

Operator

Good day and thank you for standing by. Welcome to the Flywire fourth quarter 2025 earnings conference call. At this time, all participants are in a listen-only mode. After the speakers presentation, there will be a question-and-answer session. Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today Masha Kahn, VP Investor Relations. Please go ahead.

Unverified Participant

Thank you and good afternoon. With us on today's call are Mike Massaro, Chief Executive Officer; Rob Orgel, President Chief Operating Officer and Cosmin Pitigoi, Chief Financial Officer. Our fourth quarter 2025 earnings press release, supplemental presentation and when filed, Form 10-K can be found at ir.flywire.com. During the call we'll be discussing certain forward-looking information. Actual results could differ materially from those contemplated by these forward-looking statements unless otherwise mentioned. All financial measures discussed on this conference call are non-GAAP.

Please refer to our press release and SEC filings for more information on the risks regarding these forward-looking statements that could cause actual results to differ materially and the required disclosures and reconciliations related to non-GAAP financial measures. Please refer to our press release and SEC filings for more information on the risks regarding these forward-looking statements that could cause actual results to differ materially and the required disclosures and reconciliations of any non-GAAP financial measures. This call is being webcast live and will be available for replay on our website.

I would now like to turn the call over to Mike Massaro.

Unverified Participant

Thank you, Masha, and thank you all for joining us here today. Before **we share more details about an outstanding quarter across all our operating metrics**, I want to step back and revisit the progress we've made, the structural advantages of our model, and how we've positioned Flywire for continued durability and growth. Since our IPO nearly five-years ago, we've scaled Flywire into a diversified, resilient and increasingly profitable business. **We have grown across multiple verticals and geographies**, expanded margins, reached GAAP net income profitability and continue to generate increasing levels of free cash flow, all while navigating significant macro disruption across payments, software in global education and travel markets.

That progress reflects consistent execution against a deliberate strategy designed to

leverage our competitive strengths, deepen our moat, and deliver long-term shareholder value. Our strategy remains just as relevant and differentiated today as it has ever been. At our core, Flywire operates across multiple industries, but we execute a single scalable playbook. We embed deeply into mission critical financial workflows, solve complex payments end-to-end, and expand over time as clients turn to us for more of their critical operations. A defining characteristic and key competitive advantage of our business is the complexity of the environments in which we operate. We specialize in large value cross-border receivables in highly complex verticals, where payments must be processed with precision compliance and full reconciliation. This complexity creates real barriers to entry and allows us to embed deeply within systems of record in core financial workflows of our client.

Once embedded expansion becomes a natural motion, we process a greater share of payment volume and attach value added software that improves client outcomes. Creating a Flywire **that reinforces our position in value to our clients over time**. Today, approximately 90% of our education revenue and over 70% of our travel revenue come from enterprise clients, which we define as **clients generating more than \$100,000 in the last 12 months** revenue, with more than 100 direct integrations into ERP and vertical systems, including over 70 in education alone. We are embedded into the operational fabric of our clients. As a result, revenue churn across education and travel was **below 1%** last year.

This advantage compounds through our proprietary global payment network, which supports transactions across more than 240 countries and territories in over 140 currencies, and through more than 1,200 local payment methods fully integrated into enterprise platforms. That infrastructure is difficult to replicate and becomes more valuable with scale, as our volumes grow. Our routing intelligence compliance capabilities and localized economics improve, access to direct relationships with China UnionPay, leading Indian banks and in-country accounts across markets such as Vietnam, Mexico and Brazil are just a few examples of our network in action. These specialized partnerships allow us to localize payment flows and deliver outcomes that generic providers cannot.

As AI-adoption accelerates, we believe value will increasingly concentrate in platforms that already control trusted financial workflows and proprietary transaction data. Flywire operates at that control point, where data, compliance, workflow and transactional execution intersect. We are embedding automation and AI-across routing, reconciliation, compliance and our client facing software. **Enhancing productivity** and lowering friction. While the underlying system of record remains ours. The takeaway is simple, Flywire delivers an end-to-end embedded receivables platform, not a standalone payment solution or point software tool. We are structurally integrated in the mission critical workflows of our clients where reliability, compliance, trust and scale matter most.

That structural position translates into measurable, consistent outcomes, durable

client relationships, expanding gross profit per client over time and increasing lifetime value. Our competitive position continues to strengthen not because of market cycles, but because of how deeply we are embedded in enterprise systems in the industries we serve. These advantages are durable. They do not fluctuate quarter-to-quarter, they compound as we scale. With that proven foundation established. Let me now shift to how we are extending our advantage. Balancing revenue growth with gross profit expansion, margin progression, and disciplined capital allocation.

As CEO, I'm focused on three core metrics. First, revenue and **gross profit dollar growth**. Together, **they reflect demand for our platform, the durability of our client relationships, expansion of payment volume over time, and the incremental value** created through software adoption across verticals and geographies. Second EBITDA margin progression. Over the last three years, **we've increased adjusted EBITDA margins from nearly 6% to 20%**. This reflects the scalability of our operating model and our ability to grow profitably while driving disciplined operating leverage, including continued discipline around stock-based compensation and dilution. **Third, multiple-year annual free cash flow growth**. Free cash flow generation and capital efficiency are central to how we think about long-term shareholder value. Over the past several years, **we have meaningfully inflected and scaled free cash flow from \$5 million in 2021 to \$62 million in 2025**. Together, these metrics define how we run Flywire and how we allocate capital. As we have scaled, **we have deliberately shifted from a pure revenue lens towards gross profit growth margin expansion**, GAAP profitability, free cash flow generation and capital efficiency. That shift reflects the strength and maturity of our business model.

With that context, we continue to transform Flywire into a more scalable and efficient company. This transformation is structural, not cyclical. **We are strengthening the core drivers of our business pricing**, routing, productivity, capital allocation, so that our performance is powered by execution, not external conditions. Our execution is anchored around three operating priorities that reinforce our strategy and support durable value creation. First, accelerating product and platform innovation. We are not focused on incremental features. We are focused on solving high value problems, deeper in client workflows. We are consolidating our platforms into a unified, modular architecture where core services like payments, FX, risk and compliance are shared across verticals. This build once deploy everywhere model increases **development velocity improves, durability and supports margin expansion** as we scale.

Second, building a scalable enterprise growth engine. We are increasingly focused on larger clients, higher value deals and repeatable vertical playbooks that **we are successfully** executing across geographies. Flywire already operates as a global platform with deep local integrations and payment infrastructure across major markets. That means we can scale efficiently within our existing footprint and capture a significant portion of our global TAM. **This is driving measurable improvements in pipeline creation**, sales productivity and lifetime value per client while strengthening revenue, durability and expanding unit economics. As a result, our go-to-market model is

becoming structurally more efficient and globally scalable, supporting durable growth and long-term margin expansion.

Third, accelerating our internal transformation. Scaling the company through data automation and high performing teams. We are building a unified data architecture, automating core internal processes and deploying AI-enabled decision support across the business. Our transaction data, reconciliation data and workflow data are all strategic assets, not just reporting tools. They improve routing economics, reduce manual intervention, enhance risk management, and accelerate innovation. The impact is clear in our financial results. From 2022 to 2025. **Revenue has compounded at approximately 31% annually, with gross profit growth only slightly below revenue.** While **non-GAAP operating expenses have grown just 17%**. That spread reflects operating leverage driven by systems, automation and execution discipline rather than short-term cost reductions. At the same time, we are strengthening high performing teams with clear accountability and strong pay for performance culture. **The combination of proprietary data, automation and operational discipline enables us to scale revenue and gross profit without proportionate cost growth.**

Together, these pillars reinforce one another. They enable faster innovation, more efficient execution, in disciplined scaling, while staying aligned with the outcomes that matter most to clients and long-term shareholders. You see this reflected in financial outcomes that matter. Expanding EBITDA margins, sustained GAAP profitability, and growing free cash flow, even amid **macro headwinds**. As AI-adoption accelerates, we believe our AI will amplify platforms that already control trusted financial workflows and proprietary data. The winners in the agentic era will combine innovation with end-to-end workflow ownership, embedded data, measurable ROI and disciplined capital allocation. Because we own the workflow, the reconciliation layer, and the underlying transactional data across complex and highly regulated verticals, we believe **Flywire structurally positioned to be** one of those winners. Together, these priorities are reinforcing Flywire structural advantages and positioning us to scale efficiently, expand margins, and capture our global market opportunity.

With that context, Rob will walk you through, our go-to-market execution is driving this model across our verticals.

Unverified Participant

Thank you, Mike. I'll focus on how our go-to-market execution is driving durable, efficient growth across the business. Our go-to-market engine is built around deep vertical expertise. We organize our teams around specific industries, develop specialized integrations, and embed directly into the systems and workflows our clients rely on every day. This vertical specialization allows us to solve complex financial workflow challenges and positions Flywire as a long-term infrastructure partner rather than a transactional provider. **This model continues to scale effectively.** In 2025, we signed approximately 750 net new clients. **This reflected strong demand across our verticals**

and geographies with solid new logo momentum as we exited Q4 2025. That 750 net new clients, a number of which are named in our earnings supplement, exclude additional properties added through certify, invoiced only software clients and upsells across our existing client base. Because Flywire is deeply embedded in mission critical workflows, **our client relationships are highly durable. Revenue churn across our core verticals remains below 1%**, reflecting the strength of our integrations and the long-term value we deliver.

Education remains a strong example of our expansion led model. Growth in EDU is driven primarily by expansions within our existing client base, supported by adoption of our Student Financial Software, broader full suite deployments and deeper ERP integrations. **We are seeing particularly strong momentum in the US, where projected ARR from signed SFS deals grew** more than threefold year-over-year. This reflects accelerating demand as institutions modernized financial infrastructure and demonstrates the increasing efficiency of our sales engine.

In the UK, **growth** is driven by deeper integrations, including SFS deployment and expansion of coverage of domestic tuition and accommodation payments. **We remain early in full platform penetration, but continue to make progress with full suite wins at University of Cumbria** and the University of the West of England. As previously mentioned, we are working on our SFS support for Oracle Fusion and expect to have our initial UK launch clients signed in live this year.

We are also seeing strong growth outside our traditional big four markets, with more than 50% of new education clients signed in 2025 coming from outside those countries. And **revenue from these markets growing more than 30%** year-over-year. Beyond education, our vertical expertise continues to drive strong growth across the business. In Travel, Flywire's purpose built platform allows travel providers to streamline global payment workflows and improve operational efficiency. Clients such as Villa Finder, a leading villa rental platform in Asia, serving a highly international client base selected Flywire to modernize their global payment infrastructure and fully integrate payments into their booking workflows. **This win highlights the strength of our vertically specialized platform** and its ability to support complex cross-border travel providers at scale.

Since acquiring Sertifi, **we have increased the number of properties served and payment volume has nearly doubled** year-over-year, driven primarily by higher attachment within the installed base. As we continue to make progress on integrating contracting, booking workflows and Flywire payments into a unified platform, we expect to see continued cross-sell and international expansion opportunities. In healthcare, we tailor our integrated solutions to the complexity of each health system, particularly those running Epic or Cerner, as their core EHR platform. Success in this market requires deep domain expertise, integrations across pre-service, point of service and post-service workflows, seamless patient and administrative experiences and payment excellence.

During the quarter, **we signed Jackson Health System, an integrated health network based in the Southeast, alongside several mid-sized and community hospital wins.** We are also progressing through the phased rollout at Cleveland Clinic. Initial payment processing components are live with additional phases, including our robust patient financial experience solution expected to rollout in Q2. In B2B, **we are seeing strong adoption of our integrated software and payments platform.** As businesses modernize their invoice to cash workflows. Increasingly, **new Flywire B2B clients are adopting both software and payments from day one,** strengthening workflow embedment and improving long-term monetization and retention. Our Invoiced platform already delivers enormous automation to the accounts receivable process, but will shortly be introducing new AI-powered features **that amplify the power of the platform for our clients** and further streamline its implementation.

As Mike mentioned, **enterprise clients represent the majority of our revenue and provide significant expansion opportunities due to the depth of integration and breadth of workflows we support.** At the same time, our go-to-market engine is becoming structurally more efficient. **Pipeline creation entering 2026 increased by approximately 35% year-over-year,** reflecting strong demand and improved market positioning. **Sales productivity continues to improve,** and we are generating significant more ARR per sales rep than in prior years. These productivity gains are translating into meaningful operating leverage in 2025 signed **ARR grew** over 35% year-over-year and that's excluding the impact of large payment processing contracts in healthcare. This ARR growth reflects strong underlying sales momentum across our core verticals.

From 2022 to 2025, **sales and marketing expenses declined from approximately 25% to approximately 20% of revenue,** all while delivering significant yearly revenue and gross profit growth. This demonstrates the scalability and efficiency of our go-to-market model. Stepping back, our go-to-market engine is delivering durable, efficient growth driven by vertical expertise, deep workflow integration and expansion within our existing client base. This model strengthens revenue durability increases gross profit per client, and supports continued operating leverage as we scale.

With that, I'll turn it over to Cosmin.

Unverified Participant

Thanks, Rob. I'll cover our financial performance, margin dynamics and our outlook on profitability and capital allocation. Starting with Q4 performance in a year that demanded, agility and discipline, **we finished with strength. We delivered Q4 revenue almost 8 points above the midpoint of our guidance** while continuing to expand EBITDA margins, outperforming consensus expectations. Importantly, performance was broad based across verticals and geographies, reflecting disciplined execution and the durability of our diversified model. Starting with our top line performance. **Revenue was \$152.7 million, growing 32.6% on an FX-neutral basis.** FX-neutral organic growth, excluding Sertifi was 20%. The guidance beat was primarily driven by strength in the

healthcare payment processing ramp, followed by travel, as well as better than expected macro conditions across many of our education markets. On a reported basis, foreign exchange contributed a 270 basis point tailwind relative to Q4 of the prior year.

Transaction revenue increased 33%, driven by 42% growth in transaction payment volume continued contribution from education as well as travel. Quarter-to-quarter, you may see variation in blended yield due to mix. For example, higher domestic volume or greater credit card penetration, which naturally carry different economics than cross-border effects. Importantly on a like-for-like basis, **pricing remains stable and competitive behavior continues to be disciplined**. Our spreads reflect the value we deliver, compliance, reconciliation, ERP integrations and enterprise grade infrastructure rather than commodity payment processing. **Platform and other revenues grew organically with the inclusion of Sertifi and continued momentum in healthcare, patient affordability solutions contributing to 50% year-over-year growth, platform related volumes increased 11%**.

Adjusted gross profit was \$93.7 million, up nearly 24% year-over-year. Adjusted gross margin was 61.3% reflecting mix and ramp dynamics, as well as roughly 2 points of FX-settlement pressure versus a benefit last year. Excluding FX and payment processing ramp activity, **the normalized mix driven margin decline** was within our expected roughly 200 basis points annual range. As we attach payments, **we deepen monetization and expand lifetime value, even when gross margin percentage shifts with mix, as evidenced** this quarter. **Gross profit dollars increase and those incremental dollars carry minimal incremental operating expenses.** That operating leverage drove EBITDA to scale faster than revenue. **Adjusted EBITDA margin was 16.6% in Q4, expanding 190 basis points year-over-year and exceeding guidance.** Our objective remains clear operating expenses must grow more slowly than gross profit. We are simplifying and modernizing our architecture, consolidating platforms, eliminating tech debt, automating workflows and optimizing routing economics. We are making a focused near-term investment to build a unified end-to-end data foundation designed for an agentic AI future, by embedding AI-directly into our existing infrastructure. **We are strengthening the platform today, while expanding structural operating leverage over time.**

For the full year we generated \$13.5 million in GAAP net income and expect to build on that profitable as we scale. **Our balance sheet remains strong with a \$200 million net cash position.** Since launching our repurchase program, we have deployed \$118 million towards share buybacks with approximately \$180 million remaining authorized under the program. **Diluted weighted average shares outstanding declined** year-over-year as share repurchases more than offset dilution, resulting in negative net dilution for 2025. Our capital allocation priorities remain unchanged with continued focus on growth and disciplined share buybacks, especially at current dislocated valuation levels.

Turning to 2026 guidance, starting our full year revenue, **we've seen the strong momentum from Q4** continue into Q1. We expect approximately 15% to 21% FX-neutral

revenue growth, including roughly 2 points from B2B migrations and the Cleveland Clinic ramp and approximately 1 point from inorganic contribution as we lap the Sertifi acquisition. First, some guidance context around our margin dynamics and macro assumptions. As those payment processing programs scale, **they create temporary mix pressure**, particularly in gross profit margin due to early stage ramp economics. As a result, we expect **adjusted gross profit margin to decline approximately 200 to 300 basis points** year-over-year, excluding the impact of these payment processing ramps. We would expect **gross profit margin dynamics to be closer to the lower end of that range**, roughly in line with our historical approximately 200 basis point annual mix driven shift as software and payments scale together.

As discussed, **our focus is balanced around expanding gross profit dollars for 2026 at spot rates, we expect gross profit dollar growth in the mid-teens**. Importantly, **the incremental pressure from ramp activity** is temporary and largely complete by the end of 2026. As we move beyond the ramp phase and into 2027, we expect **margin dynamics to normalize towards the 100 to 200 bps annual decline** and reflect steady state mix and demand. From a macro perspective, our 2026 outlook reflects a prudent set of country level assumptions. **We have modeled US first year visas down approximately 30%, Canada down 10%**, and flat visa issuance in the UK and Australia. In the US, total education revenue is expected to grow low-single digits, with cross-border modestly down under our visa assumptions, more than offset by domestic strength and continued SFS penetration. In Australia **we're assuming flat visa volumes and expect modest low single-digit revenue growth driven by continued strong execution and expansion within our existing client base**. While closely monitoring tighter visa requirements for Indian students.

In Canada, despite **the visa headwinds**, given new client additions and continued expansion into domestic payments, expecting education revenue growth to exceed 10% year-over-year, reflecting the impact of new contracts signed last year, EMEA and UK education revenue growth is expected at or above company average. Importantly, **our guidance does not assume a rebound in global student mobility. Growth is driven by share gains** SFS expansion and deeper enterprise penetration.

Moving to margin guidance, we have now crossed the 20% mark on a full year basis. We expect approximately 150 to 350 basis points of EBITDA margin expansion reaching 22.5% at the midpoint of our guidance. Since 2022, we've scaled revenue while reducing operating expense intensity across every major category. Sales and Marketing declined from 24.8% to 20.1% of revenue, reflecting higher annual contract value platform deals and improved productivity. Technology and development declined from 13.7% to 8.3%, driven by platform consolidation and greater engineering efficiency. **Our expense leverage reflects productivity gains**, not reduced ambition. We continue to fund product engineering data and enterprise expansion where **we see strong return on investment**.

General and administrative declined from 24% to 15.8%, supported by automation and system simplification. As we invest behind our accelerated data strategy and digital

transformation, advanced analytics and AI, these investments sit within G&A, but function as enterprise infrastructure, strengthening data architecture, automation and risk management across the platform. **Our guidance assumes some deceleration in revenue growth from the first half to the second half, primarily due to more difficult year-over-year comparisons in the second half of 2026.** And the timing of ramp related contributions. And as we remain prudent, given the dynamic macro. Margin expansion, however, is expected to be more pronounced in the second half, given normal seasonality and it's operating leverage flow through the model.

Looking beyond this year, **we continue to invest for growth while scaling gross profit dollars** faster than operating expenses. That operating discipline underpins our confidence in achieving 24% to 25% adjusted EBITDA margin for 2027. For 2026, we are focused on efficiently converting every dollar of adjusted EBITDA into sustainable free cash flow after normalizing our historical conversion rate to remove one-time items. We expect conversion in the 70% to 75% range. Importantly, our equity program is directly aligned with our pay for performance culture. As a result, dilution remains disciplined and performance based and is increasingly offset by growing free cash flow and opportunistic repurchases. Equity compensation is tightly aligned with long-term shareholder value, and we carefully manage both growth, equity issuance and net dilution. Our goal is to limit growth dilution and maintain net dilution at approximately 3% over time, while continuing to reduce stock based compensation as a percent of revenue, with the target of approximately 10% in 2026.

Finally, as a result of this focused discipline on profitability, we expect **GAAP net income to grow approximately 3 times to 4 times versus 2025. Our objective remains durable free cash flow growth** supported by disciplined expense management and capital allocation. For Q1 2026, at the midpoint of guidance, **we expect approximately 28% FX-neutral revenue growth and a 225 basis points of margin expansion. Revenue growth** includes a 7 point contribution from lapping the Sertifi acquisition, as well as approximately 3 points to 4 points from the payment processing ramp. At current spot rates, we expect a 4 point to 5 point FX-tailwind in the quarter. Q1 includes multiple tailwinds, that will moderate as the year progresses, particularly as we lap the Sertifi acquisition and payment processing ramps from healthcare and Invoiced clients.

Gross profit dollar growth is expected in the 20% to 22% range at spot rate, with approximately 7 points of that growth attribute able to Sertifi consistent with its contribution to revenue. In summary, in 2026, we expect to demonstrate the durability of our diversified platform, the scalability of our operating model, and our continued commitment to disciplined capital allocation. We remain focused on driving sustainable growth and expanding profitability over time. Stepping back after more than two decades, working through major data and technology transformations. And moments like this are rare. The work we've done to modernize our systems, simplify our architecture, and build a unified data foundation is not just an efficiency program. It positions us to participate fully in the next wave of intelligent, AI-driven software from a place of architectural strength and financial discipline. What excites me most is that we

are building a company designed to compound over time.

I'll now turn it back to the operator for questions.

QUESTION AND ANSWER SECTION

Operator

Our first question comes from Nate Svensson with Deutsche Bank Securities. Your line is open.

Unidentified speaker

Question – Unidentified speaker: Hey, guys. Thanks for the question and nice results. Just on the guidance, some of the macro assumptions, I think the prudent approach, as you put it, Cosmin is the right one to take, but just kind of wanted to dig down into the assumptions in the US and Australia. So I guess I'll just ask both of them. So in the US you're assuming visas down 30%. Obviously we aren't getting F1 data anymore, but based on some recent reports, **that seems like a pretty material step down in 2026 relative to 2025.** And I guess relative to that Common App Data you called out in the slides. So I just wanted to ask if there's anything you're seeing or hearing that makes you think **things are maybe getting worse** versus how much of this is, you know, prudence or conservatism. And then in Australia you're assuming flat visas, but **you also called out 9% growth in places for new international students.** So just again, trying to hope **you can break down the delta between that 9% increase in new places and the flat visa growth.**

Answer – Unidentified speaker: Yeah. No, thanks, Nate. Yeah, I'd say the summary is. Yeah, you know, trying to be prudent. Obviously, we've we've seen this, you know, a very dynamic, you know, environment in both of those markets in the US. Look, we've we've seen we don't have external data yet. But just looking at our own data last year, you know, looking at first year peers, you know, sort of down in the first in the high-teens. Of course, that is offset for us, as you've heard us talk about, you know, stronger retention and some of the improved or higher tuition kind of sized payments. So there are different dynamics always that play out beyond just visas. But looking at 30% for this year is again trying to be prudent as we look ahead, you know, still early in the year. So not not not necessarily, obviously the same as all of you don't have a lot of data. And we have to wait for the usual peak season later this year to really kind of quantify it.

But so far, you know, just trying to take a prudent approach around the US in particular. And then on Australia again, last year we assumed it was going to be worst. **It turned out to be a lot better** than we thought, not not just the external environment, but also kind of our performance against that. But again, starting out the year early, want to remain prudent around that. So, you know, again, **we're seeing good performance** there,

otherwise in the market as you saw. And the team keeps winning deals and growing above market in both of those markets. **So good, good performance** so far, both in the US and Australia.

Unidentified speaker

Question – Unidentified speaker: Yeah, makes sense and I think the prudent approach is the right one. I guess the follow up I wanted to ask on SFS. I think Rob had some interesting stats in his prepared remarks there. So I think **ARR growing** 3x, if I recall correctly. So just wanted more color on new signings. Maybe impact at 2026 numbers, what the pipeline looks like. And I guess the area and SFS I'm really interested in, like you've talked a lot about the Non-big four success that you're seeing. I think **revenues were up 30%** and I don't think SFS is live outside of the big four. So I guess specifically on that opportunity, can we start to roll SFS out in these new geographies? So kind of a broad based question on SFS, but I'm really interested in the the non-big four opportunity.

Answer – Unidentified speaker: Yeah. So let me start with US, SFS part of your question and then I'll talk non-big four. So look, **it was a very successful year last year for SFS, as we talked about the threefold increase in ARR** signed. We also saw, you know, it was it was about 13 wins for full suite deals over the course of last year that helped build that 3x growth. And **we entered the year feeling very good about our positioning with the product**, very good about the amount of pipeline and deals that look to be opportunities for us in the year ahead. So we've done a lot to improve the caliber of our sales team. We've got great senior leaders around that team and looking forward to a good 2026.

On you said it about right on the outside, the big four. You are right in saying that SFS is not what's driving the success there. Rather that is our core offering of both cross-border and domestic payment capabilities that we are taking around the world. And we do that with sort of the lighter solution than the full SFS. But those markets are very dynamic. **They are seeing lots of student growth and we are very successful in penetrating those markets.** I think the last part of your question was around just sort of SFS expansion. You know, we are focused primarily on the US and UK. There are other opportunities that we'll continue to evaluate around the world, but don't expect us to be focused on those in the near-term.

Operator

Thank you. Our next question comes from Dan Perlin with RBC Capital Markets. Your line is open.

Unidentified speaker

Question – Unidentified speaker: Thanks. Good evening, great results guys. The area I wanted to focus on just briefly, you know, you're talking about winning obviously much bigger deals, more products per kind of these transactions and then higher ARR per deal. You touched on a little bit in the prepared remarks, but I would love to just hear more about that sales motion and and I guess how we should be thinking about all of that rolling through throughout the year as those deals continue to kind of, I guess, come in bigger, bigger ticket sizes. Thanks.

Answer – Unidentified speaker: Yeah Perlin. I mean, it's Rob again here. So you correctly sort of summarize my comments there. **We did see nice growth in overall ARR**, but we also saw growth in average deal size across the business. That would be true across our different verticals. So it's not just in EDU story, but you will see that across other verticals as well. And in all cases, it's partly a function of what we target. We are targeting more clients that would generate larger ARR. We are also targeting, especially in EDU, sort of the full suite presentation of our platform **that combined with our success in the US and the UK**, all of that sort of drives the higher ARR that we've been talking about.

Unidentified speaker

Question – Unidentified speaker: Yeah, that's great. Just a quick follow up. I think over 30% of the business now is going to non-education verticals. I'm just wondering kind of as we sit here today and we think about the diversification going forward, the balance sheet, you've got obviously you're going to put money to work, it sounds like and buyback. But just how are you thinking about M&A opportunities in the context of the way the business is currently structured? Thank you.

Answer – Unidentified speaker: Yeah. Hey, Dan, this is Mike. You know, I would say obviously you've heard us talk. – stock, you know, we think we think our own stocks quite dislocated. So you can expect us to use capital to you know, to buyback stock and continue to be active in the market. You know, clearly, the valuation environment right now is quite dynamic. You've got a huge dislocation between private and public markets. You know, I think for us, we have a core belief that is still our core M&A strategy, which is that we we like to sit in critical workflows. We like that combination of software and payment monetization. And so, of course, we're going to be continuing to monitor companies that fit that profile. But at the same time, we're going to be very disciplined. I mentioned kind of dislocation of our own value in opportunity for capital deployment there. I also think **we have great acquisitions** that we've accomplished in the last 18 months. **We've got synergies** that are playing out quite well there. And so we're going to continue to kind of land those plans and and stay focused on our organic investment plan and then those synergies. So that's probably, I'd say on that.

Operator

Thank you. Our next question comes from Charles Nabhan with Stephens. Your line is open.

Unidentified speaker

Question – Unidentified speaker: Hey, good afternoon, guys. Thank you for taking my question and congrats on the results. I would love to drill into Canada and some of the underlying macro assumptions looks like there's, **you know, pretty wide outperformance versus the visa** -- where the visas are expected to come in next year. And I was hoping to get a little color as to the drivers of that outperformance. And you know, just to broaden that, if we think about the guide, it's about a 6%, 6 point delta from the top to the bottom. Could you maybe talk about could you maybe talk about like the key variables overall in the model? What would lead you to come in at the top versus the bottom end of the range for the year?

Answer – Unidentified speaker: Yeah, Charles, thank you. Two part question. Maybe so I'll start with the first part on Canada. Look, after two years of Canada being down, you know, last year over 50% visas and you're right, **we outperformed that**. Next if **you look at revenue for us last year in Canada was down just a little bit short of the down 30%**. So **we still have done better than the market** both years and that's the accumulation of the work that the team has done to continue winning clients. And we've mentioned that now, as you saw in our expectations going into this year, **visas will be down around 10%**. **You so again, a big reduction still down though with growth up 10%**. And that is driven because of that accumulation of client wins in on the domestic side and just strong execution by that team despite that market being down. So all of that kind of obviously compounds in and starts to drive benefits seeing -- finally seeing Canada now you know on a positive going into going into this year. And then as far as your question about overall guidance, you know, look at the high end of that range, I would say, you know, you would you would be looking at things like macro being a little bit better, continuing some of those ramps that we talked about, you know, across a lot of large, large clients that we've talked about that could also drive some of that upside. And just, **you know, general strength** in the, you know, execution in the overall business. So and, **you know, similarly kind of on the downside of some macro** remains something that we're watching but I would say we've you know as you've noticed we've captured most of that quite well and taken a very prudent approach to the overall. So with all the you know, the midpoint, as **you know, is a solid a solid starting point**.

Unidentified speaker

Question – Unidentified speaker: Got it. Appreciate all the color. Thank you for taking my question.

Operator

Thank you. Our next question comes from James Faucette with Morgan Stanley. Your line is open.

Unidentified speaker

Question – Unidentified speaker: Hi, guys. It's Michael Infante on for James. Thanks for taking our question. Apologies if I missed it in the prepared in the prepared remarks, but any color you can share on what's embedded in the outlook from a travel perspective, both including and excluding Sertifi and maybe how you're thinking about, you know, resource allocation, the travel to sustain the growth that you guys saw in 2025.

Answer – Unidentified speaker: Yeah, no, look, high level, we continue to believe travel will grow at or above company average. **So solid growth for the year** and again it's a it's a large large and growing as you saw share of the overall business. And that's really both on the Sertifi side where **we continue to see strong performance**. And in that business, you know, obviously the payment the payment monetization side, as we talked about seeing that performing well, but also our, you know, legacy luxury travel business is doing is doing well. And so overall, I'd say, you know, **travel continues to be a big growth driver for us**. And look, obviously, we're excited about all the wins there, you know, adding a lot in terms of new clients. As you saw. You know, we're in terms of investments, **we're growing the sales in that** is one big area of focus for us. You know, as far as investments and then, of course, investing in the overall Sertifi, you know, global expansion. So, you know, definitely a lot of focus in terms of investment dollars around the travel vertical.

Unidentified speaker

Question – Unidentified speaker: That's helpful Cosmin. And then just for my follow up on the Stablecoin topic, you guys have obviously spoken about payment cost there writ large, sort of being in line with some of your lower cost payment modalities. But what are you actually seeing from a demand perspective, if anything, and any key corridors that you would call out there to the extent you are seeing some level of demand? Thanks, guys.

Answer – Unidentified speaker: Yeah, this is Mike. I think we talked late last year on just our initiatives around Stablecoin and getting integrated into the platform and focusing on markets that were, I would say, more volatile currency markets, right. Where we could see payer usage from those areas. And so happy, happy to say that we are live, we are testing demand actively in actually processing payments. And so we'll continue to kind of talk about that in the future and maybe break out a little more details. But right now,

you know, it's a small bit of usage, but we have high hopes it's going to grow. And then I would say the second use case is really an internal one. Like many companies looking at what internal processes we can use from a stablecoin perspective to either settle different currencies quicker, more cost effectively, and our teams are really pursuing both acceptance and internal use of stablecoins.

Operator

Thank you. Our next question comes from Darrin Peller with Wolfe Research. Your line is open.

Unidentified speaker

Question – Unidentified speaker: Hey, thanks, guys. You know, it looks like **gross margins and the monetization rate is a little bit lower**. Just given the progress you're making on domestic payments. And so I think if you could just first give us a little bit more color on what's going well there and what's been it's been an initiative of the companies really since you've been public, but you know, any further acceleration you're seeing there or something sticking more than before. But it looks like **it's obviously going well and to some degree having an impact on the numbers**. And then as you continue to domestic to customers, just how should we be thinking about gross margins this year where they could reasonably normalize?

Answer – Unidentified speaker: Yeah. Thanks, Darrin. So I'll start. And so, look, overall, as we said, you know, although **gross margin is under some pressure** and it's payment processing, it's what the what we're calling out specifically is Cleveland Clinic ramping up and some of the B2B cross-sell from Invoiced. So those are sort of unique and mostly temporary actually playing out this year.

Answer – Unidentified speaker: Yeah.

Unidentified speaker

Question – Unidentified speaker: You know, historically, as you said, domestic, you know, has been one area where the domestic payments piece does create some mix. But look, stepping back, you know, we you've heard me say it and you see it in the supplement. Our spreads are, you know, quite stable over time. That's kind of what we normally look at and that's, you know, just understanding kind of pricing. So stable spreads across, you know, especially our transaction side. But again, as as as we've looked at gross margin, what we really wanted to also include and you saw me even talk about guidance around gross profit dollars. That's really what, you know, ultimately matters in these deals, whether it's domestic deals in the US or in the UK and B2B, as

you saw in our prior disclosures, all of those add incremental gross profit dollars. And as you probably know, they actually add less. They don't you don't have to add a lot of OpEx to that. So then what that does is actually drive incremental EBITDA dollars with it. So look, from a gross margin perspective, again, as we said this year, we're, you know, would be in that 200 to 300 decline range. But if you exclude some of those, you know, the timing of those ramps, we would be back in the kind of, you know, 100 to 200 bps range, you know, which is kind of our historic as you go into next year overall. And again for Q4, you know, I would say one last thing. Just on Q4, you saw **FX also can have an impact**. So in Q4 in particular, one of our impacts was about 2 points or about \$1 million of FX lapping from last year, **which actually drove about two points of decline in Q4** last year just from FX. And another couple of points or so actually from the same payment ramp. So Cleveland Clinic been really well along with B2B. So **those create some additional pressure in Q4**.

Unidentified speaker

Question – Unidentified speaker: Okay. All right. Thanks Cosmin. Maybe just one quick follow up would be your expectations around the potential success of healthcare in 2026. Just following wins you've seen now with Cleveland Clinic. And more broadly, I know you've been trying to put a lot of emphasis in investing back into that segment for at least a year now. And so I'm curious where you see that going.

Answer – Unidentified speaker: Yeah. So Rob, Rob here and obviously we are you know, we've talked explicitly about Cleveland Clinic. And not only is that a big deal for its sort of economics and how it rolls through our numbers, but it's also a big deal in terms of signaling to the rest of the healthcare marketplace. Cleveland Clinic has been kind enough to, you know, talk a bit about what we're doing with them and for them. And that has also gotten out. So if you look at the combination of deals we've already signed both in our core patient financial experience and in the payment processing, **those are very positive**. But you'll also see that in that pipeline expansion that I talked about in my comments, a good piece of that is from healthcare, where **they are also seeing on the backs of recent success** a lot of opportunity opening up for them.

Operator

Thank you. Our next question comes from Ken Suchoski with Autonomous Research. Your line is open.

Unidentified speaker

Question – Unidentified speaker: Hey, good evening. Thanks for taking the question. I want to ask about education just outside of the Big Four, I think I heard **50% of the new**

education client signed came from these markets, revenue up 30%. Can you just talk a little bit more about where these share gains are coming from? You know, how you're organizing the sales team around this effort and just anything on the growth algorithm as to how it might differ versus some of the mature, more mature education markets. Thank you.

Answer – Unidentified speaker: Yeah, I can jump in and start with that. So, you know, the major markets of the next group, the group outside the big four sort of cluster around main markets in Europe and main markets in Asia. Right. So as you think about Europe, you know, France, Germany, Switzerland and, the like Spain as you think about Asia, you start seeing places like Singapore, Malaysia and others that are that are being successful. And so what what's happening is, first of all, those markets are being open to the international students. And what you're seeing is a lot of interest in for regionally as well as interest of people moving around. So as you see patterns evolve, you may find more students and families from Asia choosing to stay somewhere in the region for their international experience. Again, these are not the big four, but the next group that you do see some of that kind of corridor dynamics that we're observing here.

From a Flywire perspective, we're investing in making sure we have good coverage across those markets. So we are present in all those markets. **We have strengthened** capacity in all the places I've named. And **we're seeing good wins in these markets** that are being successful. Places like Singapore and so on that are emerging are places where we're enjoying really, really good client additions.

Unidentified speaker

Question – Unidentified speaker: Great. Thank you Rob. And just I think I heard a comment on just on the payment processing programs ramping. I think you think and Cosmin you might have mentioned that **this is going to hurt the gross profit margin** due to the early stage ramp economics, give a little bit more detail as to as to why it takes some time for that to ramp or just what the economics look like upfront and how that changes over time. Thank you.

Answer – Unidentified speaker: Yeah I think if you think of Cleveland Clinic, for example, but also the B2B Invoiced cross-sell, which already started in Q4, you can see the dynamic kind of starting to play out. And so if you look at the materials and disclosures, that's where **we talked about some of the pressures** that come from. You had a, you know, a larger dollar amount on the revenue side with still some incremental positive gross profit dollars **that naturally puts some pressure on the gross margin**. And we've kind of called that out for this year. You have some of those ramps basically running through most of the first half of the year and then it comes off, you know, in the second half. Now you've also heard Rob in his prepared remarks, talk about the you start start -- we started with Cleveland Clinic in the payment processing and now sort of in Q2, you'll

see us go live with some of the other, **you know, sort of higher margin components of the products** there. So that's, you know, we as we exit this year into next year, we expect **the gross margin kind of profiles to then decline to kind of go back to normalized levels**. But again, we've also provided, **everyone with gross profit dollar growth guidance for the year in that mid-teens with this in mind and also for Q1, obviously strong gross profit growth in the 20% to 22% range**, you know, 7 points from Sertifi. **So still very strong growth** when you look at it from a gross profit dollar growth for these deals. But that's the timing dynamic that kind of plays out in the first half versus second half.

Operator

Thank you. Our next question comes from Tien-Tsin Huang with JPMorgan. Your line is open.

Unidentified speaker

Question – Unidentified speaker: Hey, . Mike, you mentioned private, public market differences. I'm just curious from being opportunistic on the private side, are there assets out there like sort of -- that are on your radar that when you and Rob team are considering and be opportunistic? I'm just curious sort of what the where you are there with you know, what you've done so far of acquisitions and your appetite to do more as they become available.

Answer – Unidentified speaker: Yeah, you know, I would say the strategy still holds. I mean, we think there's you know, we have a proven track record of being able to do this, of driving synergies, post-deal. And again, we really think that intersection of software around the financial transaction and critical workflows and our payment network is a really, really powerful combination. You know, again, I think what makes **it challenging** is there's dislocation. A lot of private companies think, you know, their values are still very high. You know, public companies probably don't think that or most of them don't. And so that **dynamic's a little more challenging**. Our team is always got a great pipeline of targets and is always looking at the market. **The good news for us** is we've got great organic investments and we've got great synergies to continue to execute on. So, you know, we'll be ready. We'll be opportunistic if we see it. And no change in strategy. **You know, just obviously some complexities around valuation**. And, you know, it's really hard to bet against our own stock price right now.

Unidentified speaker

Question – Unidentified speaker: Yeah, that's all fair. Makes sense. But just just quickly, I always like to ask about visibility, not only just guidance, but how you see new sales

looking across all the different businesses. How would you view it today versus this time last year? I would think it's better. I know things change in April last year, but how would you qualify it?

Answer – Unidentified speaker: Yeah, I mean, I think for us, you know, Rob, Rob did a great job just talking about, you know, some of the sales metrics and the go-to-market metrics thing. I'd also just encourage people to realize is the transformation we're doing and has been mentioned about systems, about data, even how we're organized, we're really focused on investing more behind that go-to-market engine. And so sometimes it's increased capacity, sometimes it's the way we organize, the way we deal with contract negotiations, the way we minimize distractions for our sales team, our client facing teams. And what gets me most excited is we're doing all of those things right, which I think is going to continue to help us increase velocity and **it really benefit us across industries across geographies** and so that's what gets me excited, is setting the company up for, you know, going faster and, and doing more.

Operator

Thank you. Our final question comes from Tim Chiodo with UBS. Your line is open.

Unidentified speaker

Question – Unidentified speaker: Great. Thank you. I want to talk a little bit about the mechanics behind optimizing international payment flows, though. My understanding is that this relates to when there is a student going into year two, three, four, they might have opened up a local banking account and all of a sudden their payments are being made more domestic. I was wondering if you could talk a little bit about how do you entice or change the behavior to keep those payments cross-border and running through Flywire on a cross-border basis?

Answer – Unidentified speaker: Right. So big, bigger picture. As you well know, our strategy has always been around moving all the money. Now, one of the reasons why we like to move all the money is you get the opportunity to monetize both domestic and international flows. **Both of those are lucrative for us**, and both of those help us serve the clients better. There is a particular dynamic that I had referred to, all of that, which is that there is a fair bit of payment that shows up through what looks like a domestic channel, but it is in fact from an international payer, oftentimes using an international payment instrument. But it's just been showing up on the domestic payment routing website where we take over all of it. We can make sure that payment gets routed properly. It also means we can make sure that we present to that family the best set of choices they have. It is oftentimes beneficial for them to understand the local payment options we would make available to them actually quite a bit better for them than the choices that they may be making, not realizing what we could be doing for them. So it's an opportunity to better serve the payer. It's certainly an opportunity to better serve the

school. And **it is also beneficial for us.**

Unidentified speaker

Question – Unidentified speaker: Thank you.

Operator

Thank you. This concludes the question-and-answer session and today's conference call. Thank you for participating. You may now disconnect.**rator**

Good day and thank you for standing by. Welcome to the Flywire fourth quarter 2025 earnings conference call. At this time, all participants are in a listen-only mode. After the speakers presentation, there will be a question-and-answer session. Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today Masha Kahn, VP Investor Relations. Please go ahead.

Unverified Participant

Thank you and good afternoon. With us on today's call are Mike Massaro, Chief Executive Officer; Rob Orgel, President Chief Operating Officer and Cosmin Pitigoi, Chief Financial Officer. Our fourth quarter 2025 earnings press release, supplemental presentation and when filed, Form 10-K can be found at ir.flywire.com. During the call we'll be discussing certain forward-looking information. Actual results could differ materially from those contemplated by these forward-looking statements unless otherwise mentioned. All financial measures discussed on this conference call are non-GAAP.

Please refer to our press release and SEC filings for more information on the risks regarding these forward-looking statements that could cause actual results to differ materially and the required disclosures and reconciliations related to non-GAAP financial measures. Please refer to our press release and SEC filings for more information on the risks regarding these forward-looking statements that could cause actual results to differ materially and the required disclosures and reconciliations of any non-GAAP financial measures. This call is being webcast live and will be available for replay on our website.

I would now like to turn the call over to Mike Massaro.

Unverified Participant

Thank you, Masha, and thank you all for joining us here today. Before **we share more details about an outstanding quarter across all our operating metrics**, I want to step

back and revisit the progress we've made, the structural advantages of our model, and how we've positioned Flywire for continued durability and growth. Since our IPO nearly five-years ago, we've scaled Flywire into a diversified, resilient and increasingly profitable business. **We have grown across multiple verticals and geographies**, expanded margins, reached GAAP net income profitability and continue to generate increasing levels of free cash flow, all while navigating significant macro disruption across payments, software in global education and travel markets.

That progress reflects consistent execution against a deliberate strategy designed to leverage our competitive strengths, deepen our moat, and deliver long-term shareholder value. Our strategy remains just as relevant and differentiated today as it has ever been. At our core, Flywire operates across multiple industries, but we execute a single scalable playbook. We embed deeply into mission critical financial workflows, solve complex payments end-to-end, and expand over time as clients turn to us for more of their critical operations. A defining characteristic and key competitive advantage of our business is the complexity of the environments in which we operate. We specialize in large value cross-border receivables in highly complex verticals, where payments must be processed with precision compliance and full reconciliation. This complexity creates real barriers to entry and allows us to embed deeply within systems of record in core financial workflows of our client.

Once embedded expansion becomes a natural motion, we process a greater share of payment volume and attach value added software that improves client outcomes. Creating a Flywire **that reinforces our position in value to our clients over time**. Today, approximately 90% of our education revenue and over 70% of our travel revenue come from enterprise clients, which we define as **clients generating more than \$100,000 in the last 12 months** revenue, with more than 100 direct integrations into ERP and vertical systems, including over 70 in education alone. We are embedded into the operational fabric of our clients. As a result, revenue churn across education and travel was **below 1%** last year.

This advantage compounds through our proprietary global payment network, which supports transactions across more than 240 countries and territories in over 140 currencies, and through more than 1,200 local payment methods fully integrated into enterprise platforms. That infrastructure is difficult to replicate and becomes more valuable with scale, as our volumes grow. Our routing intelligence compliance capabilities and localized economics improve, access to direct relationships with China UnionPay, leading Indian banks and in-country accounts across markets such as Vietnam, Mexico and Brazil are just a few examples of our network in action. These specialized partnerships allow us to localize payment flows and deliver outcomes that generic providers cannot.

As AI-adoption accelerates, we believe value will increasingly concentrate in platforms that already control trusted financial workflows and proprietary transaction data. Flywire operates at that control point, where data, compliance, workflow and transactional

execution intersect. We are embedding automation and AI-across routing, reconciliation, compliance and our client facing software. **Enhancing productivity** and lowering friction. While the underlying system of record remains ours. The takeaway is simple, Flywire delivers an end-to-end embedded receivables platform, not a standalone payment solution or point software tool. We are structurally integrated in the mission critical workflows of our clients where reliability, compliance, trust and scale matter most.

That structural position translates into measurable, consistent outcomes, durable client relationships, expanding gross profit per client over time and increasing lifetime value. Our competitive position continues to strengthen not because of market cycles, but because of how deeply we are embedded in enterprise systems in the industries we serve. These advantages are durable. They do not fluctuate quarter-to-quarter, they compound as we scale. With that proven foundation established. Let me now shift to how we are extending our advantage. Balancing revenue growth with gross profit expansion, margin progression, and disciplined capital allocation.

As CEO, I'm focused on three core metrics. First, revenue and **gross profit dollar growth**. Together, **they reflect demand for our platform, the durability of our client relationships, expansion of payment volume over time, and the incremental value** created through software adoption across verticals and geographies. Second EBITDA margin progression. Over the last three years, **we've increased adjusted EBITDA margins from nearly 6% to 20%**. This reflects the scalability of our operating model and our ability to grow profitably while driving disciplined operating leverage, including continued discipline around stock-based compensation and dilution. **Third, multiple-year annual free cash flow growth**. Free cash flow generation and capital efficiency are central to how we think about long-term shareholder value. Over the past several years, **we have meaningfully inflected and scaled free cash flow from \$5 million in 2021 to \$62 million in 2025**. Together, these metrics define how we run Flywire and how we allocate capital. As we have scaled, **we have deliberately shifted from a pure revenue lens towards gross profit growth margin expansion**, GAAP profitability, free cash flow generation and capital efficiency. That shift reflects the strength and maturity of our business model.

With that context, we continue to transform Flywire into a more scalable and efficient company. This transformation is structural, not cyclical. **We are strengthening the core drivers of our business pricing**, routing, productivity, capital allocation, so that our performance is powered by execution, not external conditions. Our execution is anchored around three operating priorities that reinforce our strategy and support durable value creation. First, accelerating product and platform innovation. We are not focused on incremental features. We are focused on solving high value problems, deeper in client workflows. We are consolidating our platforms into a unified, modular architecture where core services like payments, FX, risk and compliance are shared across verticals. This build once deploy everywhere model increases **development velocity improves, durability and supports margin expansion** as we scale.

Second, building a scalable enterprise growth engine. We are increasingly focused on larger clients, higher value deals and repeatable vertical playbooks that **we are successfully** executing across geographies. Flywire already operates as a global platform with deep local integrations and payment infrastructure across major markets. That means we can scale efficiently within our existing footprint and capture a significant portion of our global TAM. **This is driving measurable improvements in pipeline creation**, sales productivity and lifetime value per client while strengthening revenue, durability and expanding unit economics. As a result, our go-to-market model is becoming structurally more efficient and globally scalable, supporting durable growth and long-term margin expansion.

Third, accelerating our internal transformation. Scaling the company through data automation and high performing teams. We are building a unified data architecture, automating core internal processes and deploying AI-enabled decision support across the business. Our transaction data, reconciliation data and workflow data are all strategic assets, not just reporting tools. They improve routing economics, reduce manual intervention, enhance risk management, and accelerate innovation. The impact is clear in our financial results. From 2022 to 2025. **Revenue has compounded at approximately 31% annually, with gross profit growth only slightly below revenue.** While **non-GAAP operating expenses have grown just 17%**. That spread reflects operating leverage driven by systems, automation and execution discipline rather than short-term cost reductions. At the same time, we are strengthening high performing teams with clear accountability and strong pay for performance culture. **The combination of proprietary data, automation and operational discipline enables us** to scale revenue and gross profit without proportionate cost growth.

Together, these pillars reinforce one another. They enable faster innovation, more efficient execution, in disciplined scaling, while staying aligned with the outcomes that matter most to clients and long-term shareholders. You see this reflected in financial outcomes that matter. Expanding EBITDA margins, sustained GAAP profitability, and growing free cash flow, even amid **macro headwinds**. As AI-adoption accelerates, we believe our AI will amplify platforms that already control trusted financial workflows and proprietary data. The winners in the agentic era will combine innovation with end-to-end workflow ownership, embedded data, measurable ROI and disciplined capital allocation. Because we own the workflow, the reconciliation layer, and the underlying transactional data across complex and highly regulated verticals, we believe **Flywire structurally positioned to be** one of those winners. Together, these priorities are reinforcing Flywire structural advantages and positioning us to scale efficiently, expand margins, and capture our global market opportunity.

With that context, Rob will walk you through, our go-to-market execution is driving this model across our verticals.

Unverified Participant

Thank you, Mike. I'll focus on how our go-to-market execution is driving durable, efficient growth across the business. Our go-to-market engine is built around deep vertical expertise. We organize our teams around specific industries, develop specialized integrations, and embed directly into the systems and workflows our clients rely on every day. This vertical specialization allows us to solve complex financial workflow challenges and positions Flywire as a long-term infrastructure partner rather than a transactional provider. **This model continues to scale effectively.** In 2025, we signed approximately 750 net new clients. **This reflected strong demand across our verticals and geographies with solid new logo momentum as we exited Q4 2025.** That 750 net new clients, a number of which are named in our earnings supplement, exclude additional properties added through certify, invoiced only software clients and upsells across our existing client base. Because Flywire is deeply embedded in mission critical workflows, **our client relationships are highly durable. Revenue churn across our core verticals remains below 1%,** reflecting the strength of our integrations and the long-term value we deliver.

Education remains a strong example of our expansion led model. Growth in EDU is driven primarily by expansions within our existing client base, supported by adoption of our Student Financial Software, broader full suite deployments and deeper ERP integrations. **We are seeing particularly strong momentum in the US, where projected ARR from signed SFS deals grew more than threefold year-over-year.** This reflects accelerating demand as institutions modernized financial infrastructure and demonstrates the increasing efficiency of our sales engine.

In the UK, **growth** is driven by deeper integrations, including SFS deployment and expansion of coverage of domestic tuition and accommodation payments. **We remain early in full platform penetration, but continue to make progress with full suite wins at University of Cumbria and the University of the West of England.** As previously mentioned, we are working on our SFS support for Oracle Fusion and expect to have our initial UK launch clients signed in live this year.

We are also seeing strong growth outside our traditional big four markets, with more than 50% of new education clients signed in 2025 coming from outside those countries. **And revenue from these markets growing more than 30% year-over-year.** Beyond education, our vertical expertise continues to drive strong growth across the business. In Travel, Flywire's purpose built platform allows travel providers to streamline global payment workflows and improve operational efficiency. Clients such as Villa Finder, a leading villa rental platform in Asia, serving a highly international client base selected Flywire to modernize their global payment infrastructure and fully integrate payments into their booking workflows. **This win highlights the strength of our vertically specialized platform** and its ability to support complex cross-border travel providers at scale.

Since acquiring Sertifi, **we have increased the number of properties served and payment volume has nearly doubled** year-over-year, driven primarily by higher

attachment within the installed base. As we continue to make progress on integrating contracting, booking workflows and Flywire payments into a unified platform, we expect to see continued cross-sell and international expansion opportunities. In healthcare, we tailor our integrated solutions to the complexity of each health system, particularly those running Epic or Cerner, as their core EHR platform. Success in this market requires deep domain expertise, integrations across pre-service, point of service and post-service workflows, seamless patient and administrative experiences and payment excellence.

During the quarter, **we signed Jackson Health System, an integrated health network based in the Southeast, alongside several mid-sized and community hospital wins.** We are also progressing through the phased rollout at Cleveland Clinic. Initial payment processing components are live with additional phases, including our robust patient financial experience solution expected to rollout in Q2. In B2B, **we are seeing strong adoption of our integrated software and payments platform.** As businesses modernize their invoice to cash workflows. Increasingly, **new Flywire B2B clients are adopting both software and payments from day one,** strengthening workflow embedment and improving long-term monetization and retention. Our Invoiced platform already delivers enormous automation to the accounts receivable process, but will shortly be introducing new AI-powered features **that amplify the power of the platform for our clients** and further streamline its implementation.

As Mike mentioned, **enterprise clients represent the majority of our revenue and provide significant expansion opportunities due to the depth of integration and breadth of workflows we support.** At the same time, our go-to-market engine is becoming structurally more efficient. **Pipeline creation entering 2026 increased by approximately 35% year-over-year,** reflecting strong demand and improved market positioning. **Sales productivity continues to improve,** and we are generating significant more ARR per sales rep than in prior years. These productivity gains are translating into meaningful operating leverage in 2025 signed **ARR grew** over 35% year-over-year and that's excluding the impact of large payment processing contracts in healthcare. This ARR growth reflects strong underlying sales momentum across our core verticals.

From 2022 to 2025, **sales and marketing expenses declined from approximately 25% to approximately 20% of revenue,** all while delivering significant yearly revenue and gross profit growth. This demonstrates the scalability and efficiency of our go-to-market model. Stepping back, our go-to-market engine is delivering durable, efficient growth driven by vertical expertise, deep workflow integration and expansion within our existing client base. This model strengthens revenue durability increases gross profit per client, and supports continued operating leverage as we scale.

With that, I'll turn it over to Cosmin.

Unverified Participant

Thanks, Rob. I'll cover our financial performance, margin dynamics and our outlook on profitability and capital allocation. Starting with Q4 performance in a year that demanded, agility and discipline, **we finished with strength. We delivered Q4 revenue almost 8 points above the midpoint of our guidance** while continuing to expand EBITDA margins, outperforming consensus expectations. Importantly, performance was broad based across verticals and geographies, reflecting disciplined execution and the durability of our diversified model. Starting with our top line performance. **Revenue was \$152.7 million, growing 32.6% on an FX-neutral basis.** FX-neutral organic growth, excluding Sertifi was 20%. The guidance beat was primarily driven by strength in the healthcare payment processing ramp, followed by travel, as well as better than expected macro conditions across many of our education markets. On a reported basis, foreign exchange contributed a 270 basis point tailwind relative to Q4 of the prior year.

Transaction revenue increased 33%, driven by 42% growth in transaction payment volume continued contribution from education as well as travel. Quarter-to-quarter, you may see variation in blended yield due to mix. For example, higher domestic volume or greater credit card penetration, which naturally carry different economics than cross-border effects. Importantly on a like-for-like basis, **pricing remains stable and competitive behavior continues to be disciplined.** Our spreads reflect the value we deliver, compliance, reconciliation, ERP integrations and enterprise grade infrastructure rather than commodity payment processing. **Platform and other revenues grew organically with the inclusion of Sertifi and continued momentum in healthcare, patient affordability solutions contributing to 50% year-over-year growth, platform related volumes increased 11%.**

Adjusted gross profit was \$93.7 million, up nearly 24% year-over-year. Adjusted gross margin was 61.3% reflecting mix and ramp dynamics, as well as roughly 2 points of FX-settlement pressure versus a benefit last year. Excluding FX and payment processing ramp activity, **the normalized mix driven margin decline** was within our expected roughly 200 basis points annual range. As we attach payments, **we deepen monetization and expand lifetime value, even when gross margin percentage shifts with mix, as evidenced** this quarter. **Gross profit dollars increase and those incremental dollars carry minimal incremental operating expenses.** That operating leverage drove EBITDA to scale faster than revenue. **Adjusted EBITDA margin was 16.6% in Q4, expanding 190 basis** points year-over-year and exceeding guidance. Our objective remains clear operating expenses must grow more slowly than gross profit. We are simplifying and modernizing our architecture, consolidating platforms, eliminating tech debt, automating workflows and optimizing routing economics. We are making a focused near-term investment to build a unified end-to-end data foundation designed for an agentic AI future, by embedding AI-directly into our existing infrastructure. **We are strengthening the platform today, while expanding structural operating leverage over time.**

For the full year we generated \$13.5 million in GAAP net income and expect to build on that profitable as we scale. **Our balance sheet remains strong with a \$200 million net**

cash position. Since launching our repurchase program, we have deployed \$118 million towards share buybacks with approximately \$180 million remaining authorized under the program. **Diluted weighted average shares outstanding declined** year-over-year as share repurchases more than offset dilution, resulting in negative net dilution for 2025. Our capital allocation priorities remain unchanged with continued focus on growth and disciplined share buybacks, especially at current dislocated valuation levels.

Turning to 2026 guidance, starting our full year revenue, **we've seen the strong momentum from Q4** continue into Q1. We expect approximately 15% to 21% FX-neutral revenue growth, including roughly 2 points from B2B migrations and the Cleveland Clinic ramp and approximately 1 point from inorganic contribution as we lap the Sertifi acquisition. First, some guidance context around our margin dynamics and macro assumptions. As those payment processing programs scale, **they create temporary mix pressure**, particularly in gross profit margin due to early stage ramp economics. As a result, we expect **adjusted gross profit margin to decline approximately 200 to 300 basis points** year-over-year, excluding the impact of these payment processing ramps. We would expect **gross profit margin dynamics to be closer to the lower end of that range**, roughly in line with our historical approximately 200 basis point annual mix driven shift as software and payments scale together.

As discussed, **our focus is balanced around expanding gross profit dollars for 2026 at spot rates, we expect gross profit dollar growth in the mid-teens.** Importantly, **the incremental pressure from ramp activity** is temporary and largely complete by the end of 2026. As we move beyond the ramp phase and into 2027, we expect **margin dynamics to normalize towards the 100 to 200 bps annual decline** and reflect steady state mix and demand. From a macro perspective, our 2026 outlook reflects a prudent set of country level assumptions. **We have modeled US first year visas down approximately 30%, Canada down 10%,** and flat visa issuance in the UK and Australia. In the US, total education revenue is expected to grow low-single digits, with cross-border modestly down under our visa assumptions, more than offset by domestic strength and continued SFS penetration. In Australia **we're assuming flat visa volumes and expect modest low single-digit revenue growth driven by continued strong execution and expansion within our existing client base.** While closely monitoring tighter visa requirements for Indian students.

In Canada, despite **the visa headwinds**, given new client additions and continued expansion into domestic payments, expecting education revenue growth to exceed 10% year-over-year, reflecting the impact of new contracts signed last year, EMEA and UK education revenue growth is expected at or above company average. Importantly, **our guidance does not assume a rebound in global student mobility. Growth is driven by share gains** SFS expansion and deeper enterprise penetration.

Moving to margin guidance, we have now crossed the 20% mark on a full year basis. We expect approximately 150 to 350 basis points of EBITDA margin expansion reaching 22.5% at the midpoint of our guidance. Since 2022, we've scaled revenue while reducing

operating expense intensity across every major category. Sales and Marketing declined from 24.8% to 20.1% of revenue, reflecting higher annual contract value platform deals and improved productivity. Technology and development declined from 13.7% to 8.3%, driven by platform consolidation and greater engineering efficiency. **Our expense leverage reflects productivity gains**, not reduced ambition. We continue to fund product engineering data and enterprise expansion where **we see strong return on investment**.

General and administrative declined from 24% to 15.8%, supported by automation and system simplification. As we invest behind our accelerated data strategy and digital transformation, advanced analytics and AI, these investments sit within G&A, but function as enterprise infrastructure, strengthening data architecture, automation and risk management across the platform. **Our guidance assumes some deceleration in revenue growth from the first half to the second half, primarily due to more difficult year-over-year comparisons in the second half of 2026**. And the timing of ramp related contributions. And as we remain prudent, given the dynamic macro. Margin expansion, however, is expected to be more pronounced in the second half, given normal seasonality and it's operating leverage flow through the model.

Looking beyond this year, **we continue to invest for growth while scaling gross profit dollars** faster than operating expenses. That operating discipline underpins our confidence in achieving 24% to 25% adjusted EBITDA margin for 2027. For 2026, we are focused on efficiently converting every dollar of adjusted EBITDA into sustainable free cash flow after normalizing our historical conversion rate to remove one-time items. We expect conversion in the 70% to 75% range. Importantly, our equity program is directly aligned with our pay for performance culture. As a result, dilution remains disciplined and performance based and is increasingly offset by growing free cash flow and opportunistic repurchases. Equity compensation is tightly aligned with long-term shareholder value, and we carefully manage both growth, equity issuance and net dilution. Our goal is to limit growth dilution and maintain net dilution at approximately 3% over time, while continuing to reduce stock based compensation as a percent of revenue, with the target of approximately 10% in 2026.

Finally, as a result of this focused discipline on profitability, we expect **GAAP net income to grow approximately 3 times to 4 times versus 2025. Our objective remains durable free cash flow growth** supported by disciplined expense management and capital allocation. For Q1 2026, at the midpoint of guidance, **we expect approximately 28% FX-neutral revenue growth and a 225 basis points of margin expansion. Revenue growth** includes a 7 point contribution from lapping the Sertifi acquisition, as well as approximately 3 points to 4 points from the payment processing ramp. At current spot rates, we expect a 4 point to 5 point FX-tailwind in the quarter. Q1 includes multiple tailwinds, that will moderate as the year progresses, particularly as we lap the Sertifi acquisition and payment processing ramps from healthcare and Invoiced clients.

Gross profit dollar growth is expected in the 20% to 22% range at spot rate, with approximately 7 points of that growth attribute able to Sertifi consistent with its

contribution to revenue. In summary, in 2026, we expect to demonstrate the durability of our diversified platform, the scalability of our operating model, and our continued commitment to disciplined capital allocation. We remain focused on driving sustainable growth and expanding profitability over time. Stepping back after more than two decades, working through major data and technology transformations. And moments like this are rare. The work we've done to modernize our systems, simplify our architecture, and build a unified data foundation is not just an efficiency program. It positions us to participate fully in the next wave of intelligent, AI-driven software from a place of architectural strength and financial discipline. What excites me most is that we are building a company designed to compound over time.

I'll now turn it back to the operator for questions.

QUESTION AND ANSWER SECTION

Operator

Our first question comes from Nate Svensson with Deutsche Bank Securities. Your line is open.

Unidentified speaker

Question – Unidentified speaker: Hey, guys. Thanks for the question and nice results. Just on the guidance, some of the macro assumptions, I think the prudent approach, as you put it, Cosmin is the right one to take, but just kind of wanted to dig down into the assumptions in the US and Australia. So I guess I'll just ask both of them. So in the US you're assuming visas down 30%. Obviously we aren't getting F1 data anymore, but based on some recent reports, **that seems like a pretty material step down in 2026 relative to 2025**. And I guess relative to that Common App Data you called out in the slides. So I just wanted to ask if there's anything you're seeing or hearing that makes you think **things are maybe getting worse** versus how much of this is, you know, prudence or conservatism. And then in Australia you're assuming flat visas, but **you also called out 9% growth in places for new international students**. So just again, trying to hope **you can break down the delta between that 9% increase in new places and the flat visa growth**.

Answer – Unidentified speaker: Yeah. No, thanks, Nate. Yeah, I'd say the summary is. Yeah, you know, trying to be prudent. Obviously, we've we've seen this, you know, a very dynamic, you know, environment in both of those markets in the US. Look, we've we've seen we don't have external data yet. But just looking at our own data last year, you know, looking at first year peers, you know, sort of down in the first in the high-teens. Of course, that is offset for us, as you've heard us talk about, you know, stronger retention and some of the improved or higher tuition kind of sized payments. So there are different dynamics always that play out beyond just visas. But looking at 30% for this

year is again trying to be prudent as we look ahead, you know, still early in the year. So not not not necessarily, obviously the same as all of you don't have a lot of data. And we have to wait for the usual peak season later this year to really kind of quantify it.

But so far, you know, just trying to take a prudent approach around the US in particular. And then on Australia again, last year we assumed it was going to be worst. **It turned out to be a lot better** than we thought, not not just the external environment, but also kind of our performance against that. But again, starting out the year early, want to remain prudent around that. So, you know, again, **we're seeing good performance** there, otherwise in the market as you saw. And the team keeps winning deals and growing above market in both of those markets. **So good, good performance** so far, both in the US and Australia.

Unidentified speaker

Question – Unidentified speaker: Yeah, makes sense and I think the prudent approach is the right one. I guess the follow up I wanted to ask on SFS. I think Rob had some interesting stats in his prepared remarks there. So I think **ARR growing 3x**, if I recall correctly. So just wanted more color on new signings. Maybe impact at 2026 numbers, what the pipeline looks like. And I guess the area and SFS I'm really interested in, like you've talked a lot about the Non-big four success that you're seeing. I think **revenues were up 30%** and I don't think SFS is live outside of the big four. So I guess specifically on that opportunity, can we start to roll SFS out in these new geographies? So kind of a broad based question on SFS, but I'm really interested in the the non-big four opportunity.

Answer – Unidentified speaker: Yeah. So let me start with US, SFS part of your question and then I'll talk non-big four. So look, **it was a very successful year last year for SFS, as we talked about the threefold increase in ARR** signed. We also saw, you know, it was it was about 13 wins for full suite deals over the course of last year that helped build that 3x growth. And **we entered the year feeling very good about our positioning with the product**, very good about the amount of pipeline and deals that look to be opportunities for us in the year ahead. So we've done a lot to improve the caliber of our sales team. We've got great senior leaders around that team and looking forward to a good 2026.

On you said it about right on the outside, the big four. You are right in saying that SFS is not what's driving the success there. Rather that is our core offering of both cross-border and domestic payment capabilities that we are taking around the world. And we do that with sort of the lighter solution than the full SFS. But those markets are very dynamic. **They are seeing lots of student growth and we are very successful in penetrating those markets.** I think the last part of your question was around just sort of SFS expansion. You know, we are focused primarily on the US and UK. There are other opportunities that we'll continue to evaluate around the world, but don't expect us to be

focused on those in the near-term.

Operator

Thank you. Our next question comes from Dan Perlin with RBC Capital Markets. Your line is open.

Unidentified speaker

Question – Unidentified speaker: Thanks. Good evening, great results guys. The area I wanted to focus on just briefly, you know, you're talking about winning obviously much bigger deals, more products per kind of these transactions and then higher ARR per deal. You touched on a little bit in the prepared remarks, but I would love to just hear more about that sales motion and and I guess how we should be thinking about all of that rolling through throughout the year as those deals continue to kind of, I guess, come in bigger, bigger ticket sizes. Thanks.

Answer – Unidentified speaker: Yeah Perlin. I mean, it's Rob again here. So you correctly sort of summarize my comments there. **We did see nice growth in overall ARR**, but we also saw growth in average deal size across the business. That would be true across our different verticals. So it's not just in EDU story, but you will see that across other verticals as well. And in all cases, it's partly a function of what we target. We are targeting more clients that would generate larger ARR. We are also targeting, especially in EDU, sort of the full suite presentation of our platform **that combined with our success in the US and the UK**, all of that sort of drives the higher ARR that we've been talking about.

Unidentified speaker

Question – Unidentified speaker: Yeah, that's great. Just a quick follow up. I think over 30% of the business now is going to non-education verticals. I'm just wondering kind of as we sit here today and we think about the diversification going forward, the balance sheet, you've got obviously you're going to put money to work, it sounds like and buyback. But just how are you thinking about M&A opportunities in the context of the way the business is currently structured? Thank you.

Answer – Unidentified speaker: Yeah. Hey, Dan, this is Mike. You know, I would say obviously you've heard us talk. – stock, you know, we think we think our own stocks quite dislocated. So you can expect us to use capital to you know, to buyback stock and continue to be active in the market. You know, clearly, the valuation environment right now is quite dynamic. You've got a huge dislocation between private and public markets. You know, I think for us, we have a core belief that is still our core M&A

strategy, which is that we we like to sit in critical workflows. We like that combination of software and payment monetization. And so, of course, we're going to be continuing to monitor companies that fit that profile. But at the same time, we're going to be very disciplined. I mentioned kind of dislocation of our own value in opportunity for capital deployment there. I also think **we have great acquisitions** that we've accomplished in the last 18 months. **We've got synergies** that are playing out quite well there. And so we're going to continue to kind of land those plans and and stay focused on our organic investment plan and then those synergies. So that's probably, I'd say on that.

Operator

Thank you. Our next question comes from Charles Nabhan with Stephens. Your line is open.

Unidentified speaker

Question – Unidentified speaker: Hey, good afternoon, guys. Thank you for taking my question and congrats on the results. I would love to drill into Canada and some of the underlying macro assumptions looks like there's, **you know, pretty wide outperformance versus the visa** -- where the visas are expected to come in next year. And I was hoping to get a little color as to the drivers of that outperformance. And you know, just to broaden that, if we think about the guide, it's about a 6%, 6 point delta from the top to the bottom. Could you maybe talk about could you maybe talk about like the key variables overall in the model? What would lead you to come in at the top versus the bottom end of the range for the year?

Answer – Unidentified speaker: Yeah, Charles, thank you. Two part question. Maybe so I'll start with the first part on Canada. Look, after two years of Canada being down, you know, last year over 50% visas and you're right, **we outperformed that**. Next if **you look at revenue for us last year in Canada was down just a little bit short of the down 30%**. So **we still have done better than the market** both years and that's the accumulation of the work that the team has done to continue winning clients. And we've mentioned that now, as you saw in our expectations going into this year, **visas will be down around 10%**. **You so again, a big reduction still down though with growth** up 10%. And that is driven because of that accumulation of client wins in on the domestic side and just strong execution by that team despite that market being down. So all of that kind of obviously compounds in and starts to drive benefits seeing -- finally seeing Canada now you know on a positive going into going into this year. And then as far as your question about overall guidance, you know, look at the high end of that range, I would say, you know, you would you would be looking at things like macro being a little bit better, continuing some of those ramps that we talked about, you know, across a lot of large, large clients that we've talked about that could also drive some of that upside. And just, **you know, general strength** in the, you know, execution in the overall business. So and, **you know,**

similarly kind of on the downside of some macro remains something that we're watching but I would say we've you know as you've noticed we've captured most of that quite well and taken a very prudent approach to the overall. So with all the you know, the midpoint, as **you know, is a solid a solid starting point.**

Unidentified speaker

Question – Unidentified speaker: Got it. Appreciate all the color. Thank you for taking my question.

Operator

Thank you. Our next question comes from James Faucette with Morgan Stanley. Your line is open.

Unidentified speaker

Question – Unidentified speaker: Hi, guys. It's Michael Infante on for James. Thanks for taking our question. Apologies if I missed it in the prepared in the prepared remarks, but any color you can share on what's embedded in the outlook from a travel perspective, both including and excluding Sertifi and maybe how you're thinking about, you know, resource allocation, the travel to sustain the growth that you guys saw in 2025.

Answer – Unidentified speaker: Yeah, no, look, high level, we continue to believe travel will grow at or above company average. **So solid growth for the year** and again it's a it's a large large and growing as you saw share of the overall business. And that's really both on the Sertifi side where **we continue to see strong performance.** And in that business, you know, obviously the payment the payment monetization side, as we talked about seeing that performing well, but also our, you know, legacy luxury travel business is doing is doing well. And so overall, I'd say, you know, **travel continues to be a big growth driver for us.** And look, obviously, we're excited about all the wins there, you know, adding a lot in terms of new clients. As you saw. You know, we're in terms of investments, **we're growing the sales in that** is one big area of focus for us. You know, as far as investments and then, of course, investing in the overall Sertifi, you know, global expansion. So, you know, definitely a lot of focus in terms of investment dollars around the travel vertical.

Unidentified speaker

Question – Unidentified speaker: That's helpful Cosmin. And then just for my follow up

on the Stablecoin topic, you guys have obviously spoken about payment cost there writ large, sort of being in line with some of your lower cost payment modalities. But what are you actually seeing from a demand perspective, if anything, and any key corridors that you would call out there to the extent you are seeing some level of demand?
Thanks, guys.

Answer – Unidentified speaker: Yeah, this is Mike. I think we talked late last year on just our initiatives around Stablecoin and getting integrated into the platform and focusing on markets that were, I would say, more volatile currency markets, right. Where we could see payer usage from those areas. And so happy, happy to say that we are live, we are testing demand actively in actually processing payments. And so we'll continue to kind of talk about that in the future and maybe break out a little more details. But right now, you know, it's a small bit of usage, but we have high hopes it's going to grow. And then I would say the second use case is really an internal one. Like many companies looking at what internal processes we can use from a stablecoin perspective to either settle different currencies quicker, more cost effectively, and our teams are really pursuing both acceptance and internal use of stablecoins.

Operator

Thank you. Our next question comes from Darrin Peller with Wolfe Research. Your line is open.

Unidentified speaker

Question – Unidentified speaker: Hey, thanks, guys. You know, it looks like **gross margins and the monetization rate is a little bit lower**. Just given the progress you're making on domestic payments. And so I think if you could just first give us a little bit more color on what's going well there and what's been it's been an initiative of the companies really since you've been public, but you know, any further acceleration you're seeing there or something sticking more than before. But it looks like **it's obviously going well and to some degree having an impact on the numbers**. And then as you continue to domestic to customers, just how should we be thinking about gross margins this year where they could reasonably normalize?

Answer – Unidentified speaker: Yeah. Thanks, Darrin. So I'll start. And so, look, overall, as we said, you know, although **gross margin is under some pressure** and it's payment processing, it's what the what we're calling out specifically is Cleveland Clinic ramping up and some of the B2B cross-sell from Invoiced. So those are sort of unique and mostly temporary actually playing out this year.

Answer – Unidentified speaker: Yeah.

Unidentified speaker

Question – Unidentified speaker: You know, historically, as you said, domestic, you know, has been one area where the domestic payments piece does create some mix. But look, stepping back, you know, we you've heard me say it and you see it in the supplement. Our spreads are, you know, quite stable over time. That's kind of what we normally look at and that's, you know, just understanding kind of pricing. So stable spreads across, you know, especially our transaction side. But again, as as as we've looked at gross margin, what we really wanted to also include and you saw me even talk about guidance around gross profit dollars. That's really what, you know, ultimately matters in these deals, whether it's domestic deals in the US or in the UK and B2B, as you saw in our prior disclosures, all of those add incremental gross profit dollars. And as you probably know, they actually add less. They don't you don't have to add a lot of OpEx to that. So then what that does is actually drive incremental EBITDA dollars with it. So look, from a gross margin perspective, again, as we said this year, we're, you know, would be in that 200 to 300 decline range. But if you exclude some of those, you know, the timing of those ramps, we would be back in the kind of, you know, 100 to 200 bps range, you know, which is kind of our historic as you go into next year overall. And again for Q4, you know, I would say one last thing. Just on Q4, you saw **FX also can have an impact**. So in Q4 in particular, one of our impacts was about 2 points or about \$1 million of FX lapping from last year, **which actually drove about two points of decline in Q4** last year just from FX. And another couple of points or so actually from the same payment ramp. So Cleveland Clinic been really well along with B2B. So **those create some additional pressure in Q4**.

Unidentified speaker

Question – Unidentified speaker: Okay. All right. Thanks Cosmin. Maybe just one quick follow up would be your expectations around the potential success of healthcare in 2026. Just following wins you've seen now with Cleveland Clinic. And more broadly, I know you've been trying to put a lot of emphasis in investing back into that segment for at least a year now. And so I'm curious where you see that going.

Answer – Unidentified speaker: Yeah. So Rob, Rob here and obviously we are you know, we've talked explicitly about Cleveland Clinic. And not only is that a big deal for its sort of economics and how it rolls through our numbers, but it's also a big deal in terms of signaling to the rest of the healthcare marketplace. Cleveland Clinic has been kind enough to, you know, talk a bit about what we're doing with them and for them. And that has also gotten out. So if you look at the combination of deals we've already signed both in our core patient financial experience and in the payment processing, **those are very positive**. But you'll also see that in that pipeline expansion that I talked about in my comments, a good piece of that is from healthcare, where **they are also seeing on the backs of recent success** a lot of opportunity opening up for them.

Operator

Thank you. Our next question comes from Ken Suchoski with Autonomous Research. Your line is open.

Unidentified speaker

Question – Unidentified speaker: Hey, good evening. Thanks for taking the question. I want to ask about education just outside of the Big Four, I think I heard **50% of the new education client signed came from these markets, revenue up 30%**. Can you just talk a little bit more about where these share gains are coming from? You know, how you're organizing the sales team around this effort and just anything on the growth algorithm as to how it might differ versus some of the mature, more mature education markets. Thank you.

Answer – Unidentified speaker: Yeah, I can jump in and start with that. So, you know, the major markets of the next group, the group outside the big four sort of cluster around main markets in Europe and main markets in Asia. Right. So as you think about Europe, you know, France, Germany, Switzerland and, the like Spain as you think about Asia, you start seeing places like Singapore, Malaysia and others that are that are being successful. And so what what's happening is, first of all, those markets are being open to the international students. And what you're seeing is a lot of interest in for regionally as well as interest of people moving around. So as you see patterns evolve, you may find more students and families from Asia choosing to stay somewhere in the region for their international experience. Again, these are not the big four, but the next group that you do see some of that kind of corridor dynamics that we're observing here.

From a Flywire perspective, we're investing in making sure we have good coverage across those markets. So we are present in all those markets. **We have strengthen** capacity in all the places I've named. And **we're seeing good wins in these markets** that are being successful. Places like Singapore and so on that are emerging are places where we're enjoying really, really good client additions.

Unidentified speaker

Question – Unidentified speaker: Great. Thank you Rob. And just I think I heard a comment on just on the payment processing programs ramping. I think you think and Cosmin you might have mentioned that **this is going to hurt the gross profit margin** due to the early stage ramp economics, give a little bit more detail as to as to why it takes some time for that to ramp or just what the economics look like upfront and how that changes over time. Thank you.

Answer – Unidentified speaker: Yeah I think if you think of Cleveland Clinic, for example, but also the B2B Invoiced cross-sell, which already started in Q4, you can see the dynamic kind of starting to play out. And so if you look at the materials and disclosures, that's where **we talked about some of the pressures** that come from. You had a, you know, a larger dollar amount on the revenue side with still some incremental positive gross profit dollars **that naturally puts some pressure on the gross margin**. And we've kind of called that out for this year. You have some of those ramps basically running through most of the first half of the year and then it comes off, you know, in the second half. Now you've also heard Rob in his prepared remarks, talk about the you start start -- we started with Cleveland Clinic in the payment processing and now sort of in Q2, you'll see us go live with some of the other, **you know, sort of higher margin components of the products** there. So that's, you know, we as we exit this year into next year, we expect **the gross margin kind of profiles to then decline to kind of go back to normalized levels**. But again, we've also provided, **everyone with gross profit dollar growth guidance for the year in that mid-teens with this in mind and also for Q1, obviously strong gross profit growth in the 20% to 22% range**, you know, 7 points from Sertifi. **So still very strong growth** when you look at it from a gross profit dollar growth for these deals. But that's the timing dynamic that kind of plays out in the first half versus second half.

Operator

Thank you. Our next question comes from Tien-Tsin Huang with JPMorgan. Your line is open.

Unidentified speaker

Question – Unidentified speaker: Hey, . Mike, you mentioned private, public market differences. I'm just curious from being opportunistic on the private side, are there assets out there like sort of -- that are on your radar that when you and Rob team are considering and be opportunistic? I'm just curious sort of what the where you are there with you know, what you've done so far of acquisitions and your appetite to do more as they become available.

Answer – Unidentified speaker: Yeah, you know, I would say the strategy still holds. I mean, we think there's you know, we have a proven track record of being able to do this, of driving synergies, post-deal. And again, we really think that intersection of software around the financial transaction and critical workflows and our payment network is a really, really powerful combination. You know, again, I think what makes **it challenging** is there's dislocation. A lot of private companies think, you know, their values are still very high. You know, public companies probably don't think that or most of them don't. And so that **dynamic's a little more challenging**. Our team is always got a great pipeline of targets and is always looking at the market. **The good news for us** is we've got great

organic investments and we've got great synergies to continue to execute on. So, you know, we'll be ready. We'll be opportunistic if we see it. And no change in strategy. **You know, just obviously some complexities around valuation.** And, you know, it's really hard to bet against our own stock price right now.

Unidentified speaker

Question – Unidentified speaker: Yeah, that's all fair. Makes sense. But just quickly, I always like to ask about visibility, not only just guidance, but how you see new sales looking across all the different businesses. How would you view it today versus this time last year? I would think it's better. I know things change in April last year, but how would you qualify it?

Answer – Unidentified speaker: Yeah, I mean, I think for us, you know, Rob, Rob did a great job just talking about, you know, some of the sales metrics and the go-to-market metrics thing. I'd also just encourage people to realize is the transformation we're doing and has been mentioned about systems, about data, even how we're organized, we're really focused on investing more behind that go-to-market engine. And so sometimes it's increased capacity, sometimes it's the way we organize, the way we deal with contract negotiations, the way we minimize distractions for our sales team, our client facing teams. And what gets me most excited is we're doing all of those things right, which I think is going to continue to help us increase velocity and **it really benefit us across industries across geographies** and so that's what gets me excited, is setting the company up for, you know, going faster and, and doing more.

Operator

Thank you. Our final question comes from Tim Chiodo with UBS. Your line is open.

Unidentified speaker

Question – Unidentified speaker: Great. Thank you. I want to talk a little bit about the mechanics behind optimizing international payment flows, though. My understanding is that this relates to when there is a student going into year two, three, four, they might have opened up a local banking account and all of a sudden their payments are being made more domestic. I was wondering if you could talk a little bit about how do you entice or change the behavior to keep those payments cross-border and running through Flywire on a cross-border basis?

Answer – Unidentified speaker: Right. So big, bigger picture. As you well know, our strategy has always been around moving all the money. Now, one of the reasons why we like to move all the money is you get the opportunity to monetize both domestic and

international flows. **Both of those are lucrative for us**, and both of those help us serve the clients better. There is a particular dynamic that I had referred to, all of that, which is that there is a fair bit of payment that shows up through what looks like a domestic channel, but it is in fact from an international payer, oftentimes using an international payment instrument. But it's just been showing up on the domestic payment routing website where we take over all of it. We can make sure that payment gets routed properly. It also means we can make sure that we present to that family the best set of choices they have. It is oftentimes beneficial for them to understand the local payment options we would make available to them actually quite a bit better for them than the choices that they may be making, not realizing what we could be doing for them. So it's an opportunity to better serve the payer. It's certainly an opportunity to better serve the school. And **it is also beneficial for us**.

Unidentified speaker

Question – Unidentified speaker: Thank you.

Operator

Thank you. This concludes the question-and-answer session and today's conference call. Thank you for participating. You may now disconnect.