled to all votes attaching to the Class A Shares held by it;
- in addition, each member of the relevant Class B Shareholder group shall be entitled to any and all votes attaching to the Class B Shares held by it, provided always that the total number of votes exercisable by the Class B Shareholder group (in aggregate, across all members of the Class B Shareholder group and including all votes attaching to Class A Shares and Class B Shares) shall not exceed the Non-CEO Permitted Maximum, by reference to the total eligible votes in respect of that Shareholder decision (and not, for the avoidance of doubt, by reference to the total voting rights in the Company at that time); and
- where any restriction above applies, the excess votes in respect of Class B Shares (over the Non-CEO Permitted Maximum) that are not exercisable shall be deducted from the number of votes that would otherwise be exercisable by the members of the relevant Class B Shareholder group, in each case pro rata to their holdings of Class B Shares.

The number of votes that each member of the Executive Founder's Class B Shareholder group (as set out in the Articles) is entitled to by virtue of its consolidated holding of Class B Shares shall be capped on the following basis and in the following circumstances, while the Executive Founder is Chief Executive Officer of the Company, in respect of each Shareholder resolution:

- each member of the Executive Founder's Class B Shareholder group shall be entitled to all votes attaching to the Class A Shares held by him or it;
- in addition, each member of the Executive Founder's Class B Shareholder group shall be entitled to any and all votes attaching to the Class B Shares held by him or it, provided always that the total number of votes exercisable by the Class B Shareholder group (in aggregate, across the Class B Shareholder group and including all votes attaching to Class A Shares and Class B Shares) shall not exceed the CEO Permitted Maximum, by reference to the total *eligible* votes in respect of that Shareholder decision (and note, for the avoidance of doubt, by reference to the total voting rights in the Company at that time); and
- where any restriction above applies, the excess votes in respect of Class B Shares (over the CEO Permitted Maximum) that are not exercisable shall be deducted from the number of votes that would otherwise be exercisable by the members of the

Executive Founder's Class B Shareholder group, in each case pro rata to their holdings of Class B Shares.

Nothing in the above provisions shall prevent a Shareholder or Class B Shareholder group from being entitled to exercise votes attaching to Shares in the Company in excess of the CEO Permitted Maximum or the Non-CEO Permitted Maximum (as applicable) by virtue solely of the votes attaching to the Class A Shares.

At any time when the aggregate number of a Class B Shareholder group's votes attaching to Shares in the Company exceeds the Non-CEO Permitted Maximum or, in the case of the Executive Founder's Class B Shareholder group, the CEO Permitted Maximum or the Non-CEO Permitted Maximum (as applicable), in respect of a Shareholder decision the Directors may deal with such votes attaching to Class B Shares as are in excess as affected votes. The Directors shall give an affected votes notice to the registered holder of any Class B Share which they determine to deal with as an affected vote and shall state that the provisions of the provisions set out above (all of which shall be set out in the affected vote notice) are to be applied in respect of such affected votes.

A registered holder of Class B Shares upon whom an affected vote notice has been served shall not be entitled to exercise or cast their affected votes at the general meeting of the Company or any meeting of the holders of any class of Shares at which such affected votes have been deemed effective. In the case of a general meeting of the Company or any meeting of the holders of any class of Shares, the affected votes shall vest in the Chair of such meeting who shall abstain from exercising or casting the affected votes.

On a Shareholder resolution, votes attaching to Class B Shares shall be capped so that the number of votes eligible to be cast by a Class B Shareholder group shall not exceed the CEO Permitted Maximum or the Non-CEO Permitted Maximum (as applicable) as a proportion of all votes eligible to be cast in respect of that Shareholder resolution. This is as opposed to capping such voting rights by reference to the *total* voting rights in the Company at that time, as to do so would not take into account those votes being excluded from the Shareholder decision as a result of being affected votes under the voting cap mechanism. If the voting caps were implemented by reference to the total voting rights in the Company at that time, a Shareholder being capped would have their votes reduced by reference to a total voting rights figure higher than the voting rights eligible to be cast in respect of that decision, thereby resulting in that Shareholder being able to exercise proportionate voting rights in excess of the relevant threshold. Therefore, when calculating the total number of votes eligible to be cast in respect of a Shareholder resolution, affected votes will be excluded from that calculation. This will decrease the total number of votes eligible to be cast and so also decrease the total number of votes required for a shareholder to reach the CEO Permitted Maximum and the Non-CEO Permitted Maximum – it is by reference to this number that the voting cap threshold is calculated. This mechanism can be illustrated by way of a worked example as follows:

- if there are 100 votes in the Company and the Executive Founder (as Chief Executive Officer of the Company) holds 60 of these votes, the voting rights that the Executive Founder is entitled to exercise will exceed the CEO Permitted Maximum (for the purposes of this worked example, such threshold being after the satisfaction of the

Residual Change in Control Approval condition, namely one vote below 50%), thereby triggering the vote capping mechanism;

- 40 votes in the Company will be held by Shareholders other than the Executive Founder, therefore the Executive Founder is entitled to votes, by virtue of his Class B Shares, such that as a proportion of the aggregate of the votes the Executive Founder is entitled to and the votes that Shareholders other than the Executive Founder are entitled to, the Executive Founder does not exceed the CEO Permitted Maximum; and
- the Executive Founder is therefore entitled to cast 39 votes in respect of that Shareholder resolution by virtue of his Class B Shares, with the voting rights he holds in excess of that number by virtue of his Class B Shares being affected votes.

If, instead, the calculation had been made by reference to the total voting rights in the Company, the Executive Founder's votes would have been reduced to one vote below 50% out of the 100 votes in the Company (namely, 49 votes). As a result, 11 of the Executive Founder's 60 votes would be affected votes by virtue of the cap, with such votes vesting in the Chair and subsequently being abstained from the vote. As a result, the Executive Founder would be able to cast 49 votes out of the 89 votes available to be cast, thereby resulting in him having voting entitlements in excess of 50% in respect of that Shareholder decision.

### **Variation of rights**

Subject to the provision below, whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or cancelled with:

- the written consent of the holders of three-quarters in nominal value of the issued shares of the class, excluding any shares held as treasury shares; or
- a special resolution passed at a separate meeting of the holders of the shares of the class.

The special rights attaching to each of the Class A Shares and the Class B Shares shall not be varied or cancelled without:

- a special resolution passed at a separate meeting of the holders of Class A Shares in respect of a variation or cancellation of Class B Share rights; and
- a special resolution passed at a separate meeting of the Class B Shares (for as long as any Class B Shares are in issue) in respect of a variation or cancellation of Class A Share rights.

The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by their terms of issue, be deemed to be varied by:

- the creation or issue of further shares ranking, as regards participation in the dividends or assets of the Company, in some or all respects equally with them but in no respect in priority to them; or

- the purchase or redemption by the Company of any of its own shares.

### **Class B Share allotment and transfers**

Following the initial issue of Class B Shares in connection with the Share for Share Exchange, no further issuances or allotments of Class B Shares are permitted, either under the Articles or pursuant to the Act, and the Board shall not have the authority to allot, grant options over or otherwise dispose of Class B Shares to any persons at any time.

Class B Shares are strictly non-transferable, non-tradeable and non-distributable to any person or entity whatsoever. The Directors must not approve any instrument of transfer in respect of any Class B Shares.

Each Class B Share will immediately cease to carry any entitlement to voting rights in any of the following circumstances:

- the relevant Class B Shareholder being issued a share certificate in respect of that Class B Share's corresponding Class A Share;
- the Class B Shareholder's corresponding Class A Share being deposited into any depository for equity securities, as defined in Section 560 of the Act;
- the death of the Class B Shareholder;
- the purported trade and/or transfer of the beneficial and/or legal interest of the relevant Class B Share;
- the purported trade and/or transfer of the beneficial and/or legal interest of a Class B Shareholder's corresponding Class A Share relating to the relevant Class B Share;
- any indirect change in control in respect of the Class B Shareholder (as determined by the Board); or
- 23.59 (London time) on the fifth anniversary following Admission.

Following any Class B Share ceasing to carry any entitlement to voting rights in any of the circumstances set out above, no such entitlement may be reinstated at any time and the Company may, in its sole discretion at any time and in any manner, redeem any such Class B Share for no consideration, upon which they will be cancelled.

### **Transfer of shares**

All transfers of shares which are in certificated form may be effected in writing or in any other form acceptable to the Directors. The instrument of transfer shall be signed by the transferor or on their behalf.

All transfers of shares which are in uncertificated form (save for Class B Shares) shall be effected by means of a relevant system in accordance with the Uncertificated Securities Regulations 2001 or otherwise in accordance with applicable law.

The Directors may decline to register any transfer of shares in certificated form unless:

- the instrument of transfer is in respect of only one class of share;

- the instrument of transfer is lodged (duly stamped if required) at the transfer office accompanied by the relevant share certificate(s) or such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer or, if the instrument of transfer is executed by some other person on the transferor's behalf, the authority of that person to do so; and
- it is fully paid.

The Directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly.

The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register in respect of those shares.

### **Alteration of share capital**

The Company may by special resolution reduce its share capital, share premium account, capital redemption reserve or redenomination reserve in any way permitted by applicable law, in each case in accordance with the Act.

Save for the restrictions attaching to Class B Shares, the Articles do not restrict the Company's ability to increase or sub-divide its share capital. Therefore, subject to the Act, the Company may by ordinary resolution increase or sub-divide its share capital.

### **Purchase of own shares**

The Articles do not restrict the Company's ability to purchase its own shares (save for Class B Shares) and therefore, subject to the Act and without prejudice to any relevant special rights attached to any class of shares, the Company may purchase any of its own shares of any class in any way (save for Class B Shares) and at any price (whether at par or above or below par).

### **General meeting**

An AGM shall be held in each period of six months beginning with the day following the Company's accounting reference date, at such date and time decided by the Directors.

The Directors may proceed to convene a general meeting whenever they think fit. The Directors are required to convene a general meeting if the Company receives requests to do so from shareholders representing at least 5% of the paid up share capital of the Company, in accordance with the Act.

The Articles permit the Board to take advantage of Section 360A of the Act to hold general meetings by electronic means.

### **Directors**

#### ***Appointment of Directors***

The Directors shall not be less than two nor more than 20 in number, save that the Company may by ordinary resolution from time to time vary the minimum number and/or maximum number of Directors.

### ***Retirement of Directors***

At every AGM, all the Directors (being those Directors whose appointments are active as at the date of the notice convening the AGM) shall retire from office. A retiring Director shall be eligible for re-election unless the Directors have resolved otherwise prior to the date of notice of the AGM.

### ***Remuneration of Directors***

The ordinary remuneration of the Directors shall from time to time be determined by the Directors.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise, or may receive such other benefits as the Directors may determine.

The Directors may be repaid all such reasonable expenses as that Director may incur in connection with the business of the Company including (without limitation) in attending and returning from meetings of the Directors, any committee of the Directors or general meetings.

The Directors shall have power to pay and agree to pay a Director's remuneration. A Director's remuneration may include the payment of gratuities, allowances, pensions or other retirement, superannuation, death, sickness or disability benefits to, or to any person in respect of, that Director.

### ***Permitted interests of Directors***

A Director may have the following interests:

- a Director (or a person connected with the Director) can be a director or other officer of, or employed by, or can otherwise be interested in any relevant company (in this section entitled "*Permitted interests of Directors*" meaning: (1) the Company; (2) its subsidiaries; (3) its parent or parent's subsidiaries; or (4) anybody corporate it has promoted or is otherwise interested in);
- a Director (or a person connected with the Director) can have an interest in any relevant company that the Company also has an interest in or be a party to a contract with that relevant company;
- a Director (or a person connected with the Director or any firm the Director is a partner, employee or member of) can do professional work for any relevant company (other than as auditor) whether or not the Director or the person connected with the Director is paid for such work;
- a Director can have an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest;
- a Director can have an interest of which the Director is not aware; or
- where a Director has any other interest authorised by ordinary resolution.

A Director shall declare the nature and extent of any interest permitted at a meeting of the Directors or in such other manner as the Directors may resolve.

However, no declaration of an interest shall be required by a Director in relation to an interest:

- falling within the fourth or fifth bullet point above;
- if the other Directors are already aware of such interest (and for this purpose the other Directors are treated as aware of anything of which they ought reasonably to be aware); or
- if, or to the extent that, it concerns the terms of the Director's service contract (as defined in Section 227 of the Act) that have been or are to be considered by a meeting of the Directors, or by a committee of Directors appointed for the purpose.

### ***Restrictions on voting***

A Director shall not be entitled to vote on any resolution in respect of any contract, transaction or arrangement, or any other proposal, in which the Director (or a person connected with the Director) is interested. However, this restriction shall not apply if, in the absence of some other interest than is set out below, the resolution concerns a contract, transaction or arrangement, or any other proposal:

- in which the Director has an interest of which the Director is not aware;
- in which the Director has an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest;
- in which the Director has an interest only by virtue of interests in shares, debentures or other securities of the Company, or by reason of any other interest in or through the Company;
- which involves the giving of any security, guarantee or indemnity to the Director or any other person in respect of: (1) money lent or obligations incurred by the Director or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or (2) a debt or other obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings: (1) in which offer the Director is or may be entitled to participate as a holder of securities; or (2) in the underwriting or sub-underwriting of which the Director is to participate;
- concerning any other body corporate in which the Director is interested, directly or indirectly and whether as an officer, shareholder, creditor, employee or otherwise, provided that the Director (together with persons connected with the Director) is not the holder of, or beneficially interested in, 1% or more of the issued equity share capital of any class of such body corporate or of the voting rights available to members of the relevant body corporate;

- relating to an arrangement for the benefit of the employees or former employees of the Company or any of its subsidiary undertakings which does not award the Director any privilege or benefit not generally awarded to the employees or former employees to whom such arrangement relates;
- concerning the purchase or maintenance by the Company of insurance for any liability for the benefit of Directors or for the benefit of persons who include Directors;
- concerning the giving of indemnities in favour of Directors;
- concerning the funding of expenditure by any Director or Directors: (1) on defending criminal, civil or regulatory proceedings or action against the Director or them; (2) in connection with an application to the court for relief; or (3) on defending the Director or them in any regulatory investigations;
- concerning the doing of anything to enable any Director or Directors to avoid incurring expenditure as described in the previous bullet point; and
- in respect of which the Director's interest, or the interest of Directors generally, has been authorised by ordinary resolution.

### ***Indemnity of officers***

So far as may be permitted by applicable law, every Director, former Director or company secretary of the Company or of an associated company (as defined in Section 256 of the Act) may be indemnified by the Company out of its own funds against:

- any liability incurred by or attaching to the relevant Director, former Director or company secretary in connection with any negligence, default, breach of duty or breach of trust by the relevant officer in relation to the Company or any associated company of the Company other than:
  - any liability to the Company or any associated company; and
  - any liability of the kind referred to in Section 234(3) of the Act; and
- any other liability incurred by or attaching to the Director, former Director or company secretary in relation to or in connection with the Director, former Director or company secretary's duties, powers or office, including in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme.

The Directors shall have power to purchase and maintain insurance for or for the benefit of:

- any person who is or was at any time a Director or company secretary of any relevant company; or
- any person who is or was at any time a trustee of any pension fund or employees' share scheme in which employees of any relevant company are interested,

including insurance against any liability (including all costs, charges, losses and expenses in relation to such liability) incurred by or attaching to such person in relation to such person's duties, powers or offices in relation to any relevant company, or any such pension fund or employees' share scheme.

### **Dividends and other distributions**

The Company is not permitted to declare or distribute dividends in respect of Class B Shares (which carry no rights to distributions except as set out below in "*Liquidation preference*").

The Company may by ordinary resolution declare final dividends. However, no dividend shall be declared unless it has been recommended by the Directors and does not exceed the amount recommended by the Directors.

If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may: (1) not pay fixed dividends on Class A Shares and Class B Shares but may pay fixed dividends on future share classes carrying a fixed dividend expressed to be payable on fixed dates; and (2) pay interim dividends on shares of any class (other than Class B Shares) of such amounts and on such dates and in respect of such periods as they think fit.

Provided the Directors act in good faith, they shall not incur any liability to the holders of any shares for any loss they may suffer by the lawful payment of any dividend.

The Company may, by ordinary resolution on the recommendation of the Directors, decide to pay or make a dividend or other distribution to the holders of shares (other than Class B Shares) in whole or in part by transferring non-cash assets or by procuring the receipt by such shareholders of non-cash assets. Where any difficulty arises in regard to a non-cash distribution, the Directors may make such arrangements as they think fit, including:

- authorising any person to sell or transfer any fractional entitlements (or ignoring any fractional entitlements altogether);
- fixing the value for distribution purposes of any of the assets to be transferred;
- paying cash to any distribution recipient on the basis of the value fixed for the assets in order to secure equality of distribution; and
- vesting any assets in trustees.

All dividends shall be:

- declared and paid according to the amounts paid up on the shares on which the dividend is paid; and
- apportioned and paid proportionately to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

The Company shall not pay interest on any dividend or other sum payable on or in respect of a share unless the terms of issue of that share or any agreement between the Company and the holder of that share provide otherwise.

Any dividend which has not been claimed for 12 years after the date on which it was declared or became due for payment will be forfeited and belong to the Company. The Company shall not be liable nor required to account to the relevant member or person entitled by operation of law to such dividends. The Company shall be entitled to use such dividends for the Company's benefit as the Directors may think fit.

The Directors may, if authorised by ordinary resolution, offer to shareholders the right to elect to receive an allotment of new shares credited as fully paid in lieu of the whole or part of a dividend.

### Liquidation preference

Subject to applicable law, on a distribution of assets on a liquidation or winding-up the surplus assets of the Company remaining after payment of its liabilities shall be applied:

- first, to the extent outstanding, repaying in full to the holder of any redeemable preference shares the amount paid up on such shares;
- second, in paying to each of the Class B Shareholders the nominal value of their Class B Shares (provided that, if there are insufficient surplus assets to pay the amounts per share equal to the nominal value, the remaining surplus assets shall be distributed to the Class B Shareholders pro rata to the aggregate amounts otherwise due to them under this provision); and
- third, the balance of the surplus assets (if any) shall be distributed among the Class A Shareholders pro rata to the number of Class A Shares held.

## 6 Directors' and Senior Managers' Interests

As at the date of this Prospectus, 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 Class A Shares	Number of Class B Shares	Percentage of issued share capital <sup>(1)</sup>	Percentage of total number of votes available
Kristo Käärman	186,802,356	186,802,356	18.78%	40.75%
Matthew Briers	3,765,866 <sup>(2)</sup>	—	—	—
David Wells	1,162,616 <sup>(3)</sup>	—	0.12%	0.02%
Clare Gilmartin	96,720	—	0.01%	0.002%
Taavet Hinrikus	107,933,852	53,966,926	10.85%	12.95%
Alastair Rampell	—	—	—	—
Hooi Ling Tan	96,720	—	0.01%	0.002%
Ingo Uytdehaage	572,000 <sup>(3)</sup>	—	—	—

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Notes:

- (1) Calculated on the basis of Class A Shares only.
- (2) Consisting of: (1) time-based RSUs over 910,000 Class A Shares granted on 21 June 2021 under the 2021 EIP as described in paragraph 9 (Legacy Employee Share Plans) vesting over the period from 1 November 2021 to 1 November 2025; and (2) time-based options over 2,855,866 Class A Shares granted under the arrangements described in paragraph 9 (Legacy Employee Share Plans), with exercise prices of, with effect from Admission, nil to £0.1596, and of which options over 924,560 Class A Shares are vested and options over 1,931,306 Class A Shares will vest on a monthly basis until 28 January 2024.
- (3) Consisting of fully vested options over Class A Shares under the arrangements described in paragraph 9 (Legacy Employee Share Plans), with an exercise price of £0.61 in the case of David Wells and nil in the case of Ingo Uytdehaage.

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.

## **7 Directors' Terms of Employment**

The Directors and their functions are set out in "*Our Team*". The business address of each of the Directors is 56 Shoreditch High Street, London E1 6JJ, United Kingdom.

### **Executive Directors**

#### ***Term of employment, base salary and annual bonus***

Kristo Käärman and Matthew Briers are currently employed under service agreements with the Company. Taavet Hinrikus is currently employed under a service agreement with TWL. The basic salaries of the Executive Directors are reviewed annually by the Board or the Remuneration Committee with no obligation to increase the salary following such review. See "*Directors' and Senior Managers' remuneration*" below for details. Matthew Briers is eligible to participate in the Company's annual bonus plan, but the other Executive Directors' service contracts do not provide for participation in an annual bonus plan.

The Board considered a multi-year, "extraordinary performance" equity value growth-based compensation plan for the CEO but couldn't reach an agreement on the terms of such plan so both agreed to continue with the annual base salary of £197,000. The Board may evolve this in the future with the principle of crafting compensation that aligns around long term value creation.

The Executive Directors' service agreements are terminable by either party on three months' written notice. The Company is also entitled to terminate with immediate effect by making a payment in lieu of notice equal to their basic annual salary that would have been payable during the notice period. The Company reserves the right to make such payment in lieu of notice in monthly instalments over the unexpired period (which may be reduced by any alternative income earned within that period).

### ***Pension and other benefits***

The Executive Directors are entitled to participate in a pension scheme into which the Company or TWL makes a contribution of 5% per annum. The Company or TWL also provides the Executive Directors with private medical insurance and cover under the directors' and officers' liability insurance.

The Executive Directors are entitled to be reimbursed for reasonable expenses incurred during the course of their appointment.

### ***Post-termination undertakings***

The Executive Directors are subject to a non-competition covenant for a period of six months after termination of employment or commencement of garden leave (if applicable). 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 employment or commencement of garden leave (if applicable).

## **Non-Executive Directors**

### ***Term of appointment***

David Wells, Ingo Uytdehaage and Alastair Rampell were appointed as Non-Executive Directors of the Company and Clare Gilmartin as a Non-Executive Director designate with effect from 18 June 2021, and Hooi Ling Tan was appointed a Non-Executive Director designate of the Company with effect from 19 June 2021. The terms of each of their respective appointments are outlined in separate letters of appointment dated 21 June 2021.

Each of the Non-Executive Directors is appointed for an initial term of four years unless the appointment is terminated by either party on one month's written notice. The appointments are also subject to re-election by the Company's shareholders at the AGMs as the Board resolves.

### ***Remuneration and benefits***

David Wells, Ingo Uytdehaage, Clare Gilmartin and Hooi Ling Tan will receive a nominal fee of £1 per annum up to 28 February 2023 as remuneration for their duties for the Company. After such date, David Wells' cash fee shall increase to £275,000 per annum (as Chairman) and Ingo Uytdehaage, Clare Gilmartin and Hooi Ling Tan will receive a cash fee of £170,000 per annum. Alastair Rampell will receive no fee in relation to his duties for the Company.

All unvested options over TWL A Shares held by David Wells and Ingo Uytdehaage immediately prior to the Share for Share Exchange vested in full on the Share for Share Exchange and will be exercised following the Admission; and half of the options over TWL A Shares held by each of Clare Gilmartin and Hooi Ling Tan vested and were exercised immediately prior to the Share for Share Exchange, and the remaining half of the options lapsed with effect from such date.

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 are also reimbursed for independent professional advice taken in connection with their duties as a director.

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 who serve the Group were remunerated as set out below:

<b>Name</b>	<b>Position</b>	<b>Annual Salary or Fees (£)<sup>(1)</sup></b>	<b>Other Benefits (£)<sup>(1)</sup></b>	<b>Date of Joining the Board</b>
Kristo Käärman	Chief Executive Officer	£197,000	£510	31 March 2010 <sup>(2)</sup>
Matthew Briers	Chief Financial Officer	£240,000 <sup>(3)</sup>	£510	2 February 2021 <sup>(4)</sup>
David Wells	Senior Independent Non-Executive Director	—	—	17 July 2019 <sup>(5)</sup>
Clare Gilmartin	Independent Non-Executive Director designate	—	— <sup>(6)</sup>	7 June 2021 <sup>(7)</sup>
Taavet Hinrikus	Executive Chairman	£19,700 <sup>(8)</sup>	£510	8 November 2011 <sup>(9)</sup>

Alastair Rampell	Non-Executive Director	—	—	11 January 2018 <sup>(10)</sup>
Hooi Ling Tan	Independent Non-Executive Director designate	—	— <sup>(6)</sup>	7 June 2021 <sup>(11)</sup>
Ingo Uytdehaage	Independent Non-Executive Director	—	—	17 July 2019 <sup>(12)</sup>

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Notes:

- (1) Amounts shown are prior to the Group Reorganisation.
- (2) Represents the date on which Kristo Käärman joined the board of TWL. He was subsequently appointed to the board of the Company in April 2021.
- (3) Matthew Briers' annual salary increased to £280,000 on 1 July 2021.
- (4) Represents the date on which Matthew Briers was approved by the board of TWL, with formal appointment to the board of TWL after regulatory clearances are obtained. He was subsequently appointed to the board as an Executive Director designate of the Company in June 2021.
- (5) Represents the date on which David Wells joined the board of TWL. He was subsequently appointed to the board of the Company in June 2021.
- (6) Appointment as an Independent Non-Executive Director not effective in FY2021, and no services were provided to the Group in such capacity during this period.
- (7) Represents the date on which Clare Gilmartin joined the board of TWL. She was subsequently appointed to the board as an Independent Non-Executive Director designate of the Company in June 2021.
- (8) Taavet Hinrikus' salary reflects his employment of 10% of a FTE employee.
- (9) Represents the date on which Taavet Hinrikus joined the board of TWL. He was subsequently appointed to the board of the Company in June 2021.
- (10) Represents the date on which Alastair Rampell joined the board of TWL. He was subsequently appointed to the board of the Company in June 2021.
- (11) Represents the date on which Ingo Uytdehaage joined the board of TWL. He was subsequently appointed to the board of the Company in June 2021.
- (12) Represents the date on which Hooi Ling Tan joined the board of TWL. She was subsequently appointed to the board as an Independent Non-Executive Director designate of the Company in June 2021.

Under the terms of their service contracts, letters of appointment and applicable incentive plans, the aggregate remuneration and benefits in kind paid or granted (as applicable) to the Directors and Senior Managers who served the Group during the financial year ended 31 March 2021 for services in all capacities was approximately £458,200.

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 Prospectus.

### **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 Prospectus:

<b>Name</b>	<b>Current directorships/ partnerships</b>	<b>Past directorships/ partnerships</b>
Kristo Käärman	<ul style="list-style-type: none"> <li>• Tuleva Tulundusühistu</li> <li>• Kotilda OÜ</li> <li>• ActiveHours, Inc.</li> </ul>	—
Matthew Briers	—	—
David Wells	<ul style="list-style-type: none"> <li>• Trade Desk, Inc.</li> <li>• Hims &amp; Hers Health, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>• Netflix, Inc.</li> </ul>
Clare Gilmartin	<ul style="list-style-type: none"> <li>• Get Your Guide, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>• Trainline, plc.</li> </ul>
Taavet Hinrikus	<ul style="list-style-type: none"> <li>• OÜ Notorious</li> <li>• Veriff Inc.</li> <li>• Extracover Holdings Limited (Zego)</li> <li>• Certific Ltd.</li> <li>• Novastop OÜ</li> <li>• MTÜ Back To Work</li> </ul>	<ul style="list-style-type: none"> <li>• Kala House OÜ</li> <li>• Tartu Apartments OÜ</li> <li>• OÜ Wineventure</li> </ul>
Alastair Rampell	<ul style="list-style-type: none"> <li>• Andreessen Horowitz Fund IV, L.P</li> <li>• ActiveHours, Inc.</li> <li>• Branch International, Inc.</li> <li>• Brightside Benefit, Inc.</li> <li>• Descript, Inc.</li> <li>• Divvy Homes, Inc.</li> <li>• FlyHomes, Inc.</li> <li>• Loft Holdings, Ltd.</li> <li>• Peer Street, Inc.</li> <li>• Point Digital Finance, Inc.</li> <li>• Propel, Inc.</li> <li>• Rally Network, Inc.</li> <li>• Forte Labs, Inc.</li> <li>• SentiLink Corp.</li> <li>• Super Evil Mega Corp, Inc.</li> <li>• Very Good Security, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>• Quantopian, Inc.</li> <li>• Rival Labs, Inc.</li> <li>• TXN Solutions, Inc.</li> <li>• CashStar, Inc.</li> <li>• KCG Holdings, Inc.</li> </ul>

Name	Current directorships/ partnerships	Past directorships/ partnerships
	<ul style="list-style-type: none"> <li>Steadman Philippon Research Institute</li> </ul>	
Hooi Ling Tan	<ul style="list-style-type: none"> <li>Grab Holdings, Inc.</li> <li>Singapore Economic Development Board</li> <li>National University of Singapore</li> </ul>	—
Ingo Uytdehaage	<ul style="list-style-type: none"> <li>Adyen N.V.</li> <li>FOAM-Fotografiemuseum Amsterdam</li> </ul>	—

Within the period of five years preceding the date of this Prospectus, 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.

## **8 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 Prospectus:

<b>Shareholder</b>	<b>Shares<sup>(1)(2)</sup> outstanding in the Company</b>
	(%)
Kristo Käärman <sup>(3)</sup> .....	18.78%
Taavet Hinrikus <sup>(4)</sup> .....	10.85%
Valar Ventures .....	10.22%
IA Ventures .....	9.57%
Andreessen Horowitz .....	9.26%
Baillie Gifford .....	4.88%
D1 Capital Partners .....	3.85%
IVP .....	3.67%

Notes:

- (1) Calculated on the basis of Class A Shares only.
- (2) Calculations do not account for any Class A Shares sold pursuant to the Liquidity Provision and Lock-Up Agreement.
- (3) Consisting of 779,766 Class A Shares held indirectly through a 100% interest in Kotilda OÜ.
- (4) 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 Prospectus, 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.

Other than as described in paragraph 2 (Dual Class Share Structure), none of the Company's major shareholders have or will have different voting rights attached to the shares they hold in the Company.

## **9 Legacy Employee Share Plans**

### **Introduction**

There are options and awards held by employees and Directors (some of which are held by former employees) under the following employee share plans:

- the 2021 EIP;
- the 2016 Option Plan;

- the 2015 CSOP; and
- option contracts entered into, in or prior to 2015.

Following the Group Reorganisation, all options and awards are outstanding as options and awards over Class A Shares. The exercise of options and the vesting of awards under all of these arrangements may be satisfied by the new issue or transfer of Class A Shares.

Following Admission, no further options or awards will be granted under any of these employee share plans.

## **2021 EIP**

As at the date of this Prospectus, there are outstanding EIP Awards over 6,504,030 Class A Shares, of which EIP Awards over 433,342 Class A Shares are vested as to time (and so will become exercisable or due for delivery on Admission) and EIP Awards over 6,070,688 Class A Shares are unvested.

All of the outstanding EIP Awards are in the form of either nil cost options or RSUs, and are held by current and certain former employees of the Group.

### ***Vesting and exercise***

EIP Awards vest to the extent 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 U.S. tax legislation, also subject to the occurrence of a specified exercise trigger, which will include Admission.

Consequently, EIP Awards in respect of which the relevant conditions have been met prior to Admission will become exercisable and/or due for delivery from the date of Admission. Unvested EIP Awards will, following Admission, continue to remain outstanding and capable of vesting subject to their terms.

EIP Awards in the form of options can only be exercised to the extent vested and 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, the relevant number of Class A 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 the 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 U.S. tax legislation, that they will vest on leaving. In either case, the Board will determine the level of vesting taking account of early leaving.

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**

Following Admission, on the occurrence of any of the following events:

- a disposal of the whole of the Class A Shares (including by way of general offer or scheme of arrangement) or such other sale as is approved by the Board;
- a sale of more than 75% of the trade and assets of the Group; or
- any other exceptional circumstances affecting the Company as determined by the Board,

EIP Awards will vest to the extent that any vesting conditions are satisfied or waived, and EIP Awards will lapse to the extent not vested or exercised.

In the event of a disposal of the whole of the Class A Shares (including by way of general offer or scheme of arrangement) or such other sale as is approved by 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 Class A Shares, the Board may allow EIP Awards to vest to such extent as they determine.

### **Adjustments**

The number of Class A Shares subject to EIP Awards, the exercise price and/or performance conditions (if applicable) 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 Class A 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**

As at the date of this Prospectus, there are outstanding 2016 Options over 68,233,204 Class A Shares, of which 2016 Options over 44,832,871 Class A Shares are vested (and so will be exercisable from Admission) and 2016 Options over 23,400,333 Class A Shares are unvested.

All of the outstanding 2016 Options are held by certain employees and directors of the Group (some of whom are former employees) and certain non-employees. The 2016 Options comprise both 2016 Approved Options and 2016 Unapproved Options.

### ***Exercise price***

The exercise prices of outstanding 2016 Options range from nil per Class A Share to £4.02 per Class A Share.

### ***Vesting and exercise***

2016 Options vest to the extent the applicable time-based vesting conditions (which generally run for four years from grant) are satisfied. 2016 Options can generally only be exercised to the extent vested on the occurrence of a specified exercise trigger, which will include Admission.

Consequently, vested 2016 Options will be exercisable from the date of Admission. Unvested 2016 Options will, following Admission, continue to remain outstanding and capable of vesting and exercise subject to their terms. 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 after 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 the participant dies, vested 2016 Approved Options, other than 2016 Approved Options intended to comply with certain U.S. 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 U.S. 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**

Following Admission, on the occurrence of any of the following events:

- a disposal of the whole of the Class A 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;
- a sale of more than 75% of the trade and assets of the Group;
- any other exceptional circumstances affecting the Company as determined by the Board; and/or
- a change of control by way of general offer, a compulsory acquisition of Class A Shares, a scheme of arrangement, or the winding up of the Company,

vested 2016 Options may be exercised within a set period, and 2016 Options will then lapse to the extent not exercised.

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 Class A Shares subject to a 2016 Option, the exercise price and/or the description of Class A 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, sub-division, 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**

As at the date of this Prospectus, there are outstanding Historic Options over 19,222,710 Class A Shares, all of which are vested. Historic Options are held by certain employees of the Group (some of whom have since left employment) and certain non-employees, and comprise 2015 CSOP Options and Pre-2016 Unapproved Options.

### **Exercise price**

The exercise prices of the Historic Options range from nil per Class A Share to £0.26 per Class A Share.

### **Vesting and exercise**

All of the outstanding Historic Options are vested.

Consequently, all of the outstanding Historic Options will be exercisable from the date of Admission and will remain outstanding and capable of exercise during such periods as the Board specifies.

Historic Options cease to be exercisable, at the latest, ten years after grant.

### ***Leaving the Group***

Historic Options held by current employees will lapse on leaving employment unless the 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 within 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 remain exercisable.

### ***Corporate events***

Following Admission, on the occurrence of any of the following events:

- a sale of more than 75% of the trade and assets of the Group;
- a change in control by way of general offer;
- in the case of Pre-2016 Unapproved Options, a disposal of the whole of the Class A Shares (other than for the purposes of an internal reorganisation) or such other sale as is approved by a Shareholder Majority;
- a scheme of arrangement affecting all Class A Shares, a non-UK reorganisation or a compulsory acquisition of Class A Shares; and/or
- any other exceptional circumstances affecting the Company as determined by the Board,

Historic Options will be exercisable during a specified period and generally will then lapse. In certain circumstances. Historic Options can, instead of becoming exercisable, be exchanged for equivalent options over shares in another company.

### ***Adjustments***

Generally, the number of Class A 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, sub-division, 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.

## **10 New Employee Share Plans**

The Company and its shareholders have adopted the Long Term Incentive Plan and established the Employee Share Trust as described below.

The Long Term Incentive Plan provides for the grant of incentive-based share plan awards. The Long Term Incentive Plan may also be used to defer a portion of any annual bonus earned by the eligible participants if such annual bonus is implemented by the Company in respect of financial years (or part thereof) after Admission.

The Employee Share Trust will be used in the settlement of awards under the Company's legacy employee share plans and the Long Term Incentive Plan.

### ***Eligibility***

All current or former employees (including directors) of the Company are eligible to participate in the Long Term Incentive Plan.

The Remuneration Committee or its delegate will select which eligible employees will be granted awards at its discretion.

### ***Structure of Awards***

An LTIP Award under the Long Term Incentive Plan can take the form of:

- a Conditional Award;
- a LTIP Option; or
- Forfeitable Shares.

Conditional Awards and LTIP Options may be satisfied with a cash payment equal to the value of the Class A Shares which would otherwise have been issued or transferred and may be granted on the basis that they will always be satisfied in that way.

Some or all of a participant's bonus may be deferred and paid in the form of an LTIP Award. This is called a "Bonus Deferral Award". In such case, a Bonus Deferral Award will be granted over a value of Class A Shares equivalent to the deferred bonus amount.

An LTIP Award, including a Bonus Deferral Award, may also be granted as a "buy-out" in connection with the recruitment of an eligible employee.

### ***Individual Limits***

The market value (taken at the date of grant) of Class A Shares subject to LTIP Awards (other than Bonus Deferral Awards and any Awards granted in connection with the hiring of an employee in lieu of awards forfeited from the employee's previous employer) will be granted to a limit, set from time to time by the Remuneration Committee, of that person's annual base salary.

LTIP Awards granted to Executive Directors will also be subject to any limits set out in any approved directors' remuneration policy.

Rights to dividends and dividend equivalents are ignored when calculating this limit.

### ***Dividends and dividend equivalent***

The Remuneration Committee may determine that the number of Class A Shares to which a participant is entitled on vesting or exercise of a Conditional Award or LTIP Option will be increased to take account of dividends paid on the number of Class A Shares in respect of which the LTIP Award has vested or is exercised on such terms as determined by the Remuneration Committee.

Participants will be entitled to any dividends payable on Forfeitable Shares from the date of grant.

### ***Vesting***

LTIP Awards will normally vest over a period set by the Remuneration Committee at grant.

If applicable, they will only vest to the extent that any performance conditions set by the Remuneration Committee at grant have been met. Awards not subject to performance condition vest on a time-basis.

Subject to any holding period (see below), to the extent:

- a Conditional Award has vested, the relevant number of Class A Shares will be automatically issued or transferred to the participant;
- a LTIP Option has vested, the participant may exercise it until the tenth anniversary of grant (or until any earlier lapse date under the rules); and
- Forfeitable Shares have vested, any applicable restrictions will cease to apply.

### ***Holding period***

LTIP Awards (excluding Bonus Deferral Awards) received by Executive Directors will (and other awards may) be subject to a two-year post-vesting holding period in line with UK market practice.

During the post-vesting holding period, the participant cannot normally transfer any Class A Shares received on vesting (except to cover tax and similar limited exceptions). The Remuneration Committee will set the length of the holding period at grant and may waive the holding period in the event of death, certain corporate events or at such other date they determine.

### ***Malus and clawback***

The Remuneration Committee can decide to reduce the number of Class A Shares in respect of which an LTIP Award vests and/or, in some cases, may claw back Class A Shares or cash received in certain circumstances, including those relating to material misstatement of accounts, failure of risk management, misconduct or material error by a participant, conduct resulting in serious loss, errors in calculating the LTIP Award, corporate failure, material downturn in financial performance, a participant's conduct

resulting in material reputational damage, and failure to meet appropriate standards of fitness and propriety.

### ***Leaving the Group***

If the participant leaves the Group prior to vesting, their LTIP Award will normally lapse on leaving (but not if they leave during any holding period, except if the participant leaves in circumstances in which their employment could have been terminated without notice or otherwise due to their misconduct).

However, if they leave in circumstances which the Remuneration Committee allows, their LTIP Award will continue in effect. The number of Class A Shares in respect of which it eventually vests will be determined in accordance with any performance condition and, unless the Remuneration Committee decides otherwise, will be reduced on a pro rata basis to reflect the fact that the participant left early.

In these circumstances, the Remuneration Committee may instead decide that the LTIP Award will vest on or after leaving. If they do so, the number of Class A Shares in respect of which it vests will be determined by the Remuneration Committee having regard to any performance condition and, unless it decides otherwise, the number of Class A Shares vesting will be reduced on a pro rata basis to reflect the fact that the participant left early.

If the participant dies, LTIP Awards will normally vest on death in full.

LTIP Options which have vested but remain unexercised on leaving will lapse if the participant leaves in circumstances in which their employment could have been terminated without notice or otherwise due to their misconduct.

Options (whether vested or not) which do not lapse on leaving will be exercisable for six months (or 12 months in the case of death) from the date of leaving or the date of vesting, if later. The Remuneration Committee may extend exercise periods.

A Bonus Deferral Award will not normally lapse on leaving the Group (on the basis that it is deferral of a bonus already earned except if the participant leaves in circumstances in which their employment could have been terminated without notice or otherwise due to their misconduct).

### ***Corporate events***

Each LTIP Award will vest early if there is a change of control of the Company. The number of Class A Shares in respect of which it vests will be determined by the Remuneration Committee having regard to any performance condition and, unless it decides otherwise, the number of Class A Shares vesting will be reduced on a pro rata basis to reflect the fact that it is vesting early.

Options will be exercisable to that extent for a limited period after which they will lapse.

Alternatively, the Remuneration Committee may allow or require participants to exchange LTIP Awards for equivalent awards which relate to shares in the company which acquires control or a related company.

If other corporate events occur such as a winding-up of the Company, demerger, delisting, special dividend or other event which, in the opinion of the Remuneration

Committee, may affect the current or future value of Class A Shares, the Remuneration Committee may determine that LTIP Awards will vest early (wholly or in part) having regard to any performance condition and, unless it decides otherwise, the number of Class A Shares vesting will be reduced on a pro rata basis to reflect the fact that it is vesting early.

### ***Dilution controls***

In any ten-year period, the number of Class A Shares which may be issued or be issuable under the Long Term Incentive Plan and under any other discretionary share plan adopted by the Company may not exceed 5% of the issued ordinary share capital of the Company from time to time.

In any ten-year period, the number of Class A Shares which may be issued or be issuable under any employees' share plan operated by the Company (including the Long Term Incentive Plan) may not exceed 10% of the issued ordinary share capital of the Company from time to time.

For the purposes of these limits, treasury shares in the Company will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise. Class A Shares issued or awards or options granted before Admission are ignored.

### ***Amendments***

The Board can amend the Long Term Incentive Plan in any way but shareholder approval will be required to amend certain provisions to the advantage of participants. These provisions relate to: eligibility; individual and plan limits; exercise price; rights attaching to options and shares; adjustments on variation in the Company's share capital; and the amendment power.

The Board can, without shareholder approval:

- change the Long Term Incentive Plan to obtain or maintain favourable tax treatment;
- make certain minor amendments, e.g. to benefit administration;
- establish further plans based on the Long Term Incentive Plan, but modified to take account of local securities laws, exchange controls or tax legislation (but shares made available under such further plans will be treated as counting against any limits on participation in the main plan); and
- change any performance condition in accordance with its terms or if anything happens which causes the Remuneration Committee to consider it appropriate to do so.

### ***Miscellaneous***

LTIP Awards may be satisfied using newly issued Class A Shares, treasury shares in the Company or Class A Shares purchased in the market.

Any Class A Shares issued pursuant to LTIP Awards will rank equally with Class A Shares in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

The exercise price and/or number or type of shares subject to LTIP Options and Conditional Awards may be adjusted in such manner as the Remuneration Committee considers reasonable to take account of any rights issue (or similar transaction), demerger, delisting, special dividend or variation in the share capital of the Company.

The vesting and exercise of awards and options and the issue or transfer of Class A Shares are subject to obtaining any necessary approvals or consents from the FCA, the Company's share dealing policy and any other applicable laws or regulations.

LTIP Awards are not transferable (other than on death or in exceptional circumstances) and are not pensionable.

## **11 Remuneration Policy following Admission**

The Company will formally seek Shareholder approval of the remuneration policy at the first AGM of the Company following Admission in accordance with the Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008 (as amended).

The Company's approach to remuneration is based on providing a competitive total remuneration package that is focused on alignment with shareholders and long-term success through the use of share-based incentives. All Wisers are eligible for share-based incentive awards alongside a market-competitive salary and benefits.

It is envisaged that share-based arrangements will be put in place for the Executive Directors following Admission. These will be developed to take account of the new UK prudential regime for investment firms which is anticipated to apply from 1 January 2022.

Material terms of the Executive Directors' service agreements with the Company are described in paragraph 7 (Directors' Terms of Employment) above.

To provide flexibility for the future, the policy will include the ability to operate an annual bonus plan, as well as restricted shares and performance shares/options plans.

All variable pay granted from Admission will be subject to malus and clawback.

Share ownership guidelines of 300% of salary will apply to the Executive Directors. This requirement will continue for two years post cessation of employment.

## **12 Employee Benefit Trust**

The Company operates an Employee Share Trust which can be used for the purpose of providing benefits to employees and former employees of the Group, including satisfying options and awards granted under the Company's employee share plans through the provision of Class A Shares.

The Employee Share Trust can be funded by way of gift or loans from the Group which it can use to subscribe for Class A Shares and/or purchase Class A Shares in the open

market. The Employee Share Trust currently holds 48,852,622 Class A Shares, which are available to satisfy the exercise or vesting of options and awards under the Company's employee share plans.

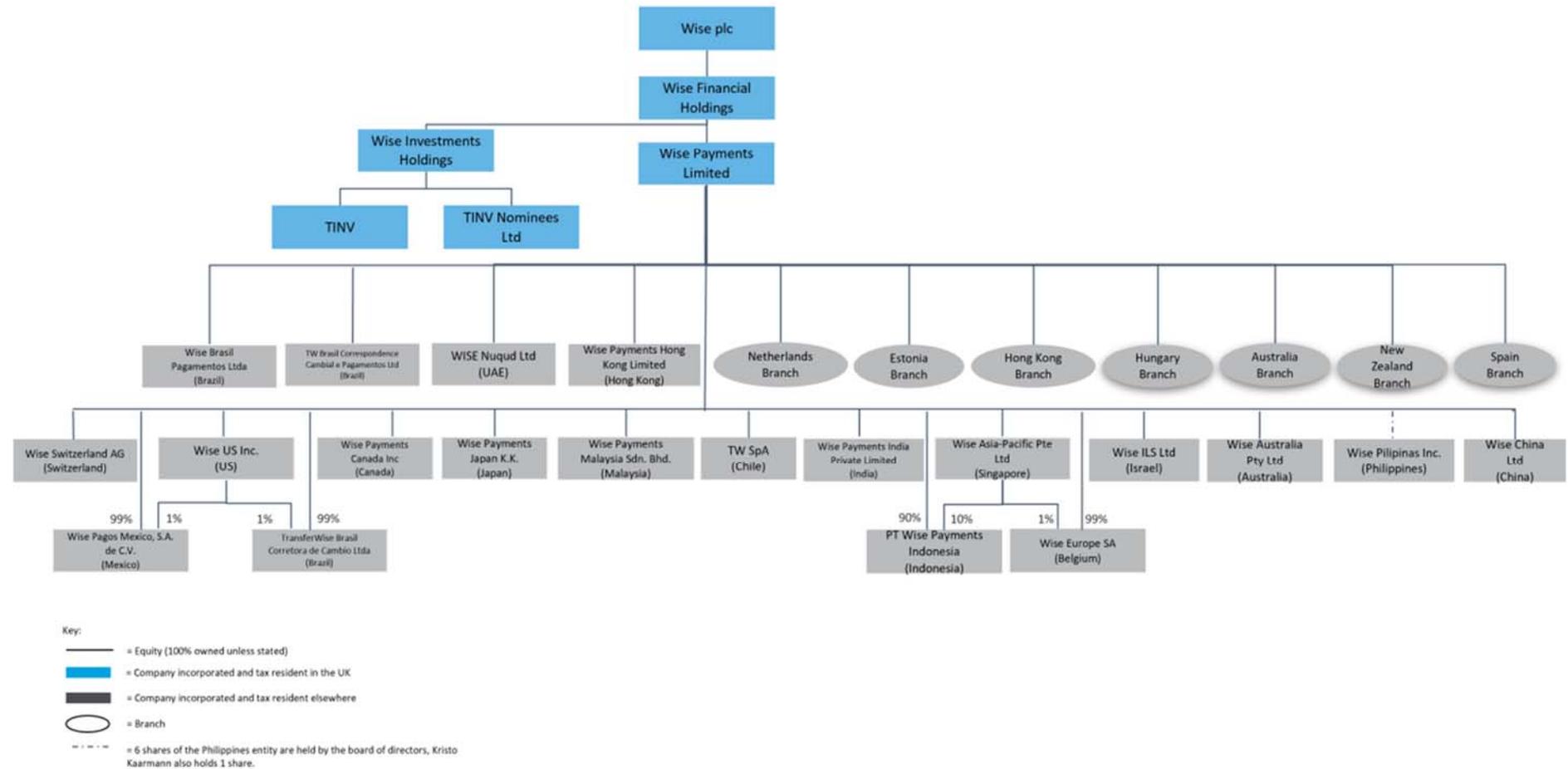
In line with best practice for employee benefit trusts, the Employee Share Trust will not, without prior Shareholder approval, hold Class A Shares representing more than 5% of the Company's then issued share capital.

### **13 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.

## 14 Group Structure

The following structure chart illustrates the Group structure as at the date of this Prospectus.



For information on the Company's subsidiaries and subsidiary undertakings, see Note 10 of Part B of "Our Historical Financial Information". On 17 June 2021, TransferWise India Private Ltd. became Wise Payments India Private Limited and on 25 June 2021, TransferWise Ltd became Wise Payments Limited.

## 15 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.

## 16 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 Prospectus 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 Prospectus:

### ***Multicurrency Revolving Facilities Agreement***

Wise Payments Limited, 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: (1)

adjusted leverage does not exceed a ratio of 3:1 in respect of any Relevant Period; and (2) 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 Admission, 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 Prospectus, 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 of 30 June 2021, an aggregate principal amount equal to £105 million was outstanding under the MRFA.

### ***Joint Financial Advisers' Agreement***

The Company, the Directors and the Joint Financial Advisers entered into the Joint Financial Advisers' Agreement on 2 July 2021. Pursuant to the Joint Financial Advisers' Agreement:

- the Joint Financial Advisers have been appointed to provide advice and assistance to the Company with respect to its applications for approval of the Prospectus and for Admission;
- the Company has agreed to pay the Joint Financial Advisers, in aggregate, £7.4 million in consideration for the services provided under the Joint Financial Advisers' Agreement;
- Goldman Sachs and Morgan Stanley, acting jointly (for themselves and on behalf of the other Joint Financial Advisers) and in good faith after, where reasonably practicable, consultation with the Company, have the right to terminate the Joint Financial Advisers' Agreement, exercisable in certain customary circumstances prior to Admission;
- the Company has agreed to pay the reasonable fees, expenses, disbursements and other costs (together with any related value added tax) in connection with Admission and the arrangements contemplated by the Joint Financial Advisers' Agreement; and
- each of the Company and the Directors has given certain representations, warranties and undertakings to the Joint Financial Advisers and the Company has given an indemnity to the Joint Financial Advisers in a form that is typical for an agreement of this nature.

### **Block Trade Agreement**

On 2 July 2021, the Company, Goldman Sachs, Morgan Stanley and the BTA Shareholders entered into the Block Trade Agreement which, conditional upon Admission, sets out a mechanism for future sales of the BTA Shareholders' Class A Shares held at Admission (equal to 50.29% of the Class A Shares in issue at Admission).

Pursuant to the Block Trade Agreement, from 23.59 (London time) on the calendar day following Admission and ending at 23.59 (London time) on the day falling six calendar months after Admission, any BTA Shareholder that, in respect of the Class A Shares it holds as at Admission, wishes to execute a Large Block Trade (i.e. a disposal by way of a single publicly announced accelerated bookbuilt offering of Class A Shares led and managed by one or more investment bank(s)), must first notify the other BTA Shareholders (save for any BTA Shareholders that have opted out of receiving such notices), consult with them in relation to the proposed sale and allow them the opportunity to participate in such sale on the same terms, before executing the Large Block Trade through Goldman Sachs and/or Morgan Stanley (unless Goldman Sachs and Morgan Stanley are unwilling and/or unable to implement the Large Block Trade, in which case the BTA Shareholders participating in that Large Block Trade may do so through another investment bank or banks of international good standing).

From the day that any Large Block Trade completes, the BTA Shareholders that participated in that Large Block Trade shall be restricted from disposing of any of the Class A Shares they hold at Admission (subject to certain exceptions including in respect of the pledging, charging or otherwise granting any security interest over Class A Shares to or for the benefit of any margin loan lender(s)) for 60 calendar days, and any BTA Shareholders that did not participate in that Large Block Trade may not initiate or execute another Large Block Trade during that period. If all BTA Shareholders participated in a Large Block Trade (and each of their Class A Share holdings remained the same as their Class A Share holdings at Admission), subject to any Class A Shares sold in the Large Block Trade, 500,136,754 Class A Shares (equal to 50.29% of the Class A Shares in issue at Admission) could be subject to such restrictions.

## **17 UK Taxation**

### **General**

The following is a summary of certain UK tax considerations relating to an investment in the Class A Shares.

The comments set out below are based on current UK tax law as applied in England and Wales and HMRC published practice (which may not be binding on HMRC), in each case as at the latest practicable date before the date of this Prospectus, and both of which are subject to change, possibly with retrospective effect. They are intended as a general guide and apply only to holders of Class A Shares who are resident in and, in the case of an individual, are domiciled or deemed domiciled for tax purposes in the UK and to whom "split year" treatment does not apply (except insofar as express reference is made to the treatment of non-UK residents), who hold their Class A Shares as an investment and who are, or are treated as, the absolute beneficial owners thereof. The discussion does not

address all possible tax consequences relating to an investment in Class A Shares. Certain categories of Shareholders, including those carrying on certain financial activities, those subject to specific tax regimes or benefiting from certain reliefs or exemptions, those connected with the Company or Group and those for whom the shares are employment related securities may be subject to special rules and this summary does not apply to such Shareholders.

Shareholders or prospective shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers immediately. In particular, Shareholders should be aware that the tax legislation of any jurisdiction where they are resident or otherwise subject to taxation (as well as the jurisdictions discussed below) may have an impact on the tax consequences of an investment in Class A Shares including in respect of any income received, or deemed to be received, from the same.

### **Taxation of dividends**

The Company will not be required to withhold amounts on account of UK tax at source when paying a dividend.

#### ***Individual shareholders***

All dividends received from the Company by individual Shareholders who are resident and domiciled (or deemed domiciled) in the UK will, except to the extent that they are earned through an ISA, self-invested pension plan or other regime which exempts the dividend from tax, form part of the Shareholder's total income for income tax purposes and will represent the highest part of that income.

The Nil Rate Amount will apply, regardless of what tax rate would otherwise apply to that dividend income.

The Taxable Excess will be subject to tax depending on the tax rate band or bands it falls within. The relevant tax rate band is determined by reference to the Shareholder's total income charged to income tax (including the Nil Rate Amount) less relevant reliefs and allowances (including the Shareholder's personal allowance). The Taxable Excess is, in effect, treated as the top slice of any resulting taxable income and:

- To the extent that the Taxable Excess falls below the basic rate limit, the Shareholder will be subject to tax on it at the dividend basic rate of 7.5%.
- To the extent that the Taxable Excess falls above the basic rate limit but below the higher rate limit, the Shareholder will be subject to tax on it at the dividend upper rate of 32.5%.
- To the extent that the Taxable Excess falls above the higher rate limit, the Shareholder will be subject to tax on it at the dividend additional rate of 38.1%.

#### ***Corporate Shareholders***

Shareholders within the charge to UK corporation tax which are "small companies" for the purposes of Chapter 2 of Part 9A of the CTA 2009 will generally not be subject to UK

corporation tax on any dividend received provided certain conditions are met (including an anti-avoidance condition).

Shareholders within the charge to UK corporation tax and which are not “small companies” for the purposes of Chapter 2 of Part 9A of the CTA 2009 will be liable to UK corporation tax (currently at a rate of 19%) unless the dividend falls within one of the exempt classes set out in Part 9A CTA 2009. Examples of exempt classes include dividends paid on shares that are “ordinary shares” (that is shares that do not carry any present or future preferential right to dividends or to the Company’s assets on its winding up) and which are not “redeemable” and dividends paid to a person holding, *inter alia*, less than 10% of the issued share capital of the payer (or any class of that share capital in respect of which the distribution is made). However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

### **Non-UK Shareholders**

A Shareholder resident or otherwise subject to tax outside the UK (whether an individual or a body corporate) will not generally be subject to UK tax in respect of dividends received from the Company (subject to special rules which may be applicable to certain individual Shareholders who are temporary non-residents if the Company is a close company following listing (see the section “*Close companies*” below)) but may be subject to foreign taxation on dividend income under local law. Shareholders to whom this may apply should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

### **Taxation of capital gains**

A disposal or deemed disposal of Class A Shares by a Shareholder who is resident in the UK, or, in the case of an individual, who ceases to be resident in the UK for a period of five years or less, may, depending on their circumstances (including the availability of exemptions or reliefs), give rise to a chargeable gain or allowable loss for the purposes of UK capital gains tax or corporation tax (as applicable) taxation on chargeable gains in respect of gains arising from a sale or other disposal of Class A Shares.

### **Individual Shareholders**

For an individual Shareholder within the charge to UK capital gains tax, a disposal (or deemed disposal) of Class A Shares may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. The rate of capital gains tax on a disposal of shares is 10% (for the 2021/22 tax year) for individuals who are subject to income tax at the basic rate and 20% (for the 2021/22 tax year) for individuals who are subject to income tax at the higher or additional rates. An individual Shareholder is entitled to realise an annual exempt amount of gains (currently £12,300) for the 2021/2022 tax year) without being liable to UK capital gains tax.

### **Corporate Shareholders**

For a corporate Shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of Class A Shares may give rise to a chargeable gain at the rate of corporation tax applicable to that Shareholder (currently 19% and expected to rise to 25% with effect from 1 April 2023) or an allowable loss for the purposes of UK corporation tax.

## **Close companies**

The Directors have been advised that the Company is likely to be a close company within the meaning of Part 10 of the Corporation Tax Act 2010, and that following Admission, the Company is likely to continue to be close for a period due to the voting rights attaching to the Class B Shares. As a result, certain transactions entered into by the Company or other members of the Group may have tax implications for Shareholders.

In addition, special rules will apply subject to dividend income received by certain individual Shareholders who cease to be solely resident in the UK for a period of five years or less to UK tax in the same way as dividend income received by UK resident individual Shareholders (as described in the section "*Individual Shareholders*" under "*Taxation of dividends*" above). This may be the case where such a Shareholder (and/or an associated person): (1) beneficially owns, or is directly or indirectly able to control, more than 5% of the Company's ordinary share capital; or (2) possesses, or is entitled to acquire, such rights as would give an entitlement to receive more than 5% of the assets of the Company either on a winding up or in any other circumstances.

Shareholders should consult their own professional advisers on the potential impact of the close company rules.

## **Inheritance tax**

Shares in the Company will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the holder is neither domiciled in the UK nor deemed to be domiciled there (under certain rules relating to long residence or previous domicile). Generally, UK inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit.

Special rules also apply to close companies and to trustees of settlements who hold shares in the Company bringing them within the charge to inheritance tax. Shareholders should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any Class A Shares through such a company or trust arrangement. They should also seek professional advice in a situation where there is potential for a double charge to UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

## **Stamp duty and SDRT**

*The statements in this section are intended as a general guide to the current UK stamp duty and SDRT position. They apply to all Shareholders, including Shareholders who are not resident or domiciled in the UK. Special rules apply to certain transactions such as transfers of shares to a company connected with the transferor and those rules are not described below. Investors should also note that certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although*

*not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.*

### ***Issues and transfers of Class A Shares outside of Depository Receipt Systems and Clearance Services***

Any issues of Class A Shares should not be subject to stamp duty or SDRT.

An agreement to transfer Class A Shares will normally give rise to a charge to SDRT at the rate of 0.5% of the amount or value of the consideration payable for the transfer. SDRT is, in general, payable by the purchaser.

Transfers of Class A Shares by way of a written instrument of transfer will generally be subject to stamp duty at the rate of 0.5% of the consideration given for the transfer (rounded up to the next £5). However, this is subject to an exemption for low value transfers where the consideration for the transfer does not exceed £1,000 and the transfer does not form part of a larger transaction, or series of transactions, where the aggregate consideration exceeds £1,000. The purchaser normally pays the stamp duty.

If a “duly stamped” transfer completing an agreement to transfer is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT already paid is generally repayable, normally with interest, and any SDRT charge yet to be paid is cancelled.

### ***Transfers within CREST***

Paperless transfers of Class A Shares within the CREST system are generally liable to SDRT, rather than stamp duty, generally at the rate of 0.5% of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system and to pay this to HMRC. Deposits of shares into CREST will not generally be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration.

### ***Depository receipt systems and clearance services***

Special rules apply where Class A Shares are issued or transferred: (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services; or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depository receipts (including in each case within CREST to a CREST account of such a person). In such circumstances, stamp duty or SDRT may be payable at the higher rate of 1.5% of the amount or value of the consideration given or, in certain circumstances, the value of the shares.

HMRC accepts that the 1.5% charge is in breach of EU law insofar as it applies to new issues of shares or transfers that are an integral part of a capital raising and has confirmed that it will not seek to collect the 1.5% charge in these circumstances. Notwithstanding the UK's exit from the EU, HMRC's published practice is that the 1.5% charge will remain disapplied in the case of new issues of shares or transfers that are an integral part of a capital raising. However, HMRC's published view is that the 1.5% SDRT or stamp duty charge continues to apply to other transfers of shares into a clearance service or

depository receipt system, although there are circumstances in which this may not reflect the legal position. In view of the continuing uncertainty, specific professional advice should be sought before incurring a 1.5% stamp duty or SDRT charge in any circumstances.

No stamp duty or SDRT is payable in respect of paperless transfers and agreements to transfer shares within clearance services or in respect of agreements to transfer interests in depository receipts, save, in the case of a clearance service, where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986 as described below.

There is an exception to the 1.5% charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5% of the amount or value of the consideration payable for the transfer will arise on any transfer of shares in the Company into such an account and on subsequent agreements to transfer such shares within such account.

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depository receipt system, or in respect of a transfer within such a service, which does arise will strictly be accountable by the clearance service or depository receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depository receipt system.

### ***Opening Auction***

The sale of shares by the Shareholders under the Opening Auction will give rise to a liability to stamp duty and/or SDRT as described above. Purchasers of the sale shares pursuant to the Opening Auction will be required to pay any liability to stamp duty and/or SDRT (as applicable) arising on such sale, and neither the Company nor the selling Shareholders will bear the cost thereof.

## **18 Certain U.S. Federal Income Tax Considerations**

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Class A Shares by a U.S. Holder (as defined below). This summary deals only with initial purchasers Class A Shares that are U.S. Holders that will hold the Class A Shares as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Class A Shares by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws. This summary also does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) 10% or more of the shares of the Company by vote or value, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Class A Shares

as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Class A Shares in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar).

As used herein, the term “U.S. Holder” means a beneficial owner of Class A Shares that is, for U.S. federal income tax purposes, (1) an individual citizen or resident of the United States, (2) a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, (3) an estate the income of which is subject to U.S. federal income tax without regard to its source or (4) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Class A Shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Class A Shares by the partnership.

Except as otherwise noted, the summary assumes that the Company will not be a PFIC for U.S. federal income tax purposes for its current taxable year, which the Company expects to be the case.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and UK (the Treaty), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

## ***Distributions***

### *General*

Subject to the PFIC rules discussed below, distributions paid by the Company out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), generally will be taxable to a U.S. Holder as dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder’s basis in the Class A Shares and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore expect to treat any distribution by the Company with respect to Class A Shares as ordinary dividend income. U.S. Holders should consult their tax advisers with

respect to the appropriate U.S. federal income tax treatment of any distribution received from the Company.

Dividends paid by the Company generally will be taxable to a non-corporate U.S. Holder at the reduced rate normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the Treaty and certain holding period and other requirements are met. A U.S. Holder will not be able to claim the reduced rate on dividends received from the Company if the Company is treated as a PFIC in the taxable year in which the dividends are received or in the preceding taxable year. See “*Passive Foreign Investment Company considerations*” below. Prospective purchasers should consult their tax advisers regarding the qualified dividend income rules.

#### *Foreign currency dividends*

Dividends paid in pounds sterling will be included in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the dividends are treated as received by the U.S. Holder, regardless of whether the pounds sterling are converted into U.S. dollars at that time. If dividends received in pounds sterling are converted into U.S. dollars on the day they are received, the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

#### ***Sale or other disposition***

Subject to the PFIC rules discussed below, upon a sale or other disposition of Class A Shares, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the U.S. Holder’s adjusted tax basis in the Class A Shares, in each case as determined in U.S. dollars. U.S. Holders should consult their tax advisers about how to account for proceeds received on the sale or other disposition of Class A Shares that are not paid in U.S. dollars. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder’s holding period in the Class A Shares exceeds one year. Any gain or loss generally will be U.S. source.

#### ***Passive Foreign Investment Company considerations***

A non-U.S. corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable “look-through rules,” either (1) at least 75% of its gross income is “passive income” or (2) at least 50% of the average gross value of its assets (generally determined on the basis of a quarterly average) is attributable to assets which produce passive income or are held for the production of passive income. For purposes of the PFIC rules, “passive income” generally includes, amongst other things, dividends, interest, certain rents, certain foreign currency gains, and the excess of gains over losses from certain commodities transactions. Additionally, cash is considered as a passive asset for the purposes of the PFIC rules.

Based on the Company’s historic and anticipated operations, and the projected composition of the Company’s income and assets (including unbooked goodwill as valued based on the projected market value of the Company’s equity), the Company does not expect to be a PFIC for its current taxable year and the foreseeable future.

However, the Company's possible PFIC status must be determined annually after the close of each taxable year, and therefore may be subject to change. This determination will depend on the composition of the Company's income and assets (including income and assets of 25% owned subsidiaries), and the fair market value of its assets (including, among others, any less than 25% owned equity investments) from time to time, which may be determined by reference to the Class A Share price (which could fluctuate significantly) as well as on the application of complex statutory and regulatory rules that are subject to potentially varying or changing interpretations. Based on its current operations, the Company's unbooked goodwill (which it has valued based on the projected market value of its equity) may be attributable to the Company's activities that generate active income and may be treated as an active asset. Because the Company has valued its goodwill based on the projected market value of its equity, a decrease in the price of the Class A Shares may also result in the Company becoming a PFIC. The composition of the Company's income and its assets will also be affected by the Company's holding of significant cash balances, which the Company must continue to maintain for regulatory purposes. Accordingly, there can be no assurance that the Company will not be a PFIC for any taxable year. If the Company is a PFIC for any taxable year during which a U.S. Holder holds Class A Shares, such U.S. Holder will be subject to special tax rules discussed below.

If the Company is a PFIC in any year during which a U.S. Holder owns Class A Shares, and the U.S. Holder has not made a mark to market or qualified electing fund election (each as described below), the U.S. Holder generally will be subject to special rules with respect to (1) any "excess distribution" (generally, any distributions received by the U.S. Holder on the Class A Shares in a taxable year that are greater than 125% of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the Class A Shares) and (2) any gain realized on the sale or other disposition of Class A Shares. Under these rules (a) the excess distribution or gain will be allocated rateably over the U.S. Holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Company is a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. If the Company is a PFIC, a U.S. Holder generally will be subject to similar rules with respect to distributions to the Company by, and dispositions by the Company of the equity of, any entities in which the Company directly or indirectly owns equity that are also PFICs. Additionally, dividends paid by the Company will not be eligible for the special reduced rate of tax described above under "*Distributions—General*". If the Company ceases to be a PFIC, a U.S. Holder generally will continue to be subject to these rules unless the U.S. Holder makes an election (a "deemed sale election") to be treated for U.S. federal income tax purposes as having sold its Class A Shares on the last day of the last taxable year of the Company during which it was a PFIC. A U.S. Holder that makes a deemed sale election will cease to be treated as owning stock in a PFIC. However, gain recognized by a U.S. Holder as a result of making the deemed sale election

will be subject to the rules described above. Prospective purchasers should consult their tax advisers about the “deemed sale election” rules.

Alternatively, if the Company is a PFIC and the Class A Shares are “marketable,” a U.S. Holder could make a mark-to-market election as to such Class A Shares that would result in tax treatment different from the general tax treatment for PFICs described above. The Class A Shares will be marketable if they are regularly traded on a non-U.S. stock exchange that meets certain specified requirements. U.S. Holders should consult their tax advisers regarding the availability of the mark-to-market election for the Class A Shares.

In some cases, a shareholder of a PFIC can avoid the interest charge and the other adverse PFIC consequences described above by making a QEF Election to be taxed currently on its share of the PFIC’s undistributed income. The Company does not, however, expect to provide to U.S. Holders the information regarding this income that would be necessary in order for a U.S. Holder to make a QEF Election with respect to its Class A Shares.

A U.S. Holder who owns, or who is treated as owning, PFIC stock during any taxable year in which the Company is a PFIC may be required to file IRS Form 8621. Prospective purchasers should consult their tax advisers regarding the requirement to file IRS Form 8621 and the potential application of the PFIC regime.

#### ***Backup withholding and information reporting***

Payments of dividends and other proceeds with respect to the sale or other disposition of Class A Shares by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Class A Shares, including requirements related to the holding of certain “specified foreign financial assets”.

## **19 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 Prospectus, 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 approximately £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. In FY2021, we recorded a £6.7 million specific provision relating to the liquidity pool (approximately £6.0 million) and accounts receivable from MS Bank (approximately £0.7 million). We did not record any additional provision with respect to this matter in 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 against MS Bank, although no legal action has been commenced at this time. The full amount of this potential claim is currently unknown. MS Bank may also bring other claims arising out of the terminated relationship with Wise, regardless of the merit of 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.

## **20 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.

## **21 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 historical financial information of the Group was published.

## **22 Working Capital**

In the opinion of the Company, taking into account the facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is for at least 12 months following the date of this Prospectus.

## **23 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 is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

## **24 Consents**

PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the inclusion in this Prospectus 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 Prospectus for the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) and 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 Prospectus and has authorised the content which has been sourced to EDC for the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) and item 1.3 of Annex 1 of the Prospectus Regulation.

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), EDC accepts responsibility for the inclusion of the information in this Prospectus which has been sourced from EDC and declares that, for the purposes of 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.

## **25 Application of the Code to the Company**

### ***The Code and Rule 9***

The Code applies to the Company.

Under Rule 9 of the Code, when any person acquires an interest in shares of the Company which, together with shares in which persons acting in concert with such person are interested, carry 30% or more of the voting rights in the Company, such person and, depending upon the circumstances, persons acting in concert with it must (except with the consent of the Panel) make a cash offer for all of the outstanding shares in the Company.

A similar obligation to make such a cash offer also arises when any person that (together with any persons acting in concert) is already interested in shares which in aggregate carry 30% or more of the voting rights of the Company but does not hold shares which carry more than 50% of such voting rights acquires an interest in any other shares of the Company which increase the percentage of shares carrying voting rights in which such person is interested.

If a person (or group of persons acting in concert) already holds shares of the Company carrying more than 50% of the voting rights in the Company, that person (or any person(s) acting in concert with such person) may acquire further shares without incurring any obligation under Rule 9 to make a mandatory offer, although individual members of a concert party will not be able to increase their percentage interest in shares through or between a Rule 9 threshold without Panel consent.

The Panel has confirmed that it reserves the right to disregard the CEO Permitted Maximum and the Non-CEO Permitted Maximum when determining the level of voting rights held by any person (or any concert party).

### *Executive Founder*

On Admission, the Executive Founder will hold 18.78% of the Class A Shares and 46.83% of the Class B Shares in issue, in aggregate representing 40.75% of the total voting rights in the Company.

The proportionate voting rights that the Executive Founder holds in the Company may increase over time as a result of any of the following:

- the Executive Founder acquiring additional Class A Shares;
- the Executive Founder receiving additional Class A Shares through his participation in the Company's LTIP or future incentive schemes; and/or
- the cessation of voting rights in respect of Class B Shares held by other Shareholders.

If all outstanding Class B Shares in the Company ceased to carry any entitlement to voting rights, save for those held by the Executive Founder, and the Executive Founder's Class A Share holding remains the same as his Class A Share holding at Admission, the Executive Founder would in those circumstances hold shares that represented 69.81% of the total voting rights in the Company. However, in respect of any Shareholder decision the Executive Founder's entitlement to votes by virtue of his Class B Shares will at all times be capped in line with the thresholds set out below.

The application of the CEO Permitted Maximum means that, the votes attaching to the Class B Shares the Executive Founder holds will only increase the votes he has by virtue of his Class A Shares as follows:

- until such time as the Residual Change in Control Approval has been granted, or the Company's licensing arrangements mean that the Residual Change in Control Approval is no longer required, up to one vote below 25% of the total voting rights eligible to be cast in respect of that Shareholder decision; and
- following the satisfaction of the condition set out above up to one vote below 50% of the total voting rights eligible to be cast in respect of that Shareholder decision (reducing to one vote below 35% if he is no longer the Chief Executive Officer of the Company).

For details of the application of Rule 9 in respect of an increase in proportionate voting rights as a result of certain Class B Shares ceasing to carry any entitlement to voting rights, see "*Application of Rule 9 following certain Class B Shares ceasing to carry any entitlement to voting rights*" below.

### **Concert Parties and Application of Rule 9**

Under limb (ix) of the definition of "acting in concert" in the Code, shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Code applies will be presumed to be persons acting in concert. This presumption applies to the Existing Shareholders who, pursuant to the Group Reorganisation, sold their shares in TWL in exchange for shares in the Company. The definition does, however, state that this presumption can be rebutted. In

this context we have agreed the positions set out below in respect of those Shareholders that will be viewed by the Panel as acting in concert from Admission.

#### *Founder Concert Party*

The Panel has confirmed that, as at Admission, Taavet Hinrikus will be presumed to be acting in concert with the Executive Founder for the purposes of the Code (namely, the Founder Concert Party). Notwithstanding the interim voting cap relating to the Residual Change in Control Approval, the Founder Concert Party will hold Shares that carry, in aggregate, 53.69% of the total voting rights in the Company. Notwithstanding that the voting caps will at all times apply to each member of the Founder Concert Party, if all outstanding Class B Shares in the Company ceased to carry any entitlement to voting rights, save for those held by the Founder Concert Party, and the Founder Concert Party's Class A Share holding remains the same as its Class A Share holding at Admission, the Founder Concert Party would in those circumstances hold Shares that represented 77.86% of the total voting rights in the Company.

At Admission, because the Founder Concert Party holds Shares that carry, in aggregate, more than 50% of the voting rights in the Company, the Founder Concert Party may, as a whole, acquire further Shares without incurring any obligation under Rule 9 to make a mandatory offer. Notwithstanding that the Founder Concert Party, as a whole, has such buying freedom, the individual members of the Founder Concert Party are subject to the positions set out below.

#### *Executive Founder*

As noted above, on Admission the Executive Founder will hold 18.78% of the Class A Shares and 46.83% of the Class B Shares in issue, in aggregate representing 40.75% of the total voting rights in the Company.

As such, at Admission, the Executive Founder shall hold Shares that carry more than 30% of the total voting rights in the Company but less than 50%. Notwithstanding that the Founder Concert Party holds Shares that carry more than 50% of the total voting rights in the Company, the Executive Founder will only be able to acquire additional Class A Shares without triggering an obligation under Rule 9 of the Code if, following consultation with the Panel, the Panel waives this obligation (in accordance with Note 4 on Rule 9.1). However, the Panel has confirmed that if the Executive Founder's entitlement to voting rights increases solely as a result of the cessation of voting rights of Class B Shares held by other Shareholders (which could, notwithstanding the voting caps in place, result in the Executive Founder holding Shares that carry 69.81% of the total voting rights in the Company), he will not trigger an obligation under Rule 9 of the Code to make an offer for the Company. In addition, the Panel has confirmed that if, as a result of the cessation of voting rights of Class B Shares held by other Shareholders, the voting rights in the Company that the Executive Founder holds increases to 50% or more, from this point onwards the Executive Founder will be free to acquire further Class A Shares in the Company without incurring any obligation under Rule 9 of the Code (notwithstanding that the voting caps set out above will at all times apply).

### *Taavet Hinrikus*

On Admission, Taavet Hinrikus will hold 10.85% of the Class A Shares and 13.53% of the Class B Shares in issue and, as a result, will hold Shares that carry 12.95% of the total voting rights in the Company in respect of any Shareholder Decision.

From Admission, Taavet Hinrikus will be free to acquire further shares in the Company without incurring any obligation under Rule 9 of the Code (provided that he does not increase his percentage interest in voting rights through 30%). Notwithstanding that the Founder Concert Party holds Shares that carry more than 50% of the total voting rights in the Company, Taavet Hinrikus will not be entitled to increase his percentage interest in voting rights to 30% or over without incurring an obligation under Rule 9 of the Code unless, following consultation with the Panel, the Panel waives this obligation (in accordance with Note 4 on Rule 9.1).

### *No other concert parties presumed*

Save for the Founder Concert Party, on Admission the Panel is not presuming any other Shareholders to be acting in concert.

### ***Application of Rule 9 following certain Class B Shares ceasing to carry any entitlement to voting rights***

As and when certain Class B Shares cease to carry any entitlement to voting rights for any reason after Admission, the percentage of voting rights in the Company carried by the Class B Shares will reduce and the percentage of voting rights in the Company carried by the Class A Shares will increase accordingly. This will have the effect of increasing the proportionate voting rights in the Company of all Shareholders, other than the Shareholder whose Class B Shares have ceased to carry any entitlement to voting rights.

Subject to the paragraph below, the Panel has confirmed that if, as a result of any such cessation of voting rights attaching to Class B Shares, any Shareholder (together with persons acting in concert with it) becomes interested in shares of the Company carrying 30% or more of the voting rights in the Company, such Shareholder (and, depending upon the circumstances, any persons acting in concert with it) will incur an obligation under Rule 9 of the Code at such time. Accordingly, such person will be required to make a mandatory cash offer for all outstanding shares in the Company or, with the consent of the Panel, to dispose of interests in a sufficient number of shares of the Company to reduce their aggregate interest to below the Rule 9 threshold (in which case voting restrictions will be applied by the Panel so that, pending such disposals, the number of voting rights that are exercised by the relevant person (and any concert parties) do not exceed the Rule 9 threshold).

Shareholders should accordingly note that an interest in Shares carrying less than 30% of the voting rights in the Company as at Admission may be sufficient to trigger a Rule 9 obligation upon the cessation of voting rights attaching to Class B Shares (depending on the size of the aggregate interest in Shares before such reduction in voting rights and the number of Class B Shares that have ceased to carry voting rights) and should therefore manage their holding of Shares in the light of this.

### ***Application of Rule 14 of the Code on a takeover offer for the Company***

Under Rule 14 of the Code, where a company has more than one class of equity share capital, if a takeover offer (whether mandatory or voluntary) is made for one class of equity share capital, a comparable offer must also be made for all other classes. As set out in the section titled The Direct Listing and Dual Class Share Structure, a Class B Share will automatically cease to carry any entitlement to voting rights on the depositing of its corresponding Class A Share into CREST or the issuance of a share certificate in respect of that Class A Share, and Class B Shares are strictly non-tradeable and non-transferable. As Class B Shares can only ever be held by their original holder, it is not possible for an offer to be made for Class B Shares. The Panel has confirmed that because of the transfer restrictions and rights attaching to Class B Shares, Rule 14 is not applicable in the context of the Dual Class Share Structure meaning that no offer must be made for Class B Shares if a takeover offer (whether mandatory or voluntary) is made for Class A Shares.

### ***Application of Rule 10 (and Rule 9.3) on a takeover offer for the Company***

Under Rule 10 of the Code, a takeover offer will not become unconditional as to acceptances unless the offeror has acquired or agreed to acquire shares carrying over 50% of the voting rights in the company (and Rule 9.3 states that offers made under Rule 9 must be conditional only upon the offeror (together with its concert party, if any) having received acceptances in respect of shares which will result in the offeror and any person acting in concert with it holding shares carrying more than 50% of the voting rights in the company).

The Panel has confirmed that, due to Class B Shares being strictly non-transferable, when establishing whether an offeror (and, in the case of Rule 9.3, its concert party, if any) has acquired or agreed to acquire shares carrying over 50% of the voting rights in the Company for the purposes of Rule 10 and Rule 9.3:

- notwithstanding that the offeror (and its concert party, if applicable) may have agreed to acquire certain Class A Shares that correspond to Class B Shares, the votes attaching to such Class B Shares shall not be included when calculating the total voting rights in the Company that the offeror has acquired or agreed to acquire (i.e. such votes shall be excluded from the numerator in the relevant calculation); and
- if the offeror (and its concert party, if applicable) has agreed to acquire certain Class A Shares that correspond to Class B Shares, the votes attaching to such Class B Shares shall not be included when calculating the total voting rights in the Company in this context (i.e. such votes shall be excluded from the denominator in the relevant calculation).

Further details of the calculation of the relevant numerator and denominator for the purposes of this calculation are set out below.

#### *Numerator*

As a result of this application of the Code, in the context of the Rule 10 acceptance condition (and the threshold requirements under Rule 9.3), when calculating the figure for the numerator in the calculation (i.e. the number of voting rights in the Company (and,

in the case of Rule 9.3, its concert party, if any) the offeror has acquired or agreed to acquire), the following shall be included:

- voting rights attaching to Class A Shares held by the offeror (and its concert party, if applicable);
- voting rights attaching to Class B Shares held by the offeror (and its concert party, if applicable); and
- voting rights attaching to Class A Shares that the offeror (and its concert party, if applicable) has agreed to acquire.

The numerator shall exclude:

- voting rights attaching to Class B Shares that correspond to Class A Shares that the offeror (and its concert party, if applicable) has agreed to acquire;
- voting rights attaching to Class A Shares that the offeror (and its concert party, if applicable) has not agreed to acquire; and
- voting rights attaching to Class B Shares that correspond to Class A Shares that the offeror (and its concert party, if applicable) has not agreed to acquire.

#### *Denominator*

As a result of this application of the Code, in the context of the Rule 10 acceptance condition (and the threshold requirements under Rule 9.3), when calculating the figure for the denominator in the calculation (i.e. the total number of voting rights in the Company at that time), the following shall be included:

- voting rights attaching to all Class A Shares in issue at that time;
- voting rights attaching to Class B Shares held by the offeror (and its concert party, if applicable); and
- voting rights attaching to Class B Shares that correspond to Class A Shares that the offeror (and its concert party, if applicable) has not agreed to acquire.

For the avoidance of doubt, voting rights attaching to any Class B Shares that correspond to Class A Shares that the offeror (and its concert party, if applicable) has agreed to acquire will be excluded from the denominator.

#### **Squeeze-out**

Under the Act, if an offeror makes an offer to acquire all of the Class A Shares not already owned by it and it acquires 90% or more of the Class A Shares, it can then compulsorily acquire the remaining 10% of Class A Shares.

In order to exercise any compulsory acquisition right after achieving the 90% threshold, the offeror must send a notice to the outstanding holders of Class A Shares telling them that it will compulsorily acquire their shares and then, six weeks later, it must deliver a transfer of the outstanding Class A Shares to the Company (which will execute the transfer in favour of the offeror on behalf of the relevant holders are Class A Shares) and pay the consideration to the Company (which will hold the consideration in trust for the

outstanding holders of Class A Shares). The consideration offered to the holders of Class A Shares that are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

### **Sell-out**

The Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer.

If an offeror makes an offer for all of the Class A Shares and, at any time before the end of the period within which the offer can be accepted, the offeror holds or has agreed to acquire 90% or more of the Class A Shares, any holder of Class A Shares who has not accepted the offer can by a written communication to the offeror require it to acquire those Class A Shares.

If an offeror achieves the 90% threshold in an offer for Class A Shares, it will be required to give any member in that class notice within one month of the right arising of its right to be bought out. The offeror may impose a time limit on the rights of minority holders of Class A Shares to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a holder of Class A Shares exercises his/her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## **26 Joint Financial Advisers**

Our Joint Financial Advisers are:

- Goldman Sachs International, whose registered office is Plumtree Court, 25 Shoe Lane, London EC4A 4AU;
- Morgan Stanley & Co. International plc, whose registered office is 25 Cabot Square, London E14 4QA;
- Barclays Bank Plc, whose registered office is 5 The North Colonnade, Canary Wharf, London E14 4BB; and
- Citigroup Global Markets Limited, whose registered office is Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

Each of the Joint Financial Advisers is authorised by the PRA and regulated by the FCA and the PRA in the UK and is acting exclusively for the Company and no one else in connection with Admission. None of the Joint Financial Advisers will regard any other person (whether or not a recipient of this Prospectus) as a client in relation to Admission or any transaction, matter, or arrangement referred to in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for the giving of advice in relation to the Admission or any transaction, matter, or arrangement referred to in this Prospectus. Save for the responsibilities, if any, which may be imposed under the FSMA to the extent that the exclusion of responsibility or the regulatory regime established thereunder or under the

regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Joint Financial Advisers nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this Prospectus, including its accuracy, completeness and verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Class A Shares, the Class B Shares or any other matter referred to in this Prospectus. Each of the Joint Financial Advisers and each of their respective affiliates accordingly disclaims, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this Prospectus or any such statement. No representation or warranty, express or implied, is made by any of the Joint Financial Advisers or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this Prospectus, and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future.

In addition, each of the Joint Financial Advisers and their respective affiliates may have engaged in transactions with, and provided various commercial banking, investment banking, financial advisory transactions and services in the ordinary course of their business with the Company, its major shareholders, and/or their respective affiliates for which they would have received customary fees and commissions. Each of the Joint Financial Advisers and their respective affiliates may provide such services to the Company and/or its major shareholders and/or their respective affiliates in the future. In the ordinary course of their various business activities, the Joint Financial Advisers and their respective affiliates may hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) in the Company, its major shareholders, and their respective affiliates for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. In addition, certain of the Joint Financial Advisers or their respective affiliates may in the future be lenders, and in some cases agents or managers for the lenders, under the Group's, its major shareholders', or their respective affiliates' credit arrangements. In their capacity as lenders, such lenders may, in the future, seek a reduction of a loan commitment to the Company, its major shareholders, or their respective affiliates, or impose incremental pricing or collateral requirements with respect to such facilities or credit arrangements, in the ordinary course of business. In addition, certain of the Joint Financial Advisers or their respective affiliates that have a lending relationship with the Company and/or its major shareholders may routinely hedge their credit exposure to the Company and/or its major shareholders consistent with their customary risk management policies; a typical hedging strategy would include these Joint Financial Advisers or their respective affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Class A Shares and/or the major shareholders' securities. In addition, certain of the Joint Financial Advisers or their respective affiliates may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which such Joint Financial Advisers (or their respective

affiliates) may from time to time acquire, hold or dispose of Class A Shares. The Joint Financial Advisers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, certain of the Joint Financial Advisers and their respective affiliates may enter into financing documentation to act as a lender under margin loan financing arrangements, in respect of which they may in the future receive fees and commissions. Pursuant to such potential margin loans, a Shareholder could grant a security interest over certain Class A Shares owned by them to one or more lenders or their affiliates under such margin loan. In the case of a default of the shareholder under the margin loan, the lenders would be in a position to enforce their security interest over such Class A Shares, which may therefore result in a disposal or sale of Class A Shares by the lenders. In addition, should the market price of the Class A Shares decrease, the lenders might carry out hedging transactions in order to cover financial risk relating to the pledged Class A Shares.

## **27 Legal Advisers**

Our English and U.S. legal advisers are Linklaters LLP, whose registered address is One Silk Street, London EC2Y 8HQ, United Kingdom.

The English and U.S. legal advisers to the Joint Financial Advisers are Latham & Watkins (London) LLP, whose registered office is 99 Bishopsgate, London EC2M 3XF, United Kingdom.

## **28 Registrar**

Our registrar is Equiniti Limited, whose registered number 6226088 and whose registered office is Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom.

## **29 Responsibility**

The Directors of the Company, whose names appear in “*Our Team—Directors*”, and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

## **30 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 Prospectus 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 Prospectus 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 Prospectus shall not, under any circumstances, create any implication that

there has been no change in our business or affairs since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to its date.

This Prospectus speaks only as of the date hereof. The contents of this Prospectus are not to be construed as legal, business or tax advice. This Prospectus 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.

The Shares have not been, and will not be, registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold in the United States absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Neither the U.S. Securities and Exchange Commission nor any U.S. federal or state securities commission or regulatory authority has approved or disapproved the Class A Shares or confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been taken or will be taken to permit the possession or distribution of this Prospectus in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. In the United States, you may not distribute this Prospectus or make copies of it without the Company's prior written consent other than to people you have retained to advise you in connection with this Prospectus. Accordingly, neither this Prospectus nor any advertisement nor any offering material may be distributed or published in any jurisdiction, other than in the United Kingdom, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

## **31 Presentation of Information**

### **Financial information**

The financial information in this Prospectus, 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 Prospectus.

None of the financial information used in this Prospectus 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 Prospectus does not amount to statutory accounts within the meaning of section 434(3) of the Act.

The Company was recently incorporated and as at the date of this Prospectus has no historical operations of its own. Therefore, this Prospectus does not present any standalone, unconsolidated financial information for the Company.

### **Non-IFRS Financial Information**

This Prospectus 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, please see *“Definitions and Glossary”*. For a reconciliation to our reported historical financial information prepared on an IFRS basis, where relevant, please 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 Prospectus related to markets, market sizes, market shares, market positions, economic and industry data in this Prospectus constitutes the Directors’ estimates, using underlying data from independent third parties.

Market data and certain industry forecasts used in this Prospectus 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 Prospectus 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 Prospectus.

Where third-party information has been used in this Prospectus, the source of such information has been identified.

### **Rounding**

Certain data in this Prospectus, including financial, statistical, and operating information, has been rounded. As a result of the rounding, the totals of data presented in this Prospectus 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 Prospectus 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 Prospectus 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 Prospectus 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 Prospectus speak only as of the date of this Prospectus. We, our Directors and advisers expressly disclaim any obligation or undertaking to update the forward-looking statements contained in this 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. This statement should not be construed as a qualification of statements contained in paragraph 22 (Working Capital) above.

## **32 Miscellaneous**

The Company will bear approximately £13 million of fees and expenses in connection with the Direct Listing and Admission, including commissions, other estimated fees and expenses in connection with the Direct Listing and Admission and amounts in respect of VAT.

## **33 Documents Available for Inspection**

Copies of the Articles and the consent letter referred to in paragraph 24 (Consents) above will be available on our website, at [www.wise.com/owners](http://www.wise.com/owners), for a period of 12 months following the date of this Prospectus.

This Prospectus will be published in electronic form and be available on our website at [www.wise.com/owners](http://www.wise.com/owners).

The date of this Prospectus is 2 July 2021.

## DEFINITIONS AND GLOSSARY

The following definitions apply throughout this Prospectus unless the context requires otherwise:

“2015 CSOP”	TransferWise 2015 Company Share Option Plan adopted by TWL in 2015
“2015 CSOP Options”	options over Class A Shares granted under the 2015 CSOP
“2016 Approved Options”	2016 Options granted as UK tax advantaged options and/or designed to comply with certain U.S. tax legislation
“2016 Option Plan”	TransferWise 2016 Company Share Option Plan adopted by TWL on 15 June 2016 and amended on 27 February 2019
“2016 Options”	options over Class A 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 TWL 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*

“Admission”	the admission of the Class A Shares to the standard listing segment of the Official List of the FCA and to trading on the London Stock Exchange’s Main Market for listed securities
“AFS”	Australian Financial Services
“AGM”	a general meeting held as the Company’s annual general meeting in accordance with Section 336 of the Act
“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., Andreessen Horowitz LSV Fund I, L.P. and Andreessen Horowitz Fund IV, L.P.
“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
“Block Trade Agreement”	the block trade agreement entered into between the Company, Goldman Sachs International, Morgan Stanley & Co. International plc and the BTA

	Shareholders, described in <i>“Additional Information—Block Trade Agreement”</i>
“Board”	the board of directors of Wise plc
“Bonus Deferral Award”	some or all of a participant's bonus deferred and paid in the form of an LTIP Award as described in <i>“Additional Information—New employee share plans”</i>
“Borrower”	each of TWL, together with Wise Australia Pty Ltd., TransferWise Europe SA and TransferWise Inc as original borrowers under the MRCA, 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
“BTA Shareholders”	means those Existing Shareholders that are party to the Block Trade Agreement
“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
“CEO Permitted Maximum”	(1) one vote below 25% of the aggregate number of votes attaching to Shares eligible to be cast in respect of a Shareholder resolution until such time as the Residual Change in Control Approval has been granted or, due to the Company's licensing arrangements, the Residual Change in Control Approval is no longer required; and (2) one vote below 50% of the aggregate number of votes attaching to Shares eligible to be cast in respect of a Shareholder resolution at all other times, and as further set out in the Articles
“CFO” or “Chief Financial Officer”	the chief financial officer of the Company
“Class A Shareholder”	a registered holder of Class A Shares

“Class A Shares”	the class A ordinary shares in the capital of the Company with a nominal value of £0.01 each
“Class B Shareholder”	a registered holder of Class B Shares
“Class B Shares”	the class B ordinary shares in the capital of the Company with a nominal value of £0.000000001 pence each
“Code”	the City Code on Takeovers and Mergers
“Company”	Wise plc, except as used in Part B of “ <i>Our Historical Financial Information</i> ”, where “Company” refers to Wise Payments Limited (formerly TransferWise Ltd)
“Conditional Award”	a conditional right to acquire Class A Shares at no cost to the participant
“Covid-19”	Coronavirus disease 2019
“CRD”	Capital Requirements Directive (2013/36/EU)
“CRD IV”	together, the Capital Requirements Regulation (575/2013) and Capital Requirements Directive (2013/36/EU)
“CRM”	the Contingent Reimbursement Model
“cross-currency take rate”	total fees on international transfers as a proportion of volume
“CREST”	the UK-based system for paperless settlement of trades in listed securities, of which Euroclear UK and Ireland Limited is the operator
“CRR”	Capital Requirements Regulation (575/2013)
“CTA 2009”	Corporation Tax Act 2009
“CTF”	counter-terrorist financing
“D1 Capital Partners”	D1 Capital Partners Master LP
“DFAT”	Department of Foreign Affairs & Trade of the Federal Government of Australia
“Direct Listing”	a direct listing on the London Stock Exchange’s Main Market
“Directors”	the directors of the Company
“Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules of the FCA in relation to the disclosure of information by an issuer whose financial instruments are admitted to trading on a regulated market in the UK

“Dual Class Share Structure”	the Company’s share capital structure at Admission consisting of two classes of shares, namely Class A Shares and Class B Shares
“EDC”	Edgar, Dunn & Company
“EEA”	European Economic Area
“EFTA”	the Electronic Funds Transfer Act
“EIP Awards”	options and restricted share units over Class A Shares granted under the 2021 EIP
“Eligible Class B Shareholder”	all Existing Shareholders prior to Admission (including employee holders of vested share options who choose to exercise prior to Admission)
“Eligible Customer”	a customer eligible to participate in the OwnWise programme in accordance with the criteria set out in <i>“The Direct Listing, Dual Class Share Structure and OwnWise—OwnWise—Who’s eligible?”</i>
“EMI”	FCA Authorised E-money Institution
“Employee Share Trust”	TransferWise Employee Share Trust established on 11 June 2021 between TWL and Equiniti Trust (Jersey) Limited
“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
“Executive Founder”	Kristo Käärmann
“Existing Shareholders”	the existing shareholders of TWL as at the date of this Prospectus
“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
“FinCEN”	US Department of the Treasury Financial Crimes Enforcement Network
“FOS”	Financial Ombudsman Service

“Forfeitable Shares”	Class A Shares allocated on grant on the basis that they cannot be transferred until vesting and will be forfeited to the extent that the LTIP Award lapses
“Founder Concert Party”	Kristo Käärman (including, Kotilda OÜ) and Taavet Hinrikus (including OÜ Notorious)
“FPS”	Faster Payments Scheme
“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
“FTSE”	Financial Times Stock Exchange
“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
“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
“Group Reorganisation”	the reorganisation of the Group’s corporate structure as described in “ <i>Additional Information—Group Reorganisation</i> ” pursuant to which, among other things, the Company became the ultimate holding company of the Group
“Historic Options”	2015 CSOP Options and Pre-2016 Unapproved Options
“HMRC”	Her Majesty’s Revenue & Customs
“HoldCo”	Wise Financial Holdings Limited

“IA Ventures”	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, as adopted by the European Union
“IFRS 16”	IFRS 16 – Leases, which we adopted from 1 April 2019
“Initial Subscriber”	Kristo Käärmann
“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
“Joint Financial Advisers”	together, Goldman Sachs International, Morgan Stanley & Co. International plc, Barclays Bank Plc and Citigroup Global Markets Limited
“Joint Financial Advisers Agreement”	the joint financial advisers’ agreement entered into between the Company, the Directors and the Joint Financial Advisers described in <i>“Additional Information—Joint Financial Advisers’ Agreement”</i>
“KYC”	know your customer
“Large Block Trade”	a disposal by way of a single publicly announced accelerated bookbuilt offering of Class A Shares led and managed by one or more investment bank(s) by a BTA Shareholder of 12,432,000 (or more) Class A Shares, which shall be conducted in accordance with sale procedures set out in the Block Trade Agreement
“LEI”	legal entity identifier
“LIBOR”	London Interbank Offered Rate administered by ICE Benchmark Administration Limited
“Liquidity Provision and Lock-up Agreement”	the liquidity provision and lock-up agreement entered between the Company, Goldman Sachs International, Morgan Stanley & Co. International plc and certain Existing Shareholders, described in <i>“The Direct Listing, Dual Class Share Structure and OwnWise—Liquidity Provision and Lock-up Agreement”</i>
“Listing Rules”	FCA Handbook Listing Rules

“Long Term Incentive Plan”	the discretionary share plan called the Wise Long Term Incentive Plan described in “ <i>Additional Information—New employee share plans</i> ”
“LTIP Awards”	the long-term incentive plan awards described in “ <i>Additional Information—New employee share plans</i> ”
“LTIP Option”	an option to acquire Class A Shares at an exercise price set at grant (which may be nil)
“Main Market”	the main market for listed securities of the London Stock Exchange
“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 TWL, 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
“Nil Rate Amount”	the first £2,000 of dividend income received by an individual shareholder in the 2021/2022 tax year, which is subject to a nil rate of income tax
“Non-CEO Permitted Maximum”	(1) one vote below 25% of the aggregate number of votes attaching to Shares eligible to be cast in respect of a Shareholder resolution until such time as the Residual Change in Control Approval has been granted or, due to the Company’s licensing arrangements, the Residual Change in Control Approval is no longer required; and (2) one vote below 35% of the aggregate number of votes attaching to Shares eligible to be cast in respect of a Shareholder resolution at all other times, and as further set out in the Articles

“Non-Executive Directors”	the non-executive Directors of the Company
“NPS”	net promoter score
“Obligors”	each of the Borrowers and the Guarantors (as defined in the MRFA)
“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
“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
“Opening Auction”	the opening auction in respect of the Class A Shares being facilitated by the London Stock Exchange at Admission, described in <i>“The Direct Listing and Dual Class Share Structure—Open Auction”</i>
“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
“OwnWise”	our customer shareholder programme designed to reward customers of Wise who also become long-term shareholders with bonus shares in Wise and other perks
“OwnWise Bonus Shares”	Class A Shares to be issued in connection with OwnWise to participating Eligible Customers who buy Class A Shares during the relevant OwnWise Eligibility Period and continue to hold these for 12 months following the close of the relevant OwnWise Eligibility Period
“OwnWise Eligibility Period”	the period during which Eligible Customers who wish to participate in OwnWise are invited to purchase Class A Shares, to be notified by Wise for each jurisdiction open to applications for OwnWise
“Panel”	the Panel on Takeovers and Mergers
“PCAOB”	the Public Company Accounting Oversight Board (United States)

“PFIC”	passive foreign investment company for US federal income tax purposes
“PI”	NBB authorised and regulated Payment Institution
“PPF”	purchased payments facilities
“PRA”	Prudential Regulation Authority
“Pre-2016 Unapproved Options”	options over ordinary shares granted under certain contracts entered into in or prior to 2015
“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
“PwC”	PriceWaterhouse Coopers LLP
“QEF Election”	qualifying electronic fund election for US federal income tax purposes
“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, published on 17 June 2021
“Registrar”	means the Company’s registrar, Equiniti Limited
“Regulation E”	Regulation E, issued by the Consumer Financial Protection Bureau pursuant to the EFTA
“Regulatory Information Service”	one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from listed companies
“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
“Remuneration Committee”	the Company’s remuneration committee
“Residual Change in Control Approval”	the mandatory regulatory change in control approval required from the regulatory authority of the State of Virginia in the US with respect to the change in control of issued share capital, voting rights, and/or management of the Company resulting from the implementation of the Dual Class Share Structure
“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
“SDRT”	Stamp Duty Reserve Tax
“Security Agent”	Silicon Valley Bank as security agent under the MRFA
“SEDOL”	Stock Exchange Daily Official List
“Senior Debt”	has the meaning given to such term in the MRFA
“Senior Manager”	those individuals identified as such in “ <i>Our Team</i> ”
“SEPA”	Single Euro Payments Area
“Share for Share Exchange”	the share for share exchange entered into between the Existing Shareholders and the Company described in “ <i>Additional Information—Share Capital</i> ”
“Shareholder Majority”	holders of more than 50% of the voting rights attaching to Shares
“Shareholders”	the holders of Shares in the capital of the Company
“Shares”	the shares in the capital of the Company from time to time, which from Admission shall consist of the Class A Shares and the Class B Shares, each having the rights set out in the Articles from time to time
“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 “GBP” or “£” or “pence”	the lawful currency of the United Kingdom
“Subscriber Share”	the initial ordinary share of £1.00 in the Company issued on the incorporation of the Company, as described in “ <i>Additional Information—Incorporation</i> ”
“TACT”	the UK’s Terrorism Act 2000
“take rate”	total fees across all customer activity (conversion and other) as a proportion of volume
“Taxable Excess”	dividend income which exceeds the Nil Rate Amount
“TINV”	TINV Ltd.
“total take rate”	total fees across all customer activity as a proportion of volume
“TWL”	Wise Payments Limited (formerly TransferWise Ltd)
“TWL A Shares”	A ordinary shares in TWL issued to Existing Shareholders pursuant to the Group Reorganisation
“TWL B Shares”	B ordinary shares in TWL issued to Existing Shareholders pursuant to the Group Reorganisation
“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
“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 Ventures”	VV Global LP, Valar Global Principals Fund I LP, Valar Co-Invest 1 LP, VV Global Principals A LLC, VV Global Principals Z LLC, 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”	TransferWise Ltd (renamed Wise Payments Limited on 25 June 2021) and its subsidiary undertakings prior to the Group Reorganisation taking effect and, upon the Group Reorganisation taking effect, 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

## **SCHEDULE OF CHANGES**

The Registration Document published on 17 June 2021 contained the information required to be included in a registration document for equity securities by Annex 1 of the Prospectus Regulation. The Prospectus, which otherwise contains information extracted without material amendment from the Registration Document (except as set out below), also includes information required to be included in a Share Securities Note, Summary and Prospectus relating to the offer to the public as prescribed by Annex 11 and Article 7 of the Prospectus Regulation. The Prospectus updates and replaces in whole the Registration Document.

This Schedule of Changes sets out, refers to or highlights material updates to the Registration Document.

### **Purpose**

The purpose of this Schedule of Changes is to:

- Highlight material changes made in the Prospectus, as compared to the Registration Document;
- Highlight the new disclosure made in the Prospectus to reflect information required to be included in a Share Securities Note; and
- Highlight the new disclosure made in the Prospectus to reflect information required to be included in a Summary.

### **Registration Document Changes**

- Unless the context otherwise requires, references to the Company have been revised to refer to Wise plc and references to the Group, prior to the Group Reorganisation taking effect, refer to TransferWise Ltd (renamed Wise Payments Limited on 25 June 2021) and its subsidiary undertakings, and upon the Group Reorganisation taking effect, to Wise plc and its subsidiary undertakings.
- References to TransferWise Ltd have been revised to reflect its name change to Wise Payments Limited, effective 25 June 2021.
- The information under the heading “Corporate governance” and the description of the committees’ structure on page 39 of the Registration Document have been amended and replaced in their entirety in the Prospectus, to reflect the Company’s expected corporate governance structure following Admission, which reflects the implementation of changes to the Group’s corporate governance arrangements appropriate for a listed company. Please see pages 64 to 66 of the Prospectus.
- Changes have been made to the section entitled “Our Historical Financial Information” of the Registration Document located on pages 76 to 125, including the addition of a note describing the Group’s post balance sheet events. Please see pages 154 and 155 of the Prospectus.

- Changes have been made to the section entitled “Our Regulatory Information” of the Registration Document on pages 126 to 140, including the addition of a paragraph detailing the FCA’s classification of the Company’s Class A Shares as Common Equity Tier 1 instruments. Please see page 157 of the Prospectus.
- The paragraph entitled “Share Capital” on page 141 of the Registration Document has been updated in the Prospectus to reflect the Company’s expected share capital structure immediately prior to Admission. Please see pages 171 to 175 of the Prospectus.
- The paragraph entitled “Articles of Association” on page 143 of the Registration Document has been amended and replaced in its entirety in the Prospectus, to reflect the articles of association of the Company that will take effect from Admission. Please see pages 176 to 187 of the Prospectus.
- The paragraph entitled “Directors’ and Senior Managers’ Interests” on page 147 of the Registration Document has been amended and replaced in its entirety in the Prospectus to reflect the relevant details for the Directors and Senior Managers of the Company. Please see pages 187 and 188 of the Prospectus.
- The paragraph entitled “Directors’ Terms of Employment” on page 148 of the Registration Document has been amended and replaced in its entirety in the Prospectus, to reflect the Directors’ new terms of employment (where applicable), the remuneration of the Directors and Senior Managers of the Company and the current and past directorships and partnerships of the Directors and Senior Managers of the Company. Please see pages 188 to 193 of the Prospectus.
- The paragraph entitled “Principal Shareholders” on page 153 and 154 of the Registration Document has been updated to reflect the relevant details of the principal shareholders of the Company. Please see pages 193 and 194 of the Prospectus.
- The paragraph entitled “Employee Share Plans” on page 154 of the Registration Document has been updated in the Prospectus, to reflect the effect of the Group Reorganisation on options under the employee share schemes described in that paragraph and the exercise of options since the date of the Registration Document. Please see “Legacy Employee Share Plans” on pages 194 to 200 of the Prospectus.
- The paragraph entitled “Group Structure” on page 161 of the Registration Document has been amended and replaced in its entirety in the Prospectus, to reflect the effect of the Group Reorganisation and entity name changes occurring after the date of the Registration Document. Please see “Group Structure” on page 206 of the Prospectus.
- Changes have been made to the paragraph entitled “Material Contracts” on page 162 of the Registration Document, including the deletion of the paragraph entitled “Shareholders’ Agreement”, as it was terminated pursuant to the Group Reorganisation, and the addition of the following new material contracts: Joint

Financial Advisers' Agreement and Block Trade Agreement. Please see pages 207 to 209 of the Prospectus.

## **Securities Note Information**

- New sections entitled “There are a number of risks related to our Class A Shares” and “There are a number of risks related to our Dual Class Share Structure” have been added into the Prospectus to describe the risks relating to the Direct Listing and the Class A Shares, including risks relating the liquidity or trading price of the Class A Shares and dilution risks. Please see pages 21 to 26 of the Prospectus.
- A new section entitled “The Direct Listing, Dual Class Share Structure and OwnWise” has been added into the Prospectus, describing the means through which the Class A Shares will be listed and admitted to trading pursuant to the Direct Listing (including a description of the Opening Auction in respect of the Class A Shares and the Liquidity Provision and Lock-up Agreement entered into between the Company, Goldman Sachs, Morgan Stanley and certain Existing Shareholders, regarding the sale of certain Class A Shares in the Opening Auction), the Company’s Dual Class Share Structure and the OwnWise programme. This section also includes the expected timetable of the Listing. Please see pages 31 to 40 of the Prospectus.
- A new section entitled “Our Capitalisation and Indebtedness” has been added into the Prospectus, describing the Group’s capitalisation as at 31 March 2021 and unaudited indebtedness as of 30 April 2021. Please see pages 98 to 100 of the Prospectus.
- A new paragraph entitled “Group Reorganisation” has been added into the Prospectus, to describe the steps that the Group has undertaken to reorganise its corporate structure prior to Admission. Please see pages 175 and 176 of the Prospectus.
- A new paragraph entitled “New Employee Share Plans” has been added into the Prospectus, describing the new employee share plan which the Company has adopted since the date of the Registration Document. Please see pages 200 to 204 of the Prospectus.
- A new paragraph entitled “Remuneration Policy following Admission” has been added into the Prospectus, describing the remuneration policy the Company will seek to have approved by Shareholders at its first AGM following Admission. Please see page 204 of the Prospectus.
- A new paragraph entitled “Employee Benefit Trust” has been added into the Prospectus, describing the new Employee Share Trust which the Company has established since the date of the Registration Document. Please see page 204 of the Prospectus.
- New paragraphs entitled “UK Taxation” and “Certain US Federal Income Tax Considerations” have been added into the Prospectus to provide a general guide to

certain UK and U.S. tax considerations relevant to the acquisition, ownership and disposition of the Class A Shares. Please see pages 209 to 218 of the Prospectus.

- A new paragraph entitled “Working Capital” has been added into the Prospectus, confirming the adequacy of the Group’s working capital. Please see page 219 of the Prospectus.
- A new paragraph entitled “Application of the Code to the Company” has been added into the Prospectus, describing how the Code will be applied to the Company (including in respect of the Dual Class Share Structure). Please see pages 220 to 226 of the Prospectus.
- A new paragraph entitled “Miscellaneous” has been added into the Prospectus, describing the fees and expenses the Company expects to bear in connection with the Direct Listing and Admission. Please see page 231 of the Prospectus.

### **Summary Information**

- A new section entitled “Summary” has been added into the Prospectus, to reflect the addition of a Summary as required by Article 7 of Regulation (EU) 2017/1129. Please see pages 1 to 7 of the Prospectus.