30 November 2021

Wise plc
Unaudited results for the six months ended 30 September 2021

"We're on a mission to make moving and managing money across borders faster, easier, cheaper and more transparent for everyone, everywhere.

Each quarter we strive to make progress on this mission. Over the first half of this year we've improved our products and engineered away substantial points of friction in the payments process, enabling us to sustainably lower prices while continuing to invest in growing the business for the long term. So a virtuous circle of investment continues, and our service gets faster, better and cheaper than ever for our personal and business customers.

Whilst we have made significant progress, millions of people and businesses continue to be overcharged and poorly served by banks and other payment providers."

Kristo Käärmann, Co-founder and Chief Executive Officer

Highlights for the six months ended 30 September 2021[1]

We've made progress on our Mission
- We managed to reduce the average price our customers pay for moving money across borders to 0.62% in Q2 FY22, down 7bps compared to the average prices in Q4 FY21;
- Our payments got faster too. 40% of all transfers were delivered instantly in Q2 FY22;
- We enhanced our Wise Account; excitingly we launched our Assets feature for customers in the UK, and made the account more useful for businesses around the world, who can now issue company cards to their employees and manage their expenses on Wise;
- We've increased our platform partners with a further 10 partnerships commencing, taking the total number to 30, and
- We expanded our customer base: we served 3.9 million active customers in Q2 FY22, an increase of 7% from Q1 FY22 or 23% as compared to Q2 FY21;
- Combined, this progress is driving our growth: we transferred over £34 billion for our customers in the period, 44% more than H1 FY21 (£24 billion).

We've become a stronger business, as we continue to generate healthy gross margins whilst reducing prices for our customers and investing in our long term growth
- While growing volume by 44%, we also engineered and optimised away marginal costs and passed back the savings to customers;
- As a result, whilst take rate reduced by 6bp to 0.75%, revenue grew by 33% to £256 million;
- Gross profit grew by 46% to £174 million, with gross profit margin expanding from 62% to 68%;
- Adjusted EBITDA margin of 24% was slightly lower than the 26% margin last year due to planned investment in our teams and products;
- Free Cash Flow remains healthy, growing 39% to £59.0M compared to H1 FY21.

Outlook
- Based on our progress and current outlook for volumes and price drops, we now expect annual revenue growth for FY22 to be mid-to-high 20s on a percentage basis;
- As a result of the larger than anticipated cost savings flowing through into price reductions in the first half, we continue to expect the take rate to be slightly lower in the second half and for the gross margin to be c.65-67% for FY22, subject to foreign exchange-related costs continuing to remain broadly stable.

[1] All comparisons are against the six months ending 30 September 2020, unless otherwise stated.

Financial information

Selected financial Information:

	Half-year ended 30 September		YoY
	2021	2020	**Movement (%)**
Revenue	**256.3**	**192.2**	**33%**
Gross profit	**173.8**	**119.2**	**46%**
Gross profit margin	**67.8%**	**62.0%**	**5.8 pps**
Adjusted EBITDA[1]	**60.6**	**50.6**	**20%**
Adjusted EBITDA margin[2]	**23.6%**	**26.3%**	**-2.7 pps**
Free cash flow (FCF)[1]	**59.0**	**42.3**	**39%**
FCF conversion[3]	**97.4%**	**83.6%**	**13.8 pps**

[1] Refer to note 1.4 of the financial statements for definitions of adjusted EBITDA and FCF.
[2] Adjusted EBITDA as a proportion of revenue.
[3] FCF as a proportion of Adjusted EBITDA.

Growth metrics:

	FY22			FY21			**YoY Movement (%)**		
	Q1	**Q2**	**H1 ***	Q1	Q2	H1 *	**Q1**	**Q2**	**H1**
Customers (million)[1]	**3.7**	**3.9**	**-**	**2.8**	**3.2**	**-**	**29%**	**23%**	**-**
Personal (million)	3.4	3.7	-	2.7	3.0	-	28%	22%	-
Business (million)	0.22	0.23	-	0.14	0.16	-	56%	44%	-
Volume Per Customer[2] (£ thousand)	**4.5**	**4.6**	**-**	**3.8**	**4.2**	**-**	**19%**	**10%**	**-**
Personal (£ thousand)	3.6	3.7	-	3.0	3.4	-	18%	6%	-
Business (£ thousand)	18.6	19.4	-	17.5	17.7	-	6%	9%	-
Volume[3]	**16.4**	**18.0**	**34.4**	**10.7**	**13.2**	**23.9**	**54%**	**36%**	**44%**
Personal (£ billion)	12.4	13.5	25.9	8.2	10.4	18.6	50%	30%	39%
Business (£ billion)	4.0	4.5	8.5	2.4	2.8	5.3	66%	57%	61%
Revenue	**123.5**	**132.8**	**256.3**	**86.3**	**105.9**	**192.2**	**43%**	**25%**	**33%**
Personal (£ million)	96.9	103.4	200.3	70.8	87.0	157.8	37%	19%	27%
Business (£ million)	26.6	29.4	56.0	15.5	18.9	34.4	72%	56%	63%
Cross-currency revenue take rate[4] (%)	0.66%	0.64%	0.65%	0.75%	0.74%	0.74%	-9 bps	-10 bps	-9 bps
Take rate[5] (%)	0.75%	0.74%	0.75%	0.81%	0.80%	0.81%	-6 bps	-6 bps	-6 bps

* We do not report the number of customers or volume per customer on a half-yearly basis.

[1] Total number of unique customers who have completed at least one cross currency transaction in a given period.
[2] Average volume per each active customer, calculated as total volume divided by total active customers in the period.
[3] Total cross-currency funds converted by customers.
[4] Total fees on international transfers as a proportion of volume.
[5] Total revenue as a proportion of volume.

Results presentation
A presentation of the half-year results will be held at 9.30am Tuesday 30 November at Wise's offices in Shoreditch.Please contact Owner Relations if you wish to attend. A live webcast will be available via our website, www.wise.com/owners, and will be available for on-demand replay shortly after the presentation concludes.

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

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

Over 11 million people and businesses have used Wise since it was founded. Today we process over £5.5 billion in cross-border transactions every month, saving customers over £1 billion a year.

Forward looking statements and other important information
This report may include forward-looking statements, including within the meaning of the US Private Securities Litigation Reform Act of 1995, which are based on current expectations and projections about future events. These statements may include, without limitation, any statements preceded by, followed by or including words such as "target", "believe", "expect", "aim", "intend", "may", "anticipate", "estimate", "plan", "project", "will", "can have", "likely", "should", "would", "could" and any other words and terms of similar meaning or the negative thereof. These forward-looking statements are subject to risks, uncertainties and assumptions about Wise and its subsidiaries. In light of these risks, uncertainties and assumptions, the events in the forward-looking statements may not occur. Past performance cannot be relied upon as a guide to future performance and should not be taken as a representation that trends or activities underlying past performance will continue in the future. No representation or warranty is made or will be made that any forward-looking statement will come to pass.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Details of the potential risks and uncertainties affecting the Wise Group are described in the Group's filings with the London Stock Exchange, including in the TransferWise Ltd Annual Report and Accounts 2021.

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

An update from Kristo, our Co-founder and CEO

We started Wise 10 years ago with the mission to make international banking faster, easier, cheaper and more transparent for everyone, everywhere. We've come a long way since then, including some significant strides forward in the last six months: we lowered costs and dropped prices (even faster than expected!), our payments got faster, we developed more features for businesses, initiated more platform partnerships and we launched our exciting new 'Assets' feature for customers in the UK.

Wise: infrastructure built for speed and efficiency

Improving our infrastructure allows us to lower our unit costs, letting us charge substantially less than leading traditional banks and consistently below many payment companies. We proudly charge our customers a transparent fee for each of our services, without cross-subsidising between customers, products or routes. We calculate the precise costs of our offering, and we charge the customer that amount plus a margin which we reinvest in the business. When our costs go down, we aim to lower our prices as soon as possible. We do this because we can, because it's fair, but also because we believe that over time this approach will ensure we create the lowest cost way to move money around the world.

In the most recent quarter, this average customer price was just 0.62%, a reduction of 7 basis points as compared to the average prices in Q4 FY21. This is a substantial reduction for millions of customers, with an exceptional 5 basis points coming in the most recent quarter. This reflects the amazing work from the team to reduce costs and our commitment to invest in sustainably lower prices.

We're continuously increasing the speed of our transfers as we develop our infrastructure, and in the most recent quarter 40% of our transfers were instant, 58% were delivered in under one hour, and 86% arrived in under 24 hours. We're able to estimate the time of delivery with an accuracy of nearly 80% which our customers value as important information. This compares to the two to five business days, on average, it takes a traditional bank to complete an international transfer with a high level of uncertainty on the exact time-frame for delivery.

Our coverage took an important step forward in the period as we launched in India, allowing Indian residents to send money to 40+ countries at the real exchange rate, with lower and more transparent fees. We then went on to make sending money to India a lot faster and more convenient. With the rollout of payouts via Unified Payments Interface (UPI), Wise customers can also send money to India instantly, and without needing to know their recipient's bank details.

Product and platform enhancements

Our Wise account continues to drive our growth as demonstrated by the 33% increase in our customer balances from £3.7 billion as at the year end to almost £5 billion as at 30 September 2021.

The Wise account enables our personal and business 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. In the past six months we made the account even more useful: UK customers can now invest with the UK launch of Assets. Assets give customers a potential return on their balance held with Wise by holding it in an index fund, while still being able to spend and send in an instant as though it were held as cash. We're also very pleased to be announcing today the launch of cards in Canada.

Our Wise Business proposition improved in the period with the launch of a number of new features, including the ability to attach receipts and notes to card transactions; and enhanced controls such as the ability for an account holder to delegate tasks, payment approvals and assign spending limits to accountants and team members.

Additionally, we have made further progress in serving customers through our platform partners. Wise Platform allows many more people and businesses to conveniently access Wise's cheap, fast and transparent international money transfers. Over the last six months we are delighted to have announced partnerships with Google Pay, Sable, Shinhan Bank, Temenos and Thought Machine, while enhancing the service provided with existing partners, most notably with Monzo and OnJuno. It's still early days but we're excited to help these Partners and their customers with their cross-border needs.

We've been investing in our infrastructure for a long time, and there is still a lot more to build. But it seems to be working. Our most recent Net Promoter Score was 75, Wise is rated 4.6/5 on TrustPilot with over 135,000 reviews and scores 4.7 out of 5 on the Apple App Store. This helps drive our growth in customers, as approximately 68% of new customers came through "word-of-mouth". In the last six months customers moved £34 billion through our platform, which represents a 44% growth over the same period last year.

But there are still many trillions moved outside of our platform, largely through the world's banks. So we have a long way to go to help these customers and achieve our Mission. Onwards.

Kristo.

A financial update from Matt, our CFO

Our mission is to create the best way to move and manage money around the world. We have a 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've found a common ground of creating value for our customers and also for our shareholders. A fundamental part of our mission is to reduce prices where we have engineered process friction and costs away, or as a result of scaling.

In the second quarter of FY22, 3.7 million personal customers and 230 thousand business customers used Wise Transfer and the Wise account to move and manage money across borders. This was an increase of 22% in the number of personal customers and 44% in the number of business customers as compared to the same period last year which were 3.0 million and 160 thousand respectively.

Across the first six months of the year, we processed £34.4 billion in cross-border payments (£23.9 billion in H1 FY21) which was a 44% increase as compared to the same period last year. Our personal customer and business customer volumes grew by 39% and 61% to £25.9 billion and £8.5 billion respectively.

The volume growth was faster than the growth seen in the number of customers, driven by the average volume per customer. This was significantly lower in the first quarter of last year due to the impact of the COVID-19 pandemic on customer demand for international payments, but quickly rebounded in the second quarter of prior year.

Furthermore, businesses typically send larger volumes compared to personal customers, and, as they represent a growing proportion of the total number of customers, the average volume per customer for the Group is gradually increasing and in the second quarter it stood at its highest point to date of £4.6 thousand.

In the first six months of FY22 we generated £256.3 million in revenue, a 33% increase versus £192.2 million in the same period last year. Revenue is largely a function of the volume our customers move and the prices we charge them.

Our cross-currency take rate reduced by 9bps to 0.65% in the first six months of FY22 as compared to 0.74% in the same period in the prior year. This was primarily as a result of the price drops mentioned above, however, the comparison to the prior period is also impacted by route mix volatility at the onset of the pandemic where we saw more volume being moved on higher priced routes. The reductions in price were enabled by reduced unit costs from more favourable terms with our banking partners and lower FX costs. With price reductions being funded in this way we are able to grow the business and strengthen our market position while generating the same level of gross profit to reinvest into our future.

The total take rate reduced by 6bps to 0.75% in H1 FY22 as compared to 0.81% in the same period in FY21, and is in line with the 0.75% in H2 FY21. This was less than the decline in the cross-currency take rate due to the growth in other fees which now represent 13% of our revenue for the period. The popularity of the Wise account has seen growth in other fees such as interchange fees on the account's debit card and fees on domestic transfers.

We produced £173.8 million of gross profit, a 46% increase as compared to £119.2 million in the same period last year and equivalent to a 68% gross margin (H1 FY21: 62%). This was due to cost of sales only increasing by 13% to £81.2 million from £71.8 million in H1 FY21. Increase in cost of sales is less than the increase in volumes over the same period due to the aforementioned reductions in unit costs that we passed on to our customers. This growth in gross profit, which is in line with our growth in volume, demonstrates that reductions in price can be made whilst sustaining our ability to invest.

We have three primary areas of investment focus: marketing, our product and sustainably lowering prices; all of which we believe in the long term drive more volume and more scale. This means we get to a lower unit cost and even more capacity to invest. This is how we create sustainable shareholder value.

Administrative expenses increased 56% to £152.2 million in the first six months of FY22 (H1 FY21: £97.6 million) which is primarily due to increase in employee costs and outsourced services and other administrative costs.

Employee costs increased £17.1 million or 25% to £84.8 million in the first six months of FY22 (H1 FY21: £67.7 million) as we continue to invest in our team to support further growth. We have expanded the size of the team by 688 people or 32% over the last year, with 2,883 Wisers working to deliver our mission at the end of H1 FY22.

Outsourced services and other administrative costs grew 101% to £58.3 million as compared to £29 million in H1 FY21. This increase was primarily due to additional costs incurred as part of becoming a public company, additional IT and marketing investments, as well as other costs relating to travel and events returning post-pandemic.

Capitalisation in the first six months reduced versus the same prior last year by 74% to £2.5 million (£9.6 million in H1 FY21). We expect our capitalisation to remain broadly at this lower level going forward. This change does not impact our cash flows and we continue to expand and invest in our engineering team.

Our Adjusted EBITDA margin was 24% for the period (H1 FY21: 26%) which corresponds to £60.6 million of Adjusted EBITDA (H1 FY21: £50.6 million) and a 20% increase over the prior year which reflects our commitment to investment in future growth whilst maintaining sustainability in our approach.

In the first six months of FY22 our profit before tax was £18.8 million compared to £20.0 million in the same period last year. This level of profit was slightly lower than the previous year as we continue to reinvest the majority of the additional gross profit delivered in the period while also incurring exceptional costs in the completion of our direct listing.

Free cash flow increased 39% over the prior year to £59.0 million (H1 FY21: £42.3 million) giving a free cash flow conversion ratio of 97% relative to Adjusted EBITDA (H1 FY21: 84%). This year-on-year increase in free cash flow reflects the underlying growth in Adjusted EBITDA.

As at 30 September 2021 we held £5.4 billion of cash and highly-liquid investment grade assets, up 32% from the end of FY21 (£4.1 billion). The majority of these assets are used to cover the £4.9 billion of Wise account customer deposits (£3.7 billion at the end of FY21), which we keep safeguarded and readily available. We also hold £344.6 million of Wise's "own cash", which is increasing thanks to the cash generating qualities of the business we've built.

We are well capitalised for the future and as at 30 September 2021, our group eligible capital of £230.7m is significantly above the minimum requirements set by our regulators around the world. We expect Wise to be subject to the new capital regime for investment firms in the UK known as Investment Firm Prudential Regime (IFPR). This will become effective from 1 January 2022 prospectively. Wise is well in excess of the upcoming new requirement and we do not expect any impact to our capital management policy in the near term as a result of this change.

In summary, our growth has been fuelled by building products and features that customers love and recommend. We re-invest our margins into improving our product and customer experience, marketing to help spread the word, and sustainably lowering prices. Our focus on our mission will not change as we continue to grow and scale, and neither will our focus on building a strong, sustainable and cash-generating business that is best placed to address the evolving needs of our customers and, in so doing, deliver shareholder value.

We're on a mission that will take a long time. It'll take investment, patience and commitment to our strategy. But it's working.

Financial outlook

Based on our progress and on our current outlook for both volumes and price drops in the second half of the year, we now expect annual revenue growth for FY22 to be mid-to-high 20s on a percentage basis.

As previously guided, our strategy of reducing costs first and then lowering our prices means that the take rate is expected to be slightly lower in the second half of FY22 compared to the first half. Our expectation for the gross margin for FY22 also remains unchanged at c.65-67%, subject to foreign exchange-related costs continuing to remain broadly stable.

Share issuance

As disclosed in the prospectus in respect of our direct listing on the London Stock Exchange in July 2021, several legacy employee share plans existed which, following admission, were to be closed to any further options or awards being granted under any of these employee share plans. As at the date of the prospectus, 93,959,944 vested and unvested options were outstanding under these legacy employee share plans.

Wise 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 held 48,852,622 Class A Shares as at the date of the prospectus, which were available to satisfy the exercise or vesting of options and awards under the Company's employee share plans. Comparing the number of Class A Shares held in the Employee Share Trust with the number of options outstanding indicated 45,107,322 additional Class A shares which may, at some time, be required to provide the benefit offered under the legacy employee share plans.

Today, we have announced our intention to issue 30,000,000 Class A shares to be allotted to and held in the Employee Share Trust until they are required to satisfy the exercising of vested options. We will review our need to issue Class A shares in relation to legacy and new employee share plans on at least an annual basis. 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 Wise's then issued share capital.

Adoption of the UK Corporate Governance Code

Following the direct listing on the London Stock Exchange in July 2021, we have formally adopted the UK Corporate Governance Code as published by the Financial Reporting Council (FRC) and will be making the required disclosures in our FY22 Annual Report and Accounts.

Responsibility statement of the directors in respect of the interim financial statements

We confirm that to the best of our knowledge:

- the condensed set of financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as contained in UK-adopted IFRS;
- the condensed set of financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;
- the interim management report includes a fair review of the information required by:
    a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
    b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board of directors:

Kristo Käärmann, Director

Date: 30 November 2021

All amounts are in £ million unless otherwise stated

Condensed consolidated statement of comprehensive income
for the half-year ended 30 September 2021 (unaudited)

		Half-year ended 30 September	
	Note	**2021**	2020
Revenue	2	**256.3**	**192.2**
Cost of sales	3	(81.2)	(71.8)
Net credit losses on financial assets	3	(1.3)	(1.2)
Gross profit		**173.8**	**119.2**
Administrative expenses	3	(152.2)	(97.6)
Interest income from investments and operating assets		1.5	1.0
Interest expense from operating assets		(2.7)	(1.6)
Other income		0.9	1.1
Operating profit		**21.3**	**22.1**
Finance expense		(2.5)	(2.1)
Profit before tax		**18.8**	**20.0**
Income tax expense	5	(6.1)	(5.4)
Profit for the period		**12.7**	**14.6**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Fair value (loss)/gain on investments		(4.8)	0.2
Currency translation differences		0.4	0.3
Total other comprehensive (loss)/income		**(4.4)**	**0.5**
Total comprehensive income for the period		**8.3**	**15.1**
Earnings per share			
Basic (in pence)	8	1.33	1.56
Diluted (in pence)	8	1.23	1.43

The condensed consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing.

All amounts are in £ million unless otherwise stated

Condensed consolidated statement of financial position
as at 30 September 2021 (unaudited)

		As at 30 September 2021	As at 31 March 2021
Non-current assets			
Deferred tax assets		74.6	56.7
Property, plant and equipment	6	26.3	24.0
Intangible assets	7	23.6	27.5
Trade and other receivables	9	28.4	15.1
Total non-current assets		**152.9**	**123.3**
Current assets			
Current tax assets		1.4	1.1
Trade and other receivables	9	106.2	81.3
Short-term financial investments	10	1,182.1	737.5
Cash and cash equivalents	11	4,209.4	3,358.6
Total current assets		**5,499.1**	**4,178.5**
Total assets		**5,652.0**	**4,301.8**
Non-current liabilities			
Deferred tax liabilities		0.3	2.0
Borrowings	13	94.4	95.2
Trade and other payables	12	37.8	22.6
Total non-current liabilities		**132.5**	**119.8**
Current liabilities			
Borrowings	13	4.0	3.5
Current tax liabilities		1.9	2.0
Trade and other payables	12	5,175.0	3,891.2
Total current liabilities		**5,180.9**	**3,896.7**
Total liabilities		**5,313.4**	**4,016.5**
Equity			
Share capital	15	9.9	9.4
Equity merger reserve		(8.0)	(8.0)
Share-based payment reserves		150.7	124.5
Own shares reserve		(0.2)	-
Other reserves		(5.5)	(0.7)
Retained earnings		193.8	162.6
Currency translation differences		(2.1)	(2.5)
Total equity		**338.6**	**285.3**
Total liabilities and equity		**5,652.0**	**4,301.8**

All amounts are in £ million unless otherwise stated

Condensed consolidated statement of changes in equity

for the half-year ended 30 September 2021 (unaudited)

	Note	Share capital	Equity merger reserve	Share-based payment reserves	Own shares reserve	Other reserves	Retained earnings	Currency translation differences	**Total equity**
At 1 April 2020		**9.4**	**111.1**	**63.8**	**-**	**2.3**	**8.9**	**1.3**	**196.8**
Profit for the period		-	-	-	-	-	14.6	-	**14.6**
Fair value gain on investments	10	-	-	-	-	0.2	-	-	**0.2**
Foreign currency translation differences		-	-	-	-	-	-	0.3	**0.3**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**0.2**	**14.6**	**0.3**	**15.1**
Share-based employee compensation expense		-	-	18.0	-	-	-	-	**18.0**
Deferred tax on share-based compensation		-	-	10.8	-	-	-	-	**10.8**
Share options exercises		-	0.9	(2.6)	-	-	2.6	-	**0.9**
At 30 September 2020		**9.4**	**112.0**	**90.0**	**-**	**2.5**	**26.1**	**1.6**	**241.6**
Profit for the period		-	-	-	-	-	16.3	-	**16.3**
Fair value loss on investments		-	-	-	-	(3.2)	-	-	**(3.2)**
Foreign currency translation differences		-	-	-	-	-	-	(4.1)	**(4.1)**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**(3.2)**	**16.3**	**(4.1)**	**9.0**
Reduction of share capital		-	(120.0)	-	-	-	120.0	-	**-**
Share-based employee compensation expense		-	-	18.9	-	-	-	-	**18.9**
Deferred tax on share-based compensation		-	-	15.8	-	-	-	-	**15.8**
Share options exercises		-	-	(0.2)	-	-	0.2	-	**-**
At 31 March 2021		**9.4**	**(8.0)**	**124.5**	**-**	**(0.7)**	**162.6**	**(2.5)**	**285.3**

All amounts are in £ million unless otherwise stated

Condensed consolidated statement of changes in equity (continued)

for the half-year ended 30 September 2021 (unaudited)

	Note	Share capital	Equity merger reserve	Share-based payment reserves	Own shares reserve	Other reserves	Retained earnings	Currency translation differences	**Total equity**
At 1 April 2021		**9.4**	**(8.0)**	**124.5**	**-**	**(0.7)**	**162.6**	**(2.5)**	**285.3**
Profit for the period		-	-	-	-	-	12.7	-	**12.7**
Fair value loss on investments	10	-	-	-	-	(4.8)	-	-	**(4.8)**
Foreign currency translation differences		-	-	-	-	-	-	0.4	**0.4**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**(4.8)**	**12.7**	**0.4**	**8.3**
Issue of share capital	15	0.5	-	-	(0.5)	-	-	-	**-**
Share-based employee compensation expense		-	-	20.3	-	-	1.0	-	**21.3**
Deferred tax on share-based compensation		-	-	21.5	-	-	-	-	**21.5**
Share options exercises		-	-	(15.6)	-	-	17.8	-	**2.2**
Disposal of own shares		-	-	-	0.3	-	(0.3)	-	**-**
At 30 September 2021		**9.9**	**(8.0)**	**150.7**	**(0.2)**	**(5.5)**	**193.8**	**(2.1)**	**338.6**

All amounts are in £ million unless otherwise stated

Condensed consolidated statement of cash flows
for the half-year ended 30 September 2021 (unaudited)

	Note	Half-year ended 30 September	
		2021	2020
Cash flows from operating activities			
Cash generated from operations	14	1,257.3	1,012.0
Interest received		7.5	2.7
Interest expense paid		(5.1)	(2.7)
Corporate income tax paid		(4.9)	(0.8)
Net cash generated from operating activities		**1,254.8**	**1,011.2**
Cash flows from investing activities			
Payments for property, plant and equipment		(3.2)	(1.1)
Payment for intangible assets		(3.1)	(10.1)
Payments for financial assets at FVOCI		(594.9)	(222.7)
Proceeds from sale and maturity of financial assets at FVOCI		149.0	41.1
Net cash used in investing activities		**(452.2)**	**(192.8)**
Cash flows from financing activities			
Proceeds from issues of shares and other equity		2.2	0.9
Proceeds from borrowings	13	43.0	25.0
Repayments of borrowings	13	(43.0)	(50.0)
Payments for lease liabilities		(2.2)	(2.4)
Net cash used in financing activities		**-**	**(26.5)**
Net increase in cash and cash equivalents		**802.6**	**791.9**
Cash and cash equivalents at beginning of the period	11	**3,358.6**	**2,077.6**
Effects of exchange rate changes on cash and cash equivalents		48.2	2.6
Cash and cash equivalents at end of the period	11	**4,209.4**	**2,872.1**

Notes to the interim condensed consolidated financial statements
for the half-year ended 30 September 2021 (unaudited)

Note 1. Summary of significant accounting policies

1.1 General information and significant changes in the current reporting period

Wise plc (the "Company") is a public limited company and is incorporated and domiciled in England. The Company was incorporated under the Companies Act 2006 on 18 February 2021 under the name "456 Newco plc" and changed its name to Wise plc on 17 June 2021. 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 the provision of cross-border money transfer services.

Group Reorganisation and Listing
The Class A ordinary shares of the Company were admitted to trading on the London Stock Exchange on 7 July 2021. In connection with the listing of the Company on the London Stock Exchange on 7 July 2021, the following steps were completed on 22 June 2021:

- the existing preferred and ordinary shares in Wise Payments Ltd were re-designated as A Ordinary Shares and a share split was undertaken;
- the existing shareholders of Wise Payments Ltd were offered the opportunity to elect to receive the B Shares, in addition to their A Shares, to create a dual class share structure comprising A Shares and B Shares. Such B Shares were issued by way of bonus issue to such electing, existing shareholders;
- the existing shareholders in Wise Payments Ltd entered into the share for share exchange with Wise plc, pursuant to which Wise plc acquired the entire issued share capital of Wise Payments Ltd 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 Wise Payments Ltd were exchanged for options over Class A Shares in Wise plc);

As a result of the restructure, Wise Payments Ltd transferred its share-based payment obligations to Wise plc, who will be responsible for the settlement of the share-based payment awards. This transfer did not impact the post-restructure consolidated results of the Group.

1.2 Basis of preparation and accounting policies

These condensed consolidated interim financial statements of the Group have been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting and the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

On 22 June 2021, in connection with the pre-listing reorganisation as disclosed in note 1.1, Wise Payments Ltd shareholders entered into a share-for-share exchange with the Company. As a result, the Company became the ultimate parent company of the Group and indirectly holds a 100% investment in Wise Payments Ltd.

The restructure does not constitute a business combination under IFRS 3 Business Combinations. The condensed set of consolidated financial statements included in this interim report have been prepared as a continuation of the consolidated financial statements of Wise Payments Ltd. As such, the comparative and current period reserves of the Group are adjusted to reflect the statutory share capital, equity merger reserve and own share reserve of the Company as if it had always existed.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report and Accounts of Wise Payments Ltd (formerly known as TransferWise Ltd and former ultimate parent company of the Group) for the year ended 31 March 2021 and any public announcements made by Wise plc during the interim reporting period.

The interim report has not been audited or reviewed by auditors pursuant to the Financial Reporting Council guidance on Review of Interim Financial Information.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out below.

1.3 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 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2

The adoption of the above amendment 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 2021 that would be expected to have a material impact on the Group.

New standards, amendments and interpretations not yet adopted
The following amendments have been published by the IASB and are effective for annual periods beginning on or after 1 January 2022; the amendments have not been early adopted by the Group. None of the amendments are expected to have a material impact on the Group in the current or future reporting periods or 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
- Annual Improvements to IFRS (2018-2020 cycle): IFRS 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities

1.4 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 a substitute for, measures presented in the financial statements 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.
- **Free Cash Flow:** Represents the net cash flows from operating activities less the change in working capital (excluding the change in collateral and other pass-through items), the costs of purchasing property, plant and equipment, intangible assets capitalisation and payments for leases.

All amounts are in £ million unless otherwise stated

Note 2. Segment reporting

Description of segment
The information regularly reported to the Board of Directors, who are considered to be the Chief Operating Decision Maker, 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 major geographical regions based on the customer address:

	Half-year ended 30 September	
	2021	2020 *
Revenue by geographical regions		
Europe	84.4	61.4
United Kingdom	57.9	42.6
North America	54.2	42.0
Asia-Pacific	46.1	32.8
Rest of the world	13.7	13.4
Total revenue	**256.3**	**192.2**

No individual customer contributed more than 10% to the total revenue.

* Comparative figures for the North America and Asia-Pacific regions have been re-presented. In the 2021 Annual Report and Accounts, a portion of revenue for North America was incorrectly presented as Asia-Pacific revenues and vice versa.

The correct revenue for the full financial year 2021 for North America was £89.8 million and for Asia-Pacific was £72.4 million. This did not impact the total revenue or the split for any other geographical regions.

	Half-year ended 30 September	
	2021	2020
Revenue by customer type		
Personal	200.3	157.8
Business	56.0	34.4
Total revenue	**256.3**	**192.2**

All amounts are in £ million unless otherwise stated

At the end of each period, the majority of the non-current assets were carried by Wise Payments Ltd in the UK. The following geographical breakdown is prepared based on the location of the non-current asset:

	As at 30 September 2021	As at 31 March 2021
Non-current assets by geographical region		
United Kingdom	131.5	99.4
Rest of the world	21.4	23.9
Total non-current assets	**152.9**	**123.3**

Note 3. Cost of sales and administrative expenses

Breakdown of expenses by nature:

	Half-year ended 30 September	
	2021	2020
Cost of sales		
Bank and partner fees	66.6	54.4
Net foreign exchange loss and other product costs	14.6	17.4
Total cost of sales	**81.2**	**71.8**
Net credit losses on financial assets		
Amounts charged to credit losses on financial assets	1.3	1.2
Total net credit losses	**1.3**	**1.2**

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

	Half-year ended 30 September	
	2021	2020
Administrative expenses		
Employee benefit expenses	84.8	67.7
Outsourced services and other administrative costs	58.3	29.0
Depreciation and amortisation	11.6	10.5
Less: Capitalisation of staff costs	(2.5)	(9.6)
Total administrative expenses	**152.2**	**97.6**

All amounts are in £ million unless otherwise stated

Note 4. Employee benefit expenses

	Half-year ended 30 September	
	2021	2020
Salaries and wages	52.4	41.5
Share based payment compensation expense	20.6	18.0
Social security costs	8.8	6.8
Pension costs	1.6	0.9
Other employment taxes and insurance cost	1.4	0.5
Total employee benefit expense	**84.8**	**67.7**

The average number of employees during the half-year ended 30 September 2021 was 2,683 (half-year ended 30 September 2020: 2,202 employees).

Note 5. Income tax expense

	Half-year ended 30 September	
	2021	2020
Current tax charge	9.9	7.7
Deferred tax charge *	(3.8)	(2.3)
Total tax charge	**6.1**	**5.4**

* The deferred tax charge/credit predominately relates to share based payments.

Income tax expense for the current half-year period is calculated using the best estimate of the annual effective tax rate expected for the full year, by geographical unit, applied to the pre-tax income of the six month period, which is then adjusted for tax on exceptional items.

The effective tax rate for the half-year ended 30 September 2021 is 32% (half-year ended 30 September 2020: 27%). The rate for this half-year period has been affected by a number of one-off items, including non-deductible listing costs and revaluation of deferred tax due to the substantive enactment of the change in UK corporate tax rate from 19% to 25%.

On 24 May 2021, an increase in the UK corporation tax rate from 19% to 25%, effective from 1 April 2023, was substantively enacted. Therefore, the UK deferred tax assets and liabilities, which are expected to unwind after 1 April 2023, have been re-measured in the current reporting period based on the increased UK corporation tax rate and reflected in the statement of profit and loss and equity.

All amounts are in £ million unless otherwise stated

Note 6. Property, plant and equipment

	Right-of-use assets	Leased office improvements	Office equipment	Assets under construction	**Total**
At 31 March 2021					
Cost	26.4	7.5	4.0	0.4	**38.3**
Accumulated depreciation	(7.7)	(4.6)	(2.0)	-	**(14.3)**
Net book value	**18.7**	**2.9**	**2.0**	**0.4**	**24.0**
Half-year ended 30 September 2021					
Additions	1.6	3.6	0.7	0.4	**6.3**
Reclassifications	-	0.1	0.2	(0.3)	**-**
Depreciation charge	(2.3)	(0.8)	(0.4)	-	**(3.5)**
Write-offs	(0.6)	-	-	-	**(0.6)**
Foreign currency translation differences	-	-	0.1	-	**0.1**
At 30 September 2021					
Cost	27.4	9.7	4.9	0.5	**42.5**
Accumulated depreciation	(10.0)	(3.9)	(2.3)	-	**(16.2)**
Net book value	**17.4**	**5.8**	**2.6**	**0.5**	**26.3**

All amounts are in £ million unless otherwise stated

Note 7. Intangible assets

	Software	Other intangible assets	Prepayments	**Total**
At 31 March 2021				
Cost	45.8	1.6	-	**47.4**
Accumulated amortisation	(19.7)	(0.2)	-	**(19.9)**
Net book value	**26.1**	**1.4**	**-**	**27.5**
Half-year ended 30 September 2021				
Additions	2.7	0.4	1.1	**4.2**
Amortisation charge	(7.9)	(0.2)	-	**(8.1)**
At 30 September 2021				
Cost	42.1	2.0	1.1	**45.2**
Accumulated amortisation	(21.2)	(0.4)	-	**(21.6)**
Net book value	**20.9**	**1.6**	**1.1**	**23.6**

Note 8. Earnings per share

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

	Half-year ended 30 September	
	2021	2020 *
Profit for the period	12.7	14.6
Weighted average number of ordinary shares for basic EPS (in millions of shares)	954.7	938.2
Plus the effect of dilution from		
Share options (in millions of shares)	75.8	83.9
Weighted average number of ordinary shares adjusted for the effect of dilution (in millions of shares)	**1,030.5**	**1,022.1**
Basic EPS, in pence	1.33	1.56
Diluted EPS, in pence	1.23	1.43

* For comparability and consistent presentation, the weighted average number of ordinary shares and share options for 2020 were determined on the same basis as the 2021 figures, i.e. as if all shares (common and preference) were redesignated into a single class of A Ordinary Shares, then each Class A Ordinary shares split into 26 Class A Ordinary Shares. Refer to note 15 for further details.

Note 9. Trade and other receivables

	As at 30 September 2021	As at 31 March 2021
Non-current trade and other receivables		
Office lease deposits	1.0	1.0
Other non-current receivables	27.4	14.1
Total non-current trade and other receivables	**28.4**	**15.1**
Current trade and other receivables		
Receivables from payment processors	62.9	44.3
Collateral deposits	26.3	26.0
Prepayments	4.4	6.0
Other receivables *	12.6	5.0
Total current trade and other receivables	**106.2**	**81.3**

* Net of expected credit loss provision of £15.6 million as at 30 September 2021 (31 March 2021: £14.2 million).

All amounts are in £ million unless otherwise stated

Note 10. Financial assets at fair value through other comprehensive income

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

	As at 30 September	As at 31 March
	2021	2021
Short-term financial investments - level 1		
Listed bonds	1,182.1	737.5
Total short-term financial investments	**1,182.1**	**737.5**

During the period, the following (losses)/gains were recognised in other comprehensive income:

	Half-year ended 30 September	
	2021	2020
Debt investments at FVOCI		
Fair value (losses)/gains recognised in other comprehensive income	(4.8)	0.2
Total fair value (losses)/gains in other comprehensive income	**(4.8)**	**0.2**

Note 11. Cash and cash equivalents

	As at 30 September 2021	As at 31 March 2021
Cash and cash equivalents		
Cash at banks and in hand	3,790.2	2,968.6
Cash in transit between Group bank accounts	50.3	49.4
Cash in transit to customers	131.7	108.6
Investment into money market funds	237.2	232.0
Total cash and cash equivalents	**4,209.4**	**3,358.6**

Of the £4,209.4 million (31 March 2021: £3,358.6 million) cash and cash equivalents at the period end, £344.6 million (31 March 2021: £286.1 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 14 for further details.

At 30 September 2021, in addition to other highly liquid assets, such as money market funds and investment grade bonds, the Group held £3,187.6 million (31 March 2021: £2,472.9 million) of cash at bank in segregated, safeguarded bank accounts to secure customer deposits.

All amounts are in £ million unless otherwise stated

Note 12. Trade and other payables

	As at 30 September 2021	As at 31 March 2021
Non-current trade and other payables		
Non-current accruals and provisions	37.8	22.6
Total non-current trade and other payables	**37.8**	**22.6**
Current trade and other payables		
Outstanding money transmission liabilities	162.3	141.2
Wise accounts	4,949.2	3,712.7
Accounts payable	2.4	3.1
Accrued expenses	36.1	23.1
Deferred revenue	4.2	3.2
Other payables	20.8	7.9
Total current trade and other payables	**5,175.0**	**3,891.2**

Note 13. Borrowings

	As at 30 September 2021	As at 31 March 2021
Current		
Lease liabilities	4.0	3.5
Total current borrowings	**4.0**	**3.5**
Non-current		
Revolving credit facility	78.2	78.6
Lease liabilities	16.2	16.6
Total non-current borrowings	**94.4**	**95.2**
Total borrowings	**98.4**	**98.7**

Debt movement reconciliation:

	Revolving credit facility	Lease liabilities	Total
As at 31 March 2021	**78.6**	**20.1**	**98.7**
Cash flows:			
Proceeds	43.0	-	**43.0**
Transaction costs related to revolving credit facility	(0.7)	-	**(0.7)**
Repayments	(43.0)	(1.7)	**(44.7)**
Interest expense paid	(1.3)	(0.5)	**(1.8)**
Non-cash flows:			
New leases	-	1.6	**1.6**
Interest expense accrued	1.6	0.5	**2.1**
Foreign currency translation differences	-	0.2	**0.2**
As at 30 September 2021	**78.2**	**20.2**	**98.4**

All amounts are in £ million unless otherwise stated

In August 2021, the Group exercised an accordion within the current revolving credit facility. An additional £52m was secured from Barclays Bank plc, Goldman Sachs Lending Partners LLC and Morgan Stanley Senior Funding Inc. The currency denomination, maturity date, interest rate, covenant and security terms of the revolving credit facility remain consistent with that disclosed in the 2021 Annual Report and Accounts. The Group has complied with the covenants throughout the reporting period. The undrawn amount of the facility as at 30 September 2021 was £132.0 million (31 March 2021: £80.0 million).

During the half-year ended 30 September 2021 the effective interest rate on the relevant facility was between 2.8% and 3.0%.

Note 14. Cash generated from operating activities

		Half-year ended 30 September	
	Note	**2021**	2020
Cash generated from operations			
Profit for the period		12.7	14.6
Adjustments for:			
Depreciation and amortisation	3, 6, 7	11.6	10.5
Non-cash employee benefits expense – share-based payments		21.7	18.1
Foreign currency exchange differences		12.3	(3.6)
Accrued income taxes	5	6.1	5.4
Effect of other non-monetary transactions		3.8	2.6
Changes in operating assets and liabilities:			
(Increase)/decrease in prepayments and receivables		(12.5)	4.3
Increase in trade and other payables		33.2	4.7
(Increase)/decrease in receivables from customers and payment processors		(24.0)	7.6
Increase in liabilities to customers, payment processors and deferred revenue		24.1	15.6
Increase in Wise accounts		1,168.3	932.2
Cash generated from operations		**1,257.3**	**1,012.0**

The tables below show a non-IFRS view of the "Corporate cash" metric that is used by the Group management as a Key Performance Indicator in assessment of the Group's ability to generate cash and maintain liquidity.

Information presented in the tables below is based on the Group's internal reporting principles and might differ from the similar information provided in IFRS disclosures.

All amounts are in £ million unless otherwise stated

	Half-year ended 30 September	
	2021	2020
Cash flows from operating activities		
Profit for the period	12.7	14.6
Adjustments for non-cash transactions	37.9	39.2
Change in corporate working capital	21.5	10.2
Payment of income tax and interest charges	(9.7)	(3.3)
Net cash generated from operating activities	**62.4**	**60.7**
Net cash used in investing activities	**(6.8)**	**(11.1)**
Net cash used in financing activities	**-**	**(26.5)**
Total increase in corporate cash	**55.6**	**23.1**
Corporate cash at beginning of period	**286.1**	**155.1**
Effect of exchange rate differences on corporate cash	2.9	(3.6)
Corporate cash at end of the period	**344.6**	**174.6**

		As at 30 September	
	Note	**2021**	2020
Breakdown of corporate and customer cash			
Cash and cash equivalents and short-term financial investments	10, 11	5,391.0	3,161.3
Receivables from customers and payment processors		72.5	45.3
Adjustments for:			
Outstanding money transmission liabilities and other customer payables		(169.7)	(136.4)
Wise accounts	12	(4,949.2)	(2,895.6)
Corporate cash at end of the period		**344.6**	**174.6**

All amounts are in £ million unless otherwise stated

Note 15. Share capital

	As at 30 September 2021			As at 31 March 2021					
	Wise plc			Wise plc			Wise Payments Ltd		
Class	Nominal value, £	Number of shares	Share capital, £	Nominal value, £ *	Number of shares *	Share capital, £ *	Nominal value, £	Number of shares	Share capital, £
Class A Ordinary	0.01	994,589,856	9,945,899	-	-	-	-	-	-
Class B Ordinary	0.000 000 001	398,889,814	0.40	-	-	-	-	-	-
Ordinary	-	-	-	0.01	433,918,706	4,339,187	0.000 01	16,689,181	166
Seed preferred	-	-	-	0.01	130,364,000	1,303,640	0.000 01	5,014,000	50
Series A preferred	-	-	-	0.01	176,410,000	1,764,100	0.000 01	6,785,000	68
Series B preferred	-	-	-	0.01	73,553,350	735,534	0.000 01	2,828,975	28
Series C preferred	-	-	-	0.01	65,033,436	650,334	0.000 01	2,501,286	25
Series D preferred	-	-	-	0.01	22,662,848	226,628	0.000 01	871,648	9
Series E preferred	-	-	-	0.01	39,911,482	399,115	0.000 01	1,535,057	15
Total		**1,393,479,670**	**9,945,899**		**941,853,822**	**9,418,538**		**36,225,147**	**361**

* The share capital presented reflects the share capital structure of Wise plc as if it had been the ultimate parent of the Group as of the comparative date.

On 22 June 2021, in connection with the preparation for the direct listing on the London Stock Exchange, Wise Payments Ltd undertook a share reorganisation in which all shares (ordinary and preference) were redesignated into a single class of A Ordinary Shares. Following which, each Class A Ordinary Share was split into 26 Class A Ordinary Shares. Wise Payments Ltd then undertook a bonus issue of B Ordinary Shares.

On the same day and following the above share reorganisation, Wise Payments Ltd shareholders entered into a share-for-share exchange agreement with the shareholders of Wise plc, acquiring Wise Payments Ltd's Class A and Class B Ordinary Shares with nominal values of £0.000 01 and £0.000 000 001, in exchange for the issue of Wise plc Class A and Class B Ordinary Shares with nominal values of £0.01 (i.e. 1,000 times greater than the nominal value of Wise Payments Ltd's Class A shares) and £0.000 000 001, respectively. As a result, Wise plc became the ultimate parent company of the Group, with a 100% indirect investment in Wise Payments Ltd through Wise Financial Holdings Ltd.

Each Class A Ordinary shareholder is entitled to one vote for each Class A Ordinary share held, subject to any restrictions on total voting rights as set out in the Company's articles of association. Class A Ordinary shareholders are entitled to interim or annual dividends to the extent declared and do not hold any preferential rights to dividends. Class A Ordinary shares are non-redeemable.

Each Class B shareholder is entitled to nine votes for each Class B share held, subject to any restrictions on total voting rights as set out in the Company's articles of association. Class B shares carry no rights to distributions of dividends except on distribution of assets, up to their nominal value, on a liquidation or winding up. Class B shares are strictly non-transferable, non-tradeable and non-distributable to any person or entity whatsoever.

Note 16. Share-based employee compensation

The nature, accounting policies and key terms of the employee share option plan remain consistent with that disclosed in the 2021 Annual Report and Accounts, unless stated otherwise below.

After the reorganisation of the Group, as described in notes 1 and 15, share options for Wise Payments Limited Ordinary shares were replaced with share options for Wise plc Class A Ordinary shares. The same share-split ratio was applied as for the share capital reorganisation described in note 15.

As the result of the reorganisation, Wise Payments Limited transferred its share-based payment reserves to retained earnings as the obligation to settle share-based payment awards would be with Wise plc. This transfer did not impact consolidated results of the Group following the reorganisation and will be reflected in the standalone financial statements of Wise Payments Limited.

Note 17. Contingencies

The Group does not have any material contingencies as at 30 September 2021 and 31 March 2021.

Note 18. Transaction with related parties

Kristo Käärmann and Matthew Briers are currently employed under service agreements with the Company. Taavet Hinrikus is currently employed under a service agreement with Wise Payments Ltd. 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.

David Wells, Ingo Uytdehaage, Clare Gilmartin and Hooi Ling Tan receive a nominal fee of £1 per annum as remuneration for their duties for the Company. Alastair Rampell received no fee in relation to his duties for the Company.

There were no other related party transactions which had a material impact on these condensed interim financial statements.

Note 19. Alternative performance measures

The alternative performance measures ("APMs") used by the Group remain consistent with those disclosed in the 2021 Annual Report and Accounts of the Group and should be viewed as supplemental to, but not as a substitute for, measures presented in the financial statements which are prepared in accordance with IFRS.

All amounts are in £ million unless otherwise stated

Reconciliation of Free Cash Flow and Adjusted EBITDA to profit for the period

	Half-year ended 30 September	
	2021	2020
Profit for the period	**12.7**	**14.6**
Adjusted for:		
Income tax expense	6.1	5.4
Finance expense	2.5	2.1
Depreciation and amortisation	11.6	10.5
Share-based payment compensation expense	20.6	18.0
Exceptional items	7.1	-
Adjusted EBITDA	**60.6**	**50.6**
Revenue	256.3	192.2
Adjusted EBITDA margin	**23.6%**	**26.3%**
Corporate cash working capital change excl. collaterals	22.7	5.3
Adjustment for exceptional and pass-through items in the working capital	(15.8)	-
Payments for lease liabilities	(2.2)	(2.4)
Capitalised expenditure - Property, plan and equipment	(3.2)	(1.1)
Capitalised expenditure - Intangible assets	(3.1)	(10.1)
Free cash flow (FCF)	**59.0**	**42.3**
FCF conversion (FCF as a % of Adjusted EBITDA)	**97.4%**	**83.6%**

Exceptional items: Exceptional items are the items of income or expense that the Group considers to be 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 include costs associated with the changes in the Group's organisational structure and direct listing.

Note 20. Events occurring after the reporting period

On the date of this report the Company announced the intended issuance of 30 million class A ordinary shares of £0.01 each in the capital of the Company, with such shares to be allotted by the Company to the trustee of the Company's employee benefit trust for nominal value, for the purpose of satisfying the vesting of awards under the Company's employee share plans. The shares, when issued, will be issued fully paid and rank pari passu in all respects with the existing issued class A ordinary shares of the Company.

Principal risks and uncertainties

The principal risks and uncertainties that the Group faces for the rest of the financial year are consistent with those previously reported in the 2021 Annual Report and Accounts and include:

Strategic risk - The risk that Wise does not successfully execute on its mission, or its business model is not sustainable over the long-term. The Group faces a number of risks that may impact its growth, including competition risk, macro-economic risk, expansion risk and legal and regulatory risk.

Operational risk - The risk of loss resulting from inadequate or failed internal processes and systems, financial crime, people risks and risks from external events. The Group faces a range of operational risks which can impact its profitability and reputation with customers, including information security risk, data privacy risk, IT infrastructure risk, key third-party risk, financial control risk, fraud risk and people risk.

Financial risk - The risk that Wise fails to have adequate financial resources, including solvency risks and its ability to meet its payment obligations. The Group faces a range of financial risks which can impact its profitability, capital and liquidity position, including market risk, credit risk, prudential risk, financing risk and tax risk.

Compliance risk - The risk of incorrect interpretation, implementation, and compliance with regulatory requirements applicable to Wise. The Group is subject to an evolving range of regulatory, legal and tax requirements. Its failure to meet these requirements, or significant changes in these regimes, can have an impact on its business.