Third Quarter 2026 Earnings Conference Call
November 4, 2026

Corporate Speakers
- Masha Kahn; Flywire; Investor Relations
- Michael Massaro; Flywire; Chief Executive Officer
- Robert Orgel; Flywire; President, Chief Operating Officer
- Cosmin Pitigoi; Flywire; Chief Financial Officer

Participants
- Madison Suhr; Raymond James; Analyst
- Christopher Svensson; Deutsche Bank; Analyst
- Cristopher Kennedy; William Blair; Analyst
- Michael Infante; Morgan Stanley; Analyst
- Tien-Tsin Huang; J.P. Morgan; Analyst
- Jeff Cantwell; Seaport Research; Analyst
- Brett Huff; Stephens; Analyst
- Siddhanth Soni; UBS; Analyst

PRESENTATION

Operator^ Hello. And welcome to Flywire Third Quarter 2026 Earnings Conference Call. (Operator Instructions). I would now like to turn the call over to Masha. Masha, you may begin.

Masha Kahn^ Thank you. And good afternoon. With us today are Mike Massaro, Chief Executive Officer; Rob Orgel, President and Chief Operating Officer; and Cosmin Pitigoi, Chief Financial Officer. Our third quarter 2026 earnings press release, supplemental presentation and when filed Form 10-Q are available at ir.flywire.com. Today's call is being recorded and will be available for replay on our website.

During the call we'll be discussing certain forward-looking information. Actual results could differ materially from those contemplated by these statements. In addition, unless otherwise indicated, all financial measures discussed on this conference call are non-GAAP financial measures.

Please refer to our press release and SEC filings for more information on the risks related to forward-looking statements and the required reconciliations of non-GAAP financial measures. With that, I'll turn the call over to Mike.

Michael Massaro^ Thank you, Masha. And thank you to everyone who's joining us here today. Q3 showcased the strength, scale and expanding moat of Flywire's business and the unique market position we have at the intersection of software and payments. We delivered record top line revenue, adjusted EBITDA and net income profitability.

Over the last two years, we have proven our resilience as we execute through uncertain macro conditions and continue to drive durable cash flow growth. Flywire does not need the environment to improve to build a highly successful growing business.

We are also far more diversified and resilient as nearly half our revenue now comes from outside our core international education products, up from just over a third two years ago. Our growth today comes from four distinct engines working in parallel.

First, share gains in top four Education markets. Across the U.S., U.K., Canada and Australia, universities are modernizing student financial operations and replacing a patchwork of billing, payment and collection vendors in a single platform.

Increasingly, that platform is Flywire. Institutions are choosing a partner that delivers better student outcomes, continues to innovate and is financially strong. Second, global education diversification as we are capturing a greenfield opportunity due to shifting student mobility.

Beyond the traditional big four geographies, student enrollment flows into nontraditional destinations across Continental Europe, Asia Pacific and Latin America represent a multibillion-dollar addressable market that remains poorly digitized. Through deliberate investment, Flywire has captured an early mover advantage and our footprint is scaling rapidly.

In these markets, we are rarely replacing an entrenched competitor. We are establishing the category, migrating institutions directly from friction-heavy manual wire transfers to Flywire software which automates how they bill, reconcile and collect payments. Third, our travel and hospitality scale.

Year-to-date, our Travel business is already larger than our U.S. Education business, and it is the same type of moat. Just like Education, we win in Travel by embedding our software, automating manual workflows and handling complex high-value payments for our clients.

And fourth, enterprise, B2B and Healthcare expansion, monetizing complex commercial and health system workflows through high-leverage referral channels like Bank of America and FinThrive.

These channels open large new pools of enterprise clients at scale expanding our addressable market beyond Education and deepening our moat by embedding Flywire software into mission-critical workflows. These businesses further help deliver results while diversifying our revenue base with durable growth.

While we are gaining share, we are also evolving nearly all parts of our business. I have spoken extensively over the past two years about the transformation efforts we have underway here at Flywire.

It is about more than technology. It is about how we organize, how we develop talent, how we define and run internal processes and yes, how we utilize technology and AI to improve our business for our clients and shareholders.

Together, these changes are building operating leverage that you can clearly see in the business, leading to continued growth and scale that outpaces our headcount and costs. Here are some examples of what our transformation effort looks like in practice.

We continue to make efforts to strengthen our payments team at Flywire. Recently, we moved our payer support teams under our payments organization. This has fully unified all aspects of payments inside Flywire.

We believe this will lead to faster issue resolution, improved innovation when it comes to our payment platform and a more consistent experience for clients and their payers. In addition to payments, we have also unified risk teams across Flywire into a single function under one leader, bringing credit, fraud, cyber and compliance together gives us clear accountability and an end-to-end view of risk across our business. This change lets us tighten controls while improving the onboarding experience of our clients.

We are enabling real-time data-driven decisioning now across the full client life cycle, leveraging automation and AI to handle some of the compliance work including transaction monitoring and routine onboarding checks.

Our compliance and risk professionals are now able to have more time to focus on the most important areas that can drive the business forward, leading to stronger protection with less friction for clients and FlyMates, turning risk into a competitive advantage supporting our growth.

Within engineering, we continue to be evolving our talent and technology across all aspects of our business. Orbit, our proprietary in-house AI platform, now runs autonomous AI agents on routine code maintenance and testing.

In the last 30 days alone, it completed more than 10,000 workflows with a 99% success rate including over 9,000 automated code reviews across 4,500 merge requests averaging under three minutes each, leveraging technology to improve our effectiveness while ensuring that every change is still reviewed by an engineer and all data stays inside a secure Flywire environment.

I have also mentioned our Project ADAPT as a multiyear investment to modernize and redesign our data architecture, processes and systems inside Flywire for next level scale. This quarter, we went live with Workday HCM, replacing over 10 disparate HR systems, saving costs and streamlining the experience for our FlyMates to get access to the information that matters the most for them.

These types of transformational efforts enable us to build a company that can grow faster than its cost base and ensures our FlyMates can spend time on clients and building and less on internal bureaucracy and manual work. Moving on from diversification and transformation. Flywire is also positioned well to invest and drive value for shareholders.

Flywire today is more profitable and generates more free cash flow than at any point in our history. That gives us real flexibility to invest in attractive organic opportunities, continue returning capital to shareholders through buybacks and stay opportunistic related to potential acquisitions.

Let me discuss a few organic investment priorities. We continue to invest in our Student Financial Software including continuing to expand our software integrations into key student information systems to accelerate SFS in our top markets.

We are unifying Flywire's payments with our hospitality software and integrating critical property management systems, creating a unified platform we are bringing to all our Travel clients globally.

We continue to invest in our payment network as each new local method like this quarter's additions in Japan, China and Turkey, makes paying with Flywire easier while improving revenue and lowering our costs.

We are also investing in driving payer retention, specifically through improved software, a better payment experience and local bank partnerships in key source markets. We want more families to keep paying through Flywire in the second, third and fourth year which we believe we can achieve with specific solution investments we have planned.

We continue to be excited about the organic opportunities we have to invest in our business. In closing, I want to take a minute and put our Q3 growth into perspective. In this single quarter alone, we processed approximately $17.8 billion in payment volume and generated over $240 million in revenue.

That means in just three months, we delivered more top line revenue than our entire business generated in the full year of our IPO just five years ago. This scale is not an accident. It is the direct result of the moat we have built around complex, high-friction financial workflows, whether managing international tuition compliance, Travel installments, complex Healthcare payment plans or B2B invoicing.

We operate where payments and software intersect. That complexity is our greatest competitive advantage. It is why our enterprise clients barely churn and why we are seeing accelerating vendor consolidation across all four of our vertical markets.

As our multi-rail payment network and software integrations expand across more than 240 countries and territories, our competitive moat deepens. Financially, Flywire is operating from a position of structural strength.

We are growing profitably and building a compounding business designed for long-term market leadership. We remain on a multiyear path to $1 billion in annual organic revenue and 30% adjusted EBITDA margins, supported by robust free cash flow generation and disciplined equity dilution.

If you bring it together, Flywire is at an inflection point. We are more diversified, more profitable and more efficient as an organization than ever before and our modern products are gaining traction. We are ready for the next chapter as we scale.

We are already more diversified, more defensible and structurally more efficient. Strong and steady wins the race, and that is exactly how Flywire is running it. Before I hand the call over to Rob, I want to take a moment to acknowledge a bittersweet milestone for our Board of Directors.

After one5 years of service, Alex Finkelstein has completed his chapter on our Board of Directors. Alex led Spark Capital's investment in Flywire and his partnership, counsel and belief in our mission have shaped our growth and culture from our earliest days through our time as a public company.

On behalf of the Board, our leadership team and all FlyMates, thank you, Alex, for your service, your friendship and everything you've given to Flywire. As we look ahead, I'm also pleased to have welcomed Sabrina Farmer to our Board of Directors.

Sabrina brings an incredible depth of technology and infrastructure expertise to our Board, having spent more than 25 years in leadership roles at some of the world's most innovative companies. She spent 19 years at Google, most recently as VP of Engineering for Core Infrastructure. She also served as CTO of GitLab.

She now leads the commerce platform at Microsoft and her deep knowledge of infrastructure resilience, operational excellence and technical leadership will be invaluable to us as we grow into the future. With that, I'll hand it over to Rob to speak more about our client successes from the quarter. Rob?

Rob Orgel^ Thanks, Mike. And good afternoon, everyone. This quarter, we signed approximately 180 new clients across 31 countries and all four verticals. Over 65% of new Education clients signed this quarter came from outside the Big four markets, while core Big four focus shifted towards signing larger, more strategic enterprise deals.

Over the last two quarters, I've described three themes defining our business: strategic vendor consolidation, geographic diversification and software-led monetization. Here's how each played out in Q3. Starting with Education. Institutions want one platform that makes paying easier for students and running the back office easier for staff, and we're winning those decisions on results.

Our Student Financial Software brings domestic billing, payment plans, collections and international tuition into one experience and institutions can start with what they need most and expand from there. More students pay on time and stay enrolled, satisfaction goes up and staff spend less time on manual work. Legacy competitors can't match that, and our go-to-market execution is turning it into wins.

In Q3, the U.S. team delivered three marquee wins. Santa Clara University selected Flywire Student Financial Software to bring billing, payments, payment plans and collections onto one platform.

At the University of North Carolina at Chapel Hill, we beat two incumbents in a head-to-head RFP for student payment plans. And with the University of Michigan, Ann Arbor, we expanded our relationship where our payment plans and collections will replace outdated automated workflows and expand limited legacy payment plans.

Each is a strong reference for institutions weighing and upgrade. In the U.S., institutions have now activated more than one million student payment plans with Flywire and see an average 50% increase in plan enrollment, showing we are meeting student needs around affordability and planning.

At Fusion, our annual U.S. Higher Education Conference held in Austin, Texas in October, more than 150 finance and enrollment leaders heard Penn State and Southern Methodist University present their implementations on stage.

We believe adoption of modern Student Financial Software is a question of when, not if. In the U.K., we signed the University of Sterling for SFS on Unit four and also added new logos including London Business School and the Royal College of Radiologists.

We recently landed Cardiff for cross-border and domestic payments, demonstrating the power of our integration strategy with strategic partners like Tribal. When Tribal ran a system update, the incumbent provider lost compatibility. Flywire was the only market solution with the deep integration required, making this a win that highlights our technical moat.

On my second theme, geographic diversification, our footprint lets us follow students wherever they choose to study. Beyond the Big four student destination markets, many of these universities are digitizing payments for the first time as international enrollment grows from a handful of students up to thousands.

Education outside the U.S., U.K., Canada and Australia was a low teens share of revenue last year and grew above 30% in the first nine months of this year and is now larger than Canada and Australia combined.

In European education, Planeta Education selected Flywire to power cross-border payments across its network. Planeta serves over 100,000 students across institutions, and we're streamlining its large LatAm to Spain tuition corridor. And in Asia, Japan and South Korea are recruiting international students to offset shrinking domestic populations and their universities are modernizing their digital payments.

Competition is fragmented and Flywire is the scale player. On the theme of software-led monetization, our software sits inside the workflows where payments start, and that is how we capture and monetize volume in every vertical. One example is student housing. After tuition, housing is one of the biggest payments a student makes and universities manage it through specialized accommodation software.

We are integrating with the platforms institutions already use so that payments can flow through Flywire. Our StarRez student housing integration is now live at the University of London, Strathclyde, Gloucestershire and Kellogg College, Oxford.

And in July, we signed a global preferred payment partner for Kinetic Software which runs accommodation, conferencing and events management for universities and student housing operators. Kinetic manages more than 700,000 student beds across 20 countries and serves over 80% of top U.K. universities. The theme carries over to Travel.

First, we see no change in the continued enthusiasm for luxury and experiential travel from our tour operators and DMCs to golf, adventure and cycling trips. Second, we keep adding clients including Real Irish Golf and Ocean Earth Travels this quarter, among many others. This is software-led monetization at work.

Our platform replaces incumbent processors and automates deposits, balances and FX. In hospitality, we are testing our product market fit across EMEA and APAC. The initial deals are modest in contract value today, but they give us the footprint and brand validation with property management groups in EMEA and APAC.

So while domestic U.S. payment monetization remains our primary near-term revenue driver, international properties represent a multiyear expansion opportunity as we build out our hospitality go-to-market teams and capabilities.

In Healthcare, building on our expansion at Cleveland Clinic, we secured a major software and integrated financing upsell with Endeavor Health across additional group hospitals. We also executed net new go-lives at major public health systems and regional providers while expanding implementations through our FinThrive and Oracle channel partnerships.

In B2B, our invoice-to-cash software was attached to the vast majority of Q3 B2B deals. We're excited about our progress in B2B including with Liquidity Services International, where we are enabling localized secure payments across more than 100 countries. Consolidation, diversification and software-led monetization. Q3 showed all three at work. Cosmin will now take you through our financial performance and outlook. Cosmin?

Cosmin Pitigoi^ Thanks, Rob. And good afternoon, everyone. I'm pleased to walk you through our third quarter financial results and our updated full year outlook. This quarter proved that Flywire's platform handled record-breaking global volumes smoothly while absorbing headline policy disruptions and visa headwinds across Big four Education markets.

Flywire delivered another outstanding financial performance in Q3, exceeding the top end of our guidance across revenue, adjusted gross profit and adjusted EBITDA. Total revenue less ancillary services reached approximately $245 million, up 26% on a spot basis and also on an FX-neutral basis, beating our guidance midpoint by $15 million.

Our top line outperformance was driven by broad-based operational execution across all verticals, highlighted by an exceptional seasonal tuition peak in U.K. Education, continued strength in Travel and hospitality payments and a solid U.S. Education peak.

Over half of our $15 million beat was driven by a strong U.K. tuition peak late in the quarter, representing roughly five points of growth which we don't expect to repeat at the same level in Q4.

Also approximately one point of that beat was driven by early payment timing ahead of late October deadlines. Moving to margins and operational excellence, adjusted gross profit reached $155.8 million in Q3, up 22.2% year-over-year, representing an adjusted gross margin of 63.7%, exceeding our guidance midpoint by low double-digit millions.

As we've discussed previously vertical business mix driven by rapid expansion in lower-margin payment processing programs across Healthcare and B2B exerts moderate downward mix pressures on our overall gross margin percentage.

That pressure is subsiding as we annualize on these payment processing ramps and revert to our more typical 100 to 200 bps gross margin decline next year. This quarter, adjusted gross margin was 63.7%, down 200 bps year-over-year due to mix shifts and continued growth in lower-margin payment processing ramps.

This was slightly offset by a small positive contribution from FX on settlement. Following Q3 performance, we now expect 2026 full year adjusted gross profit growth to be in the low 20s at the spot rate, up from the high teens in our prior guidance.

Our full year outlook continues to imply low teens gross profit growth in Q4, consistent with our prior guidance as we exit into 2027. Turning to expenses and adjusted EBITDA. Adjusted EBITDA reached almost $80 million with margins expanding by approximately 310 basis points year-over-year to 32.5%, beating our guidance midpoint by $8 million.

Non-GAAP operating expenses grew by approximately 9% including nearly $4 million or approximately 5% from isolated uptick in chargebacks, primarily reserves for anticipated losses tied to two isolated Travel client insolvencies.

As we look ahead to Q4 and beyond, we see operating leverage at work. Non-GAAP operating expenses growing well below gross profit growth. In Q3, it was most visible in go-to-market, where sales and marketing costs declined from 16.6% to 13% year-over-year. That efficiency creates capacity to keep funding high ROI investments.

As Mike highlighted, this cost discipline is reinforced by deep structural efficiencies across finance, risk, compliance and support, putting us on track to achieve 25% adjusted EBITDA margin in 2027. Turning to profitability, cash flow and our balance sheet. This quarter, we delivered our highest GAAP net income to date, $74.5 million which reflected a $39.2 million onetime tax valuation allowance benefit. Even excluding this item, we are seeing strong growth compared to $29.6 million a year ago. The finalized release of our U.S.

deferred tax valuation allowance reflects our sustained 36-month cumulative profitability position in the U.S. and comprises the $25.2 million discrete Q3 valuation allowance release and $14 million valuation allowance release offsetting the 2026 estimated U.S. tax activity, the benefit of which is captured in the low Q3 annual estimated effective tax rate of 14.7%.

We now expect a 6x to 7x increase in GAAP net income for the full year 2026 which is in line with our prior expectations after accounting for the $39.2 million onetime tax benefit. We've been GAAP profitable before but this quarter marked a step change in scale and shows the operating leverage now converts into higher EPS growth. Our balance sheet remains exceptionally strong.

We ended Q3 with $234 million in corporate cash and investments and an unfunded $300 million credit facility, elevating our total liquidity to $534 million. Free cash flow for the quarter was $72 million, demonstrating a strong conversion of adjusted EBITDA into free cash flow.

For full year 2026, we remain on track to deliver 70% to 75% free cash flow conversion. Stock-based compensation as a percent of revenue continues its downward trajectory towards 10% for the full year, while net dilution remains tightly controlled under 2%. Moving to our updated guidance. Our approach to guidance remains unchanged, prudent, transparent and data dependent.

For full year 2026, we are raising our outlook across all key metrics. FX-neutral revenue growth is now expected in the range of 25% to 27%, midpoint of 26% FX neutral, up two points from prior guidance. Adjusted EBITDA margin is now expected to expand 300 to 360 basis points year-over-year, bringing full year adjusted EBITDA margin to 23.3% at the midpoint of our guide.

For the fourth quarter of 2026 and bridging to 2027, FX-neutral revenue growth in Q4 is expected in the range of 14% to 20%. We caution that tuition and even some travel-related payment deadlines could move between Q4 and Q1. That shift can impact quarterly revenue growth by approximately one point.

During Q3, we experienced a stronger late quarter U.K. tuition peak with about one point of growth pulled forward into September, partially offsetting the 2-point timing shift we lapped from last year, leaving a net benefit of roughly one point in Q4 which is reflected in our guidance.

We have also seen U.K. growth moderate from the first half into the second, with revenue growing below company average which is expected to continue as the U.K. business scales. In setting our Q4 outlook, we believe we have appropriately factored in prudent visa assumptions across the Big four Education markets. Note that we are also annualizing on a tougher payment processing comp from a year-over-year perspective as payment processing ramp contribution is declining from three points in Q3 to just one point in Q4.

Looking towards 2027, our B2B and Healthcare revenue growth will lap a very strong year of B2B payment migration and outsized payment processing deals in Healthcare. And our Education business will lap an unusually strong prior January peak in Q1 2027. Adjusted EBITDA margin year-over-year expansion for Q4 is expected to be in the 330 to 530 basis points range.

Finally, on capital allocation. We remain disciplined allocators of capital. Every dollar for internal investment competes on return through an IRR framework alongside share repurchases and strategic M&A. From an inorganic perspective, during the third quarter, we completed a very small acquisition of customer relationships in Canada which we will work to contract and ramp on to Flywire over time.

While the revenue contribution is immaterial in the second half of 2026 and less than 1 percentage point of annualized top line revenue growth as it ramps through 2027, this transaction further solidifies our market leadership footprint across Canadian higher education. Given our operational execution, we continue to believe our stock is fundamentally undervalued.

We spent close to half of our free cash flow this year on share repurchases. With $123 million remaining under our $300 million buyback authorization, we will remain opportunistic in returning capital to shareholders.

In summary, Flywire is executing with precision, scaling profitably and compounding long-term value. With the Education peak now behind us, the third quarter of 2026 marked an exciting inflection point in both profitability and cash generation. I will now turn the call over to the operator for Q&A. Operator?

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions). Our first question comes from the line of Madison Suhr with Raymond James.

Madison Suhr^ I wanted to maybe just step back a bit, and there's key regions here where visas are down, call it, 30%. But you guys are guiding to mid-20% FX and organic growth for the year. I know you had some wins in Healthcare that won't repeat, some macro outperformance.

But maybe just touch on how you think about the durability of growth here given such strong outperformance this year? And just what areas of the business do you think can kind of continue to carry the weight and grow above corporate average moving forward?

Cosmin Pitigoi^ Madison, thank you. This is Cosmin. So I think overall, I would say, yes, very, very pleased with the results this year. And as we look ahead, you've heard me say quite a few times that the durability comes from just our execution, but also as we talk about all the time as the fact that our clients, we have very low churn and very high enterprise level clients that stay with us, both in Education and Travel and the rest of the business.

So that creates that durability of growth. As you look into going forward, some of the areas that we see kind of growing above company average are going to be, again, Travel, B2B which we've talked about, but also some of the -- within Education, the areas of investment that Mike called out which is SFS, domestic and also non-Big 4, where we've leaned in.

And obviously it's been a successful area for us. And that will be offset by sort of the known weaker areas like the cross-border sort of Big four Education business which is -- continues to be under pressure, and we're assuming, again, very prudent macro assumptions there going into next year with visas being down.

Madison Suhr^ Okay. That's great. And then just a follow-up on Travel and I guess, Sertifi more specifically. Hoping you could just update us on the payment monetization opportunity there.

I know that's a key part of the strategy, still relatively in the early innings. And then any color just from international expansion and cross-sell opportunities as well as I know there are some potential synergies there.

Rob Orgel^ This is Rob. I can jump in and take that one. So on the first part of your questions around the hospitality payment, it's been a very good year for us in terms of the attach rate we've been able to achieve with the payments on top of the software footprint that we have for our hospitality solutions.

So at this point, we are over $1 billion of volume in the last 12 months on the platform. We continue to see $2.5 billion plus on the domestic opportunity ahead of us. And so while we wouldn't necessarily expect or wouldn't expect the growth rate next year to match the growth rate this year, we continue to see it as an area that grows above the corporate average.

And in terms of the international expansion, you would have heard from my comments that we were able to do a lot in the last quarter in terms of starting to validate the solution in international markets, start to sign clients in those markets to confirm the use cases and everything that those clients will need

And so while what we've signed thus far is relatively small in contract value, it's important for us in terms of our confidence to invest behind the opportunity. And we will be growing that go-to-market team around international for the multiyear opportunity we see ahead of us.

Operator^ Our next question comes from the line of Nate Svensson with Deutsche Bank.

Christopher Svensson^ Nice results. I'll start with macro conditions in education, Australia, clearly, it looks to be the big change on the visa front. So just hoping for a little more color there. So I guess, specifically, I think in the past, you had talked about your end customer profile in Australia kind of skewing more towards higher education.

So just wondering this down -- visa is down 20%. Is that specific to your customer base? Or is that more broad and includes vocational and language schools, stuff like that? And then I guess, as we think about growth in Australia going forward, I know you've given some good dynamics on first year student revenue contribution versus returning revenue -- or returning student revenue contribution in the U.S. I'm wondering if that same dynamic also applies in Australia.

Cosmin Pitigoi^ Nate, thanks for the question. Let me try to address it some of the components. So starting off Australia, in general, yes, we have more components to the business there. We have a lot of the -- not just the higher-level schools and education side.

As you know we have the StudyLink or the admissions software and also an insurance business there. So it's a mix of different products that addresses a number of different needs in that market.

So from a visa perspective, to that question, we've seen visas this year under some pressure in Australia. We've taken that into account. We're seeing, again, whether it's their fees going up or others locally, we're seeing that also put some pressure on those especially first year payers. To your last question, again, we do see first year payers as a share of total being kind of a little bit less than half across most of our -- most of these markets.

But as you would assume, as those continue that negative trend, that puts some pressure which is why we've taken a prudent approach into how we sort of look at the Australia business. However again, overall, still seeing significant demand there, and we're growing faster. Even within Australia, we're growing faster than visas.

But keep in mind that both Australia and Canada now are smaller than our kind of non-Big 4. So a lot of those students that would have gone there are now going elsewhere around the region. So we are capturing some of that movement depending on where they go. So we're somewhat agnostic around that part. So hopefully, that addresses some of your questions.

Christopher Svensson^ That's super helpful color. For a follow-up, I wanted to ask maybe a bigger picture question on Healthcare. Obviously been a banner year with Cleveland and payment processing ramps there.

I guess just thinking going forward, ways or areas within Healthcare that you could get into to maybe help improve the structural growth profile of that vertical. Are there adjacent payment flow, software capabilities, different end customers or use cases that could broaden your opportunity?

I guess I'm thinking about this vertical maybe in a similar way to Travel, where you had the core business and then went out and supplemented that with Sertifi. So just trying to think about kind of long-term opportunities within Healthcare.

Michael Massaro^ Nate, this is Mike. I think across all our verticals, we're quite excited about what we see as potential opportunities for growth. I think the focus in Healthcare, I mean the market dynamic is really about executing and delivering on the kind of commitments we have and keep building up these kind of enterprise-level agreements across large hospital systems. And so again, our focus is going to be on that.

I mean we've -- the patient financial experience aspect of it has been going quite well. Obviously with the success at Cleveland Clinic, we're leveraging that to continue to drive growth in the kind of core area. Team has lots of ideas about the future. But right now it's about execution, delivering results and continuing to put up good growth numbers for that business. That's the focus.

Operator^ Our next question comes from the line of Chris Kennedy with William Blair.

Cristopher Kennedy^ Cosmin, you mentioned, I think, 100 to 200 basis points of gross margin pressure and maybe 25% EBITDA margins. Any other call-outs as we think about 2027?

Cosmin Pitigoi^ Yes. So I think in general, I would say those are the right sort of gross margin kind of comes back to about 100 to 200 bps decline, and that's with Travel, B2B and sort of our lower margin mix kind of playing back into the way sort of it's been before this year, 25% EBITDA margins, you can assume OpEx as part of that then is, call it, in the low single-digit to mid-single-digit growth next year as we kind of get to the peak, the end of kind of the transformation investment.

And then the only other thing that I'll just reiterate, we kind of said it is as you look at our exit rate and revenue this year around 17%, there's about a point in that of growth from still the payment ramp.

So that is -- you would adjust that along with -- remember, about a point would be from lapping the Q1 of this year into next year. So you get to sort of a mid-teens revenue growth into next year, adjusted for those two things with Q1 obviously being just a bigger lap from that EDU point.

So those would be the other sort of color comments. But still, obviously very strong growth. And all of that is, of course, with the same macro prudent assumptions across the Big 4. So visas being down again next year. So that's kind of built into that assumption for next year, the visas being negative across the Big 4.

Cristopher Kennedy^ Got it. And then, Mike, in your opening comments, you mentioned or talked about integrating the Travel platform. Can you just talk about that journey and what the opportunities are as you integrate it?

Michael Massaro^ Yes. Sure. Happy to. We continue to be super excited, right? When you just think of the integrated suite across experiential travel and hospitality, you have the

software streamlined into kind of the booking process and workflow associated with how our clients operate and then you're attaching not just kind of domestic but international payment options to that.

It's a really good spot for us to be in. I would say the team also has, I think, a really exciting roadmap of software capabilities of value we can add both in hospitality and in experiential travel. And so I think getting that unified platform is one major thing, but also kind of getting to that so we can continue to innovate and just deliver better solutions for our clients.

I think you'll that from us. You can also expect the continuation of adding geographies and adding subsectors in Travel, right? Those are things that we've gotten a lot of growth from for the last number of years in that business, and the team knows how to do that. And so I think geographic expansion, think subsector expansion and then think product innovation across both experiential and hospitality. So quite exciting for sure.

Operator^ Our next question comes from the line of Michael Infante with Morgan Stanley.

Michael Infante^ Nice results here. I just wanted to ask on SFS adoption. You obviously called out some of the U.S. SFS agreements, another one in the U.K. But I'm curious, just given peak payment period, like did that ultimately slow the pace of SFS signings in Q3?

And now that those peak payment periods are behind us, people have the ability to sort of put pen to paper again. Do you expect signings for SFS to accelerate? And do you think that should enable SFS to grow above company average as we think about next year?

Rob Orgel^ So first of all, we were obviously excited to announce the marquee wins that we announced this quarter, right, the three that I mentioned in the U.S. plus Sterling in the U.K. So that's four great institutions deploying SFS.

And on top of that, we had our Fusion conference that I've just come back from where we had 150 representatives of the industry in the room listening to their peers, their colleagues talk about their success with SFS. They were going deep into the benefits they get.

So all the impact and ROI statements, they were going deep into the ease with which they were able to capture some of those benefits. And so it was a great conference in terms of setting the tone for the appeal of making the move to our platform from the various incumbents. So in terms of going forward, we continue to feel like we've got the momentum.

We've got the tag of being the innovator. And the only caveat that goes with that is it's still an industry that moves with its own pace. And so the timeline and capture of those is moderated by that.

But in terms of feeling like we've got the momentum and we've got the solution that fits the market, it's great. And with that, we do expect to grow above the corporate average going forward next year as well.

Michael Infante^ Very helpful. And then just for a quick follow-up, Mike, you obviously spent a lot of time sort of instilling within the sales force, your initiative to sort of drive more full platform economics as opposed to some of the piecemeal module sales. Like can you just generally speak to some of the trends that you're seeing in ARR per client?

And even if we are in a situation where perhaps like the count of net new wins marginally slows is like you get a little bit of law of large numbers, like does the inflection that you anticipate in ARR per client more than offset that?

Michael Massaro^ Yes. Sure thing. So we're quite excited about, a, how we've organized around go-to-market. We talked a lot about looking at how we're pricing the product, how we're renewing agreements that come up.

I think those opportunities around renewals give us the chance to potentially extend and add additional products to those relationships when deals come up for renewal, it also typically means Flywire is getting better economics and overall client relationship is improving for us, and we're getting more economics in that because of the value we're driving.

So to us, that's quite critical in our sales motion, and I would say well integrated across the product suite. And so we continue to be quite excited about what we're doing, the value we're driving for clients. There's a lot more to do.

I think you can -- Cosmin shared some data in the past about kind of the enterprise client metrics for us. And we continue to see that number as a really important number, and I expect that number to be driven up over time as we expand what products are deployed to clients and as we get better at ensuring we're getting paid for the value we're driving.

Operator^ Our next question comes from the line of Tien-Tsin Huang with JPMorgan.

Tien-Tsin Huang^ Appreciate the update. Always good stuff. Just on the -- maybe for Rob, just on the liquidity services and that win. I'm just curious how something like that, the sales cycle, how it comes about? And is this an important resume win that could open up similar deals looking ahead? Just trying to better understand how this could grow or be so ingest.

Rob Orgel^ Yes. Obviously we -- this is just our most recent announced deal in B2B. We continue to add multiple clients across B2B, across different subsectors within B2B. Liquidity Services is able to take advantage of not just our domestic but also our cross-border capabilities. They are taking advantage of our ACH along with credit card.

And so all of that is part of what we are doing for them. But I think the opportunity broadly is to take wins like that and some of the others that we've announced, and we keep building our resume where our AR automation software is delivering incredible value for the clients. The ROI is clear. Attaching the payment network to the software is a distinctive capability for us in the market, and there's a lot of this sort of mid-enterprise sized market, a big TAM for us to go after.

Tien-Tsin Huang^ Yes. It feels like it. That's why I wanted to ask. Just quickly, if you don't mind, it's always hard, I think with midterm elections going on and there's a lot to watch here, but I mean how quickly might we see sort of shifts in sentiment in your mind with respect to some of the immigration work?

Is this something that's high priority for you in terms of what you've heard from the lobbying community or not? It's always hard to talk about politics, but it is a question we can get from investors.

Michael Massaro^ Yes. Tien-Tsin, it's Mike. I would say, been in the seat a long time seen a lot of geopolitical macro changes in different parts of the world. I think one thing I'm certain of is that our business has proven our ability to navigate those kind of macro geopolitical changes that happen regardless of what happens tonight, we're going to wake up tomorrow, we're going to execute.

We're going to go deliver great solutions for our clients and their payers. So I know that's what FlyMates will do, and I have high confidence in that. So we'll let tonight play out however it plays out and get back to work tomorrow.

Operator^ Our next question comes from the line of Jeff Cantwell with Seaport Research.

Jeff Cantwell^ I wanted to circle back to the fourth quarter guidance. If we look at your third quarter FX-neutral RLAS, that grew 26%, but the fourth quarter guide is 14% to 20%. So my question is how much of that gap is just third quarter timing pull forward? How much is, call it, the Education intake calendar? How much is visa policy? And could there potentially be a level of conservatism in your Q4 guidance just in terms of how you guys are thinking about it?

Cosmin Pitigoi^ Jeff, it's Cosmin. Thanks for the question. Yes. I think if you were to break it down along those lines, I would say there's a bit of payment processing ramps. If you think of that, that's part of it.

We had about three points in Q3. We have maybe around one point in Q4. So that's part of it. There's a little bit of timing, as you said, kind of last year and also this year. But then the main thing I would say then is the roughly five points that I mentioned on the U.K. beat in Q3 which we don't expect to play out into Q4.

So that's kind of one of the main things. And then lastly, yes, we were -- like I said, U.K. assuming decelerates as we're watching the visa numbers there being prudent around that assumption in general. So let's say there's a level of prudence that we've taken not just for Q4, but also into next year and beyond as far as visa assumptions. So that continues to be the case into Q4, too.

Jeff Cantwell^ Okay. And then, Mike, I do have a question as a follow-on to the previous question, and it's on U.S. education policy. We looked at the DHS' proposal for the cap subject H-1B petitions and that would cover F-1 and OPT graduates in terms of switching their status inside the U.S. The whole idea is that the study and work path that sort of underpins U.S. demand. It gets more expensive when you think about the go forward.

So my question for you really has two parts. First, what is the payer data and agent conversations telling you about how January/fall of 2027 applicants are reacting? And are you seeing any demand shift towards the U.K., Europe, Asia corridors where you're also positioned? Curious to hear your thoughts on that.

Michael Massaro^ Jeff, yes. So I would say a lot of the policy, we're watching it closely. We'll see what actually goes from recommendations or potential policy to actual policy and gets enacted. I think we have seen strength, obviously rest of world outside the Big 4. We

continue to go with our core belief, right which is that international students are an important aspect, getting your children educated, the parents will invest in that.

They will find great places where students can go for education and for opportunity. And I think that's important for all major markets around the world. And so I think whatever the policy changes are going to be here in the United States, if they're not friendly, you're going to see those students go other places and they're going to get opportunities in those places to get great education and to get great work opportunities.

So I think there is a desire for great talent. And I think a lot of countries are kind of tweaking what their immigration policies are and the type of immigration they want. But a lot of headlines, and we'll wait and see what actually gets papered.

Operator^ Our next question comes from the line of Brett Huff with Stephens.

Brett Huff^ I just have one question, kind of two parts. On the U.S. ACH opportunity, it seems like a really big opportunity. I think you've mentioned it a couple of times. Can you give us any update on how education institutions are looking at that from a value proposition point of view? I know that's a big sell. And then how is that sort of figuring into the bundling that you all are doing and trying to kind of drive more of the platform versus the individual modules?

Rob Orgel^ So this is Rob. I can jump in on that. Obviously our goal as a solution provider is to make sure we provide all the ways that pay that meet the needs of the payer and that serve the needs of our client as well.

So ACH and ACH equivalents around the world are all part of what the platform is intended to support. We monetize all of it, and our goal has always been to make sure that we provide good solution value to both payer and client in doing that.

Now when you look at ACH in Education, the way we monetize that most typically is where it's part of a value-added solution, right? It's part of a payment plan or something that we monetize differently.

If you look across our hospitality payments platform, our clients do value our ACH capabilities. It's been a distinctive capability that we have in the market and is part of what's helped drive the adoption of our hospitality payment capabilities because we will put that ACH right next to credit card.

We will create a set of choices that serves those clients. And when you put that inside our broader workflow, it's driving faster payments. It's driving lower cost, smooth experiences, less fraud, the sort of list of proposition keeps going. And so that's how we incorporate ACH into our broader payment suite.

Operator^ Our next question comes from the line of Sid Soni with UBS.

Siddhanth Soni^ Only one for me. Could you guys touch on the progress of the domestic payment business, especially given the volume opportunity is so much larger than cross-border, albeit at a lower take rate and as well as any color you might have on the competitive landscape, penetration rates as well as any key hurdles you guys have faced?

Rob Orgel^ So I'm taking your question as being focused primarily on the Education business. And so for us, we -- like I said in terms of my commentary at the Fusion conference, we have really caught the attention and the understanding of the market that what Flywire represents is an opportunity to capture both the domestic payment opportunity as supported by our SFS software as well as our cross-border capabilities.

And so that -- we called out that, that domestic payment capability has grown faster than the company average. We've called out all the wins that we've been delivering across schools like Penn State, Cornell Wesleyan and the ones that we announced in this earnings call. And so with that, we continue to see domestic as a growing part of the U.S. business and a good offset for where we've seen some of the challenges in the cross-border visa account.

Michael Massaro^ And Sid, this is Mike. I'll just add. I think it is also really important that clients want someone to solve all their payment challenges. And so I just look at this as an opportunity for us to expand the relationship with our clients. They're not looking for someone to process cards, someone to process bank payments, someone to process international. They're really looking for that software and payment combination together. And I think that's what we get to deliver which is great.

Operator^ Thank you. Ladies and gentlemen, due to the interest of time that concludes today's conference call. Thank you for your participation. You may now disconnect.