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Tim Chiodo: All right. Good morning, everyone. Welcome to the third day, Wednesday, of the UBS Global Technology and AI Conference. We're very happy to kick it off this morning with the team from Flywire. We have the CFO, Cosmin Pitigoi here. We also have the Head of Investor Relations, Masha Kahn, who joined us in Arizona. So thank you to both Cosmin and Masha for making the trip to Arizona.

Cosmin Pitigoi: Awesome. Thanks for having us here.

Tim Chiodo: All right. Joining me on stage is my colleague, an exceptional senior associate on our team, Patrick Ennis, who's led a lot of our work on Flywire. So we'll be doing this fireside chat together. So I'm going to kick it off. We're going to start with the cross-border education market. As we just laid out, we're going to talk a little bit about cross-border education. We're going to get into the domestic education market. We'll hit a little on travel, a little on health care, a little on B2B, and then we'll talk about financials. So we're going to run through as much as we can and see what we can tackle here in 28 minutes.

All right. First on the cross-border education market. In terms of some of the data, we don't have the latest U.S. visa data, given there were some delays associated with the government shutdown. But there was a recent survey from the Institute of International Education suggesting that new international student enrollment in the U.S. was down 17% year over year. Can you walk us through how this compared to your expectations and what you saw from your cross-border clients?

Cosmin Pitigoi: Yeah, thanks. And obviously a big question not just for this year, but looking into next year, is around the U.S. education macro environment. So what we had assumed for this year back in Q3 was around a 20% decline. And so what we actually saw was a little bit less than that. If you think of kind of our, the way we look at it is we look at our first-year payers trend, separate from kind of the revenue that we get from first-year international students. What we saw is, again, a little bit less than the 20%.

However, what we are seeing is some offsetting factors to that. First off, what we've seen is better performance in the high ticket or higher tuition type of programs. So if you think of undergrad type programs are doing better than some of the maybe shorter term or lower cost type tuition programs. So we saw that in our numbers, even though our first-year payers were not down quite as much as 20%. By the way, not far off of that, I would say still in kind of the mid-to-high teens is kind of where we're seeing it. Again, our mix of schools is different, obviously, than the F-1 visas, so there's not a perfect correlation. But that number seems about right as far as the external numbers.

Internally, however, if you look at our one, like I said, higher tuition. Second, the other offsetting factor was around higher retention. We're seeing improved retention in our existing students. So also seeing that trend kind of play out.

And then as you step back, we look at our overall U.S. education business. We're continuing to add more cross-border schools. And also, obviously, as you know, the domestic business and the SFS is doing well. So when you add it all together, our U.S. education business, what we guided to this year, is still growing, actually, in the low-single digits because of those dynamics.

Tim Chiodo: All right, excellent. Thank you, Cosmin. As a follow-up, we know that you've talked about a mid-single digit headwind or so to revenue growth from Canada, Australia and U.S. this year and then a similar headwind next year. And we're just wondering if you could talk a little bit more about that and what's embedded into the outlook.

Cosmin Pitigoi: So first, let me start with, just as you saw this year, we started out in terms of the guidance principles around just being prudent, being very data dependent, so watching the trends sort of turn or change before we actually take that into account. And also just being very transparent with everyone around our assumptions. So with that, the mid-single digit impact for this year, if you think of it as, I would say it's a large portion of that is Canada, which is mostly now behind us. So first half was a heavier impact. As we exit, it's a little bit less negative, but still negative. So Canada was a big portion of that, with Australia and then to some extent U.S. being the other two components of the mid-single digit for, again, this year, 2025.

As you look into next year, we think U.S. will take over as potentially as the larger component. But again, as you saw even this year, we're trying to be very prudent in our approach. So if you think of the mid-single digit number in terms of dollars, it's around \$30 million. If you look at the U.S. business, again, we've said about \$80 million last year in terms of the revenue from that with about a little bit less than half of that being from first-year students. So if you do the math on that, obviously it would have to be a much more negative impact than what we've seen this year. So we were just talking about that, sort of call it 20%. It would have to be more than that. Now, again, we're not necessarily seeing that yet, but taking a very prudent approach, again, as we have this year, to try to anticipate that.

And then the other components of the mid-single digit assumption for next year aside from U.S. would be continued softness in Canada, again, the data dependent principle. We're going to watch the trends there and see them improve. And so far, again, we're seeing kind of better than first half, but we're going to wait to see how that plays out. And then Australia, UK, again, we're watching the environment there. Obviously, Australia has played out much, much better than we expected this year, but not necessarily -- not counting on that continuing until we kind of see it play out a bit more.

Tim Chiodo: Excellent. Thank you, Cosmin. I'm going to turn it over to Pat to talk a little bit about the UK business. Then I'll go back to kind of a last follow-up on cross-border before we move to domestic.

Patrick Ennis: Okay, great. I wanted to transition to the UK, your largest market. So the one-door strategy has definitely been a highlight and something that the company continues to expect to be a sustainable growth driver going forward, but that's something I think we'll try to touch on a bit later. We'll be focusing on the cross-border side of the business right now. It sounds like visas in the UK have been slightly up, maybe close to flat. Can you talk to the latest political climate there? Is there anything in addition to the May 2025 immigration white paper we should be mindful of?

Cosmin Pitigoi: Yeah, look, we're watching to see how the white paper plays out in general. So far, again, we haven't seen the trends. If you just, again, start with the facts, I think last year, UK visas were down a bit. This year they're flat to up. And so not yet seeing an impact from anything in the macro in the UK. But look, they have a white paper. I think they're voting on it sometime soon. So what we saw actually there was obviously the post-graduate work permit, which was 24 months, it was reduced to 18 months, which again, there's some reduction, but at least it's not eliminated. So that still is sort of still a positive.

And then although we're seeing immigration or international student sort of headlines, they haven't taken a very hard stance. So they haven't taken the Canada or even the Australia hard stance with caps, and so they're addressing it in a much more thoughtful way. Because look, UK education institutions, the same as U.S. and other parts of the world, are struggling financially. And they have a pretty strong voice. And I think everyone wants international students in general. So there's that recognition. So far, we've seen a balanced approach, but again, as I said, taking a very prudent approach like we did this year with the UK for next year.

Patrick Ennis: Perfect. And as a follow-up there. In terms of the cross-border payments monetization angle, so only cross-border we're thinking about here with WPM, which you, I believe, acquired at the end of 2021. Where are you in terms of penetrating that base of clients?

Cosmin Pitigoi: We're still early. I know there's obviously been a great, great growth coming from that acquisition and our execution around it. But keep in mind that is always kind of our M&A playbook is we bought the software and have those integrations, but monetizing those payments. Again, think of it as we have to go almost a bit of school-by-school and individually. So we still have a long runway around WPM.

The metric that we gave in the latest earnings call was, just to give you a sense that we do have room to grow even in WPM, is the fact that only about 12 of our clients in the UK, we process 90% or more of their volume. So that tells you that obviously there's a lot of clients where we can go after. What we're usually aiming for, which is move all the money related to tuition. So a lot of room to grow, but it is obviously a bit of a school-by-school approach. And then even once we do that, there's obviously a lot more cross-sell that we can do with our cross-border domestic and SFS and other components on top of that.

Patrick Ennis: Certainly, I think we'll get into that, but I'll hand it back to Tim.

Tim Chiodo: All right. Let's wrap it up on cross-border with the outside the big four countries. So about a low to mid-teens percentage of your revenue in 2024 and higher than company

average growth that you've been talking about. You've had some big wins, even announcing some different European companies. Maybe you could talk a little bit about the drivers of those wins.

Cosmin Pitigoi: Yeah, look, very excited about the performance outside the big four. What we see there, if you think from a macro perspective, it's a little bit like a balloon that you kind of push in one direction and it pops somewhere else. As the not-the-big-four push back on bringing international students, many other countries are more than happy to welcome those students in because you're talking about very high talent and talented students who are willing to pay tuition. And that's a very interesting proposition for anybody who's trying to build kind of AI technology or for schools that want to obviously look to bring great students in.

So we're seeing good growth there. It's, to some extent, obviously it's a combination of the growth in those markets. So we are seeing good growth in those markets kind of naturally. But also our product is uniquely positioned. To give you a very practical example, because it helps me sometimes, is if you're a university in France and you were getting maybe 5 or 10 students a year and international students, you would probably be okay dealing with, you get 10 wires and you got to reconcile them. You got to figure out who it is that sent you the wire and all that kind of sort of manual process type stuff. Well now, suddenly that school is probably getting 100 or more students, that no longer is feasible.

And so what we're doing is we're coming in. And again, I think well -- and you guys know this better than anyone as far as software, the importance of software eating the world. But you know, for us, that software is such a key component of the value prop, because we're replacing a manual outdated process with the software. It's not the payments so much that is sort of -- the key is the fact that now you're reconciling that payment from those 100 students. You're dealing with the FX, the chargebacks, the reconciling into the system of record. You basically are replacing a very manual process.

So there's a lot less resistance. You're not -- so it's a very different kind of approach, but we're seeing good growth in those markets and expect to continue for sure. Because again, I think the demand is there from the incoming corridors.

Tim Chiodo: Excellent. All right. I think we covered cross-border quite well. Let's move on to domestic, and I'll turn it back to Pat.

Patrick Ennis: Okay, great. So transitioning to domestic. In the U.S. market, can you talk about the three incumbents in domestic education and where Flywire's solutions have resonated well compared to the competition?

Cosmin Pitigoi: Sort of the same three incumbents I think have been around in the U.S. for the last couple of decades plus. We've competed quite well with them. Our clients are the ones who basically sort of pushed us in this direction of combining what is our core capability of cross border with a domestic, and just realizing that obviously what --. So there's a couple of components there. One is just the combination of both cross-border and domestic as schools are

looking to consolidate vendors, so I don't have to deal with one vendor for one part and another vendor for something else. That capability certainly resonates.

But also there's, look, there's multiple reasons. One, just modern approach. So if you know how software is written and designed, if you've designed it for on-prem, and then you have to design for cloud and then you have to design for mobile, it's a very different kind of approach. Our software, we were born in, if you will, we were born in the cloud or born in mobile, and so we designed it for that experience.

And also, we're continuously innovating. We haven't stopped. So that resonates quite well, in addition to the consolidation of vendors. But also there's other capabilities we've built. As you know, the 529 accounts, being able to pay with that. Collections capabilities. We have the collections module, which enables you to really treat the student with a bit more dignity. And it's a much more -- and obviously it saves a lot of money for the school because they're not paying some third party to go approach the student with an aggressive kind of approach. We have that built in.

So there's just a lot of different capabilities in addition to the flexibility of the payment plans and other things which you can do with our software. So we're seeing it very much resonating. We're going to obviously continuing to evolve and seeing a lot of clients, big reference clients now, as you've seen out there. And we certainly are getting to that point where everyone sort of thinks of us as more than just cross-border, which is that mental shift is really critical, obviously, for the sales team to go in.

Patrick Ennis: And to that point, those reference clients, you've won some larger higher education institutions on the domestic side. Do you expect that to be a catalyst for additional universities looking to migrate over? And can you just talk about the sales cycle and the integration process on the domestic side?

Cosmin Pitigoi: Yeah, look, it certainly is you get past that point where people think of you differently and suddenly you do have, yes, we have the reference clients. We have the Stanfords, the UVAs and now Penn State and others who are out there. We have our conference, our Fusion conference, where we bring together about 100 clients and it resonates quite well.

But also think of it as we've built the muscle internally around the go-to-market with this enterprise sale. Because this is a, it's a more complex, obviously. You're usually, especially in the U.S., you're replacing something that is already there. And so it takes a bit more team effort on the enterprise side. But we've built that muscle now, including the marketing and the perception. And so we're seeing obviously good momentum there as you've seen with the launches this year.

And look, it's a long sales cycle. So you engage with the client, they go live, they have to ramp through a tuition peak. But when you are part of their DNA, to some extent, and again, software point, but you're part of their process. And so again, speaking as the finance guy a little bit, I think when you change a process around the software and around a certain vendor, you are a partner to that client. You are no longer just another vendor. You become part of their ecosystem, which is, again, what the software piece does for us is solve that complexity, but also

becomes embedded into their process. So it takes a bit longer, but we've been patient. And we've been winning clients and continue to win clients even in that environment.

Patrick Ennis: Certainly, and great momentum. And then in the UK as well, it sounds like you guys are seeing a lot of success there. I know you've discussed integrations with each of the student information systems with Unit4 being in pilot. I think it's a big one. Can you talk to the importance of these integrations and whether they have been a gating factor for winning any domestic business in the UK?

Cosmin Pitigoi: I would say not a gating factor. We've been winning even without them. But it certainly helps accelerate progress because you're suddenly connected into the system of record. You have that very unique capability. And so for Unit4, it creates an additional capability, which is around the student portal, which a lot of universities don't actually have that.

So for us being able to add that additional value prop where we can say, look, we're connected into your system of record, so it's an easier integration, it's an easier lift. So it accelerates. I would say the pipeline is, we've always won with it, but we can obviously go even faster. And we, again, have a very unique proposition there. That same conference that we have in the U.S., in the UK is extremely well attended. And the capabilities there, because there's just not -- the incumbents are not there to provide those, resonate even more so. So we see really strong demand for the product there.

Patrick Ennis: Okay, that's great to hear. And I think I'll kick it back to Tim to hit on travel.

Tim Chiodo: All right. Great. So on travel, you talked about some expansion into some new adjacent sub-verticals. One example was the ocean experiences. Maybe you could just talk a little bit about some of those new verticals and some of the drivers of the growth within the travel sub-segment.

Cosmin Pitigoi: So the travel, this is -- think of our business now as there's luxury travel, which is our legacy travel business, and then now our hospitality side, which is the Sertifi acquisition. So just talking about the luxury legacy kind of travel business. A couple of quarters ago, in our earnings supplement, we actually gave the growth algo breakdown a little bit for that. But it is very much driven by the go-to-market motion. Kind of the ramp of new clients and that addition of new clients is the biggest growth driver. There's a bit of -- market is obviously still doing well. Luxury travel's still growing. So that is certainly a component of it. But the biggest component is this go-to-market motion.

And look, the product resonates. Because if you're, again, thinking of the travel operator who's dealing with multi-day bespoke travel and you have people traveling in different countries, you, again, solving an operational kind of complexity. We're not there to just do the payment. Because it's one thing if somebody was to say, I'm traveling and I have to pay \$10,000, but I only want to pay \$5,000 now and 5,000 later. Sure, you can do that. But now if you're the travel operator, I got to deal with the FX. I got to deal with how to reconcile this into my system.

So we provide all those capabilities, again, through kind of the softer side. And obviously lower cost. For those large type cross-border transactions, our payment network plays a very important role. But from a go-to-market motion for travel, think of it as very strong LTV/CAC and very strong marketing pipeline.

And also starting to get, again, referral clients. What we're seeing is whether it's ocean experiences or heli-skiing trips and these luxury vacations, those operators, they talk to each other, and now we are obviously a known name. So you certainly start to get to the point where you're getting those reference clients that are also driving a lot of the growth. So it's great. The team's obviously doing really well. I'm very, very excited about the opportunity.

Tim Chiodo: All right. Great. A brief follow-up before we move to health care. You mentioned Sertifi, but you guys have talked about it growing over 30% year over year. Just to clarify, is this just the revenue that came in from Sertifi, or is this including some of the synergies associated with additional payments monetization?

Cosmin Pitigoi: This is just the business itself doing really well. Obviously, a lot of the investment area for us this year is building those capabilities, whether it's payments internationally, locally, for billed at the local payments capabilities for some of the clients. So we're investing in that to drive the synergies that we talked about on the payments following the \$3 billion and the \$100 million across cross-border, international. So we're seeing a lot of opportunity there. But the synergies are more, I expect them to be more into next year. This year, it's just the business itself is obviously doing really well.

Tim Chiodo: All right. Great. I'm going to turn it back to Pat. And then I think in the interest of time, we might go after that right to some of the profitability and some of the financial side. But over to you, Pat.

Patrick Ennis: Okay. Wanted to hit on health care. Cleveland Clinic, 8-figure revenue win. Sounds like you've been working on that for some time. Do you expect this to be a lighthouse customer that will help reaccelerate growth in the healthcare vertical beyond just kind of the recent client wins?

Cosmin Pitigoi: Yeah, look, certainly is a lighthouse client. For those of you who are familiar with the space, obviously it's kind of one-of-its-kind to some extent. So there's not a lot of others like it. But it creates that validation that the product that we've built and the capabilities that we've built. And again, the integration piece and the software does a number of unique things that others can't do out there.

So the three that I usually kind of comment on is just the affordability piece. Again, it's the same capability that helps you split your payment at a school or split your payment if you're traveling is being able to do that as a patient when you get that out-of-pocket bill. But then it's also the financing. So again, not on our balance sheet, but that financing component integrated into the software. And now the latest addition capability is the payment processing, which lower margin. And so we've called that out, but still obviously a positive gross profit. But is the combination of those three, along with the capabilities that the team has built over time, and

those integrations into Epic and others is a key component. So you have obviously Cleveland Clinic, Endeavor, Cook County and others.

The way to think about the growth rate, just quickly on that. This year, we've said health care is growing somewhere in the low teens. I would expect next year maybe accelerates, obviously to some extent, based on this. We're not necessarily, at the total company level, not yet sort of counting on a lot of that in terms of how we've thought about initially about next year, and again, being prudent around it. But certainly could be a source of upside as we think about that going into next year. Albeit some of it would be at a lower -- in case of the payment processing piece, it would be at a lower margin, while the software and the other components will be at the usual higher software margin.

Patrick Ennis: Okay. That's really helpful to hear. And in the interest of time, I think I'll give it back to Tim to hit on profitability.

Tim Chiodo: All right. Thank you, Pat and Cosmin. Let's wrap it up with some of the numbers. So in the past, the company has talked about a 25%-plus EBITDA margin longer term. I know that's kind of a number that was out there some time ago, and just wanted to see if you could maybe update the investment community on how we should be thinking about longer term margins. And while we're at it, any other comments that you would want to just remind investors around financials for either fiscal '26 or beyond?

Cosmin Pitigoi: Yeah, look, on profitability, I think if you look historically, we've consistently beat expectations. Year after year, including this year, we've exceeded. I think the 25%, I don't see that as a -- that's not a tough target, I suppose. And we've already given indicative sort of mid-30s incremental margins on revenue as we look into next year. And so that kind of gives you a sense that that's within eyeshot.

I think the beyond 25%, I would say then, in general, the principle for us and for me internally is obviously grow OpEx less than the growth of gross profit growth. Simple math. And to some extent, we should be able to do that. We've got scale, we have leverage. So we're going to continue to do that. But again, 25%, again, not a complicated target, I think, for us.

I would say the other thing is we look at the other costs, stock-based compensation and others. Again, this year, we've hit the IPO anniversary. So it was around -- stock-based comp percent of revenue is around 12%. Expect stock-based comp to also grow closer to OpEx going forward, which means that that 12% as a share of revenue continues to go down. While at the same time, you heard us talking about managing dilution, which is really key for us. So looking to stay within that hopefully 3% or lower. Obviously that depends on a number of factors, the stock price itself and other things. But we try to manage that, again, in a very disciplined way across the business.

Tim Chiodo: All right. Excellent. Well, you covered the stock-based comp. We really appreciate that. I think we have time to maybe squeeze in one more, and I'll turn it back to Pat to hit on retention.

Patrick Ennis: Okay, great. You hit on this at the beginning, but you've recently touched on some of the positive student retention rate trends within higher education. Is it fair to attribute that to incremental SFS adoption, or are there other areas you found to be working better now versus in the past?

Cosmin Pitigoi: Yeah, look, I think the SFS is probably the biggest one, because obviously once you manage end-to-end the experience you have, and also you have the ability to bring in those students, that's one driver. So we've seen that. But obviously, that's still sort of 10% or so kind of penetration. What we're also seeing is just managing the user experience is a big difference in terms of how you present then, if you will, and checkout is another driver.

Second, our relationship with some of the banks in India, for example, play an important role, because being able to work with those partners is really key. So that's another differentiator for us versus other players out there is that we have so many partners in the ecosystem. The banks in each of the different locations, that makes a big difference. Those are not easy, by the way, to create relationships with banks in India and China and other areas. And then we haven't talked a lot about this, but the agent components of being able to work well with agent and help kind of -- who the agent community helps place some of these students also helps drive some of that capability.

But when you look at from an overall perspective, we're continuing to build those relationships with students and the user experience, which then drives a lot of the retention. So again, good trends there. We don't assume a huge, huge movement yet, but a lot of good, good positive trends. So very excited about it.

Patrick Ennis: Definitely, that's positive hear. And I'll turn it back to Tim to close us out.

Tim Chiodo: All right. It looks like we might be able to squeeze in just a quick comment on B2B. Maybe just talk a little bit about the Invoiced acquisition, and then we'll bring to a close.

Cosmin Pitigoi: Perfect. Yeah, great to close on that. B2B, obviously a good, good acquisition for us last year. Same sort of M&A playbook. Buy the software, monetize the payments. We talked about a \$1 billion volume opportunity that that opened up for us. And we're now sort of launching, connecting that AR. And if you want to talk about AI, the Invoiced capability that we bought, the ability to go straight from, all the way from invoice to cash, and being able to identify in real-time through machine learning which invoice you should pay, how you should approach that. So truly was a differentiating factor combined with our payment capabilities.

You heard us talk a little bit about even some of the Q3 performance was supported by the Invoiced and B2B performance and some of the Q4 growth in addition to that. So feel really good about that capability, and it's playing out. We, again, put it in the supplement, seeing good revenue, but also good gross profit growth in that business.

Tim Chiodo: Excellent. Well, on behalf of our full team and Patrick Ennis who joined me on stage here, we want to thank both Masha and Cosmin for making the trip here to Arizona and being a big part of our conference. Thank you so much.

Cosmin Pitigoi Awesome. Thank you.