Q4 2023 Earnings

February 8, 2024

Forward Looking Statements

This presentation contains forward-looking statements including, but not limited to, statements about management's plans, goals, expectations, and guidance and assumptions with respect to future financial performance of the Company. Any statements in this presentation that are not statements of historical facts are forward-looking statements. When used in this presentation, the words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "will," "positions," "confidence," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. Forward-looking statements relate to our future plans, objectives, expectations and intentions and are not historical facts and accordingly involve known and unknown risks and uncertainties and other factors that may cause the actual results or performance to be materially different from future results or performance expressed or implied by these forward-looking statements. The following factors, among others, could cause actual results to differ materially from those contained in forward-looking statements made in this presentation and in oral statements made by our authorized officers:

- *the impact of fluctuations in demand for fuel and the volatility and prices of fuel, including fuel spreads in the Company's international markets, and the resulting impact on the Company's margins, revenues, and net income;*
- *the effects of general economic conditions, including a decline in demand for fuel, corporate payment services, travel related services, or healthcare related products and services;*
- *the failure to comply with the applicable requirements of Mastercard or Visa contracts and rules;*
- *the extent to which unpredictable events in the locations in which the Company or the Company's customers operate or elsewhere may adversely affect the Company's employees, ability to conduct business, results of operations and financial condition;*
- *the impact and size of credit losses, including fraud losses, and other adverse effects if the Company fails to adequately assess and monitor credit risk or fraudulent use of our payment cards or systems;*
- *the impact of changes to the Company's credit standards;*
- *limitations on, or compression of, interchange fees;*
- *the effect of adverse financial conditions affecting the banking system;*
- *the impact of increasing scrutiny with respect to our environmental, social and governance practices;*
- *failure to implement new technologies and products;*
- *the failure to realize or sustain the expected benefits from our cost and organizational operational efficiencies initiatives;*
- *the failure to compete effectively in order to maintain or renew key customer and partner agreements and relationships, or to maintain volumes under such agreements;*
- *the ability to attract and retain employees;*
- *the ability to execute the Company's business expansion and acquisition efforts and realize the benefits of acquisitions we have completed;*
- *the failure to achieve commercial and financial benefits as a result of our strategic minority equity investments;*
- *the impact of foreign currency exchange rates on the Company's operations, revenue and income and other risks associated with our operations outside the United States;*
- *the failure to adequately safeguard custodial HSA assets;*
- *the incurrence of impairment charges if the Company's assessment of the fair value of certain of its reporting units changes;*
- *the uncertainties of investigations and litigation;*
- *the ability of the Company to protect its intellectual property and other proprietary rights;*
- *the impact of regulatory capital requirements and other regulatory requirements on the operations of WEX Bank or its ability to make payments to WEX Inc.;*
- *the impact of the Company's debt instruments on the Company's operations;*
- *the impact of leverage on the Company's operations, results or borrowing capacity generally;*
- *changes in interest rates, including those which we must pay for our deposits, and the rate of inflation;*
- *the ability to refinance certain indebtedness or obtain additional financing;*
- *the actions of regulatory bodies, including tax, banking and securities regulators, or possible changes in tax, banking or financial regulations impacting the Company's industrial bank, the Company as the corporate parent or other subsidiaries or affiliates;*
- *the failure to comply with the Treasury Regulations applicable to non-bank custodians;*
- *the impact from breaches of, or other issues with, the Company's technology systems or those of its third-party service providers and any resulting negative impact on the Company's reputation, liabilities or relationships with customers or merchants;*
- *the impact of regulatory developments with respect to privacy and data protection;*
- *the impact of any disruption to the technology and electronic communications networks we rely on;*
- *the ability to incorporate artificial intelligence in our business successfully and ethically;*
- *the ability to maintain effective systems of internal controls;*
- *the impact of provisions in our charter documents, Delaware law and applicable banking laws that may delay or prevent our acquisition by a third party; as well as*
- *other risks and uncertainties identified in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission on February 28, 2023 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2023 and June 30, 2023, filed with the Securities and Exchange Commission on April 27, 2023 and July 27, 2023, respectively, and subsequent filings with the Securities and Exchange Commission.*

The forward-looking statements speak only as of the date of this presentation and undue reliance should not be placed on these statements. The Company disclaims any obligation to update any forward-looking statements as a result of new information, future events or otherwise.

Non-GAAP Information:
For additional important information and disclosure regarding our use of non-GAAP metrics, specifically, adjusted net income, adjusted net income per diluted share, adjusted operating income and margin and adjusted free cash flow, please see our most recent earnings release issued on February 8, 2024. In addition, see the Appendix to this presentation for an explanation and reconciliation of (i) GAAP operating income to non-GAAP total segment adjusted operating income and adjusted operating income, (ii) GAAP net income attributable to shareholders to non-GAAP adjusted net income attributable to shareholders, (iii) GAAP net income attributable to shareholders per diluted share to non-GAAP adjusted net income attributable to shareholders per diluted share and (iv) GAAP operating cash flow to non-GAAP adjusted free cash flow.

Note:
The Company rounds amounts in the consolidated financial statements to millions within tables and text (unless otherwise specified), and calculates all percentages and per-share data from underlying whole-dollar amounts. Thus, certain amounts may not foot, crossfoot, or recalculate based on reported numbers due to rounding.

Quarter Highlights

$663M

+7%

Revenue
Percent change from prior year quarter

$3.82

+11%

Adjusted Net Income Per Diluted Share
Percent change from prior year quarter

Key Takeaways

- Delivered record quarterly revenue
- Q4 revenue and adjusted net income above quarterly guidance ranges
- Executed $150M of share repurchases in Q4 bringing the 2023 total to $295M

Annual Highlights

$2.5B

+8%

Revenue
Percent change from prior year

$14.81

+9%

Adjusted Net Income Per Diluted Share
Percent change from prior year

Key Takeaways

- Delivered record full year revenue
- Strong revenue growth from Corporate Payments (+24%) and Benefits (+32%) segments
- Strong adjusted free cash flow generation of $517 million
- Balanced capital allocation including repurchase of $295M in stock, retired convertible debt resulting in a 1.55 million reduction in fully diluted share count, and made two acquisitions while maintaining leverage at low end of target

Strategic Themes

Growth Drivers

Well positioned for a mixed fleet environment that incorporates EV - including selection, en route, at home, and depot solutions

Expanded into new field service management TAM within Mobility segment with Payzer acquisition in Q4'23

Purchase volume growth of 33% in Corporate Payments segment

Profitable Growth

High confidence in achieving $100M of operating cost reductions on run rate basis by end of 2024; 75%+ completed in 2023

Use of artificial intelligence to drive operational efficiencies, including new credit adjudication engine in 2023

Capital Stewardship

Continuing to balance organic investment, M&A, and opportunistic return to shareholders

Returned $295M through share repurchases in 2023 and an additional $35M through 2/2/24

Strong adjusted free cash flow generation used to repurchase shares and retire convertible debt resulting in an additional 1.55 million reduction in fully diluted share count

Q4 2023
Financial Results

Company Results

(In millions except per share data)	4Q23	4Q22	$ Δ Yr/Yr	% Δ Yr/Yr
Total Revenue	**$663.3**	**$618.6**	**$44.7**	**7 %**
Net income attributable to shareholders	$84.9	$88.7	$(3.8)	(4)%
Net income attributable to shareholders per diluted share	$1.98	$2.02	$(0.04)	(2)%
Adjusted net income attributable to shareholders	$163.9	$152.8	$11.1	7 %
Adjusted net income attributable to shareholders per diluted share	$3.82	$3.44	$0.38	11 %

See appendix for a reconciliation of GAAP net income to non-GAAP adjusted net income and GAAP net income per diluted share to non-GAAP adjusted net income per diluted share.
More than 80% of revenue for 4Q23 was recurring in nature. We define recurring revenue as payment processing and account servicing revenue, revenue from our factoring business, income from custodial HSA cash assets, transaction processing fees, and other smaller items.

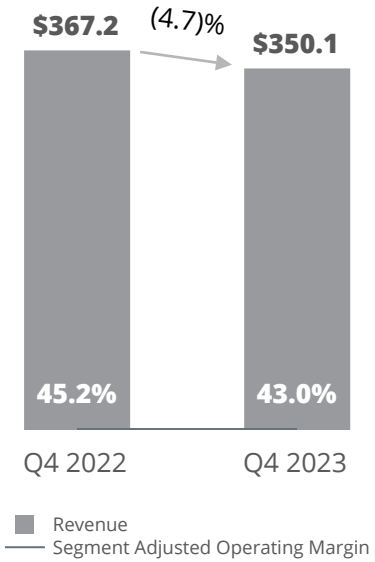
Company Results

(In millions except per share data)	2023	2022	$ Δ Yr/Yr	% Δ Yr/Yr
Total Revenue	**$2,548.0**	**$2,350.5**	**$197.5**	**8 %**
Net income attributable to shareholders	$266.6	$201.4	$65.2	32 %
Net income attributable to shareholders per diluted share	$6.16	$4.50	$1.66	37 %
Adjusted net income attributable to shareholders	$645.8	$611.0	$34.8	6 %
Adjusted net income attributable to shareholders per diluted share	$14.81	$13.53	$1.28	9 %

See appendix for a reconciliation of GAAP net income to non-GAAP adjusted net income and GAAP net income per diluted share to non-GAAP adjusted net income per diluted share.

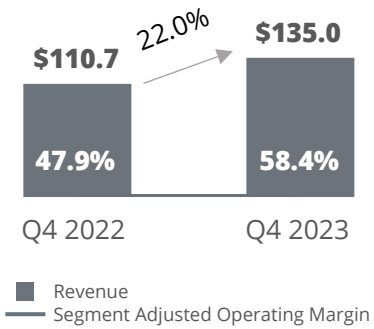
Revenue and Adjusted Operating Income Margin by Segment - Q4

Mobility

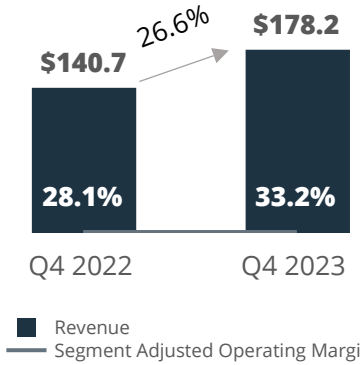


Mobility segment revenue growth reduced by 6.5% due to fuel prices and foreign exchange rates

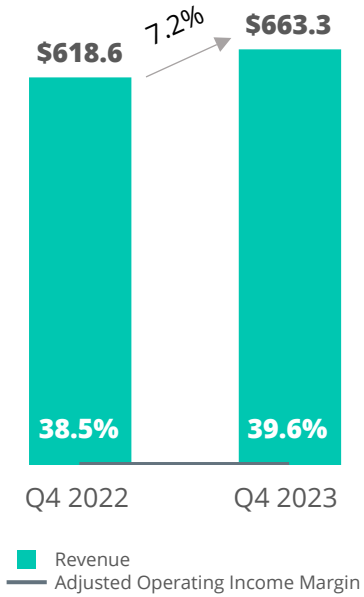
Corporate Payments



Benefits



WEX

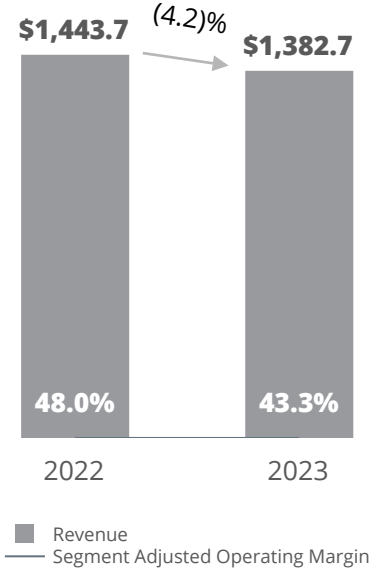


WEX revenue growth reduced by 4.0% due to fuel prices and foreign exchange rates

See appendix for a reconciliation of GAAP operating income to non-GAAP total segment adjusted operating income and adjusted operating income. Segment adjusted operating income margin is derived by dividing segment adjusted operating income by the revenue of the corresponding segment (or the entire Company in the case of total segment adjusted operating income). Segment adjusted operating income can be found in the press release announcing Q4 23 financial results.

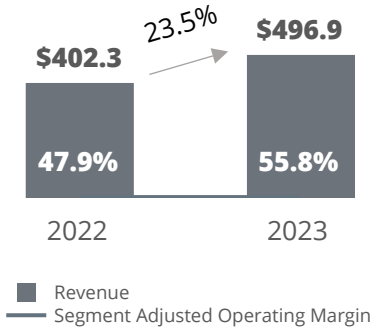
Revenue and Adjusted Operating Income Margin by Segment - Full year

Mobility

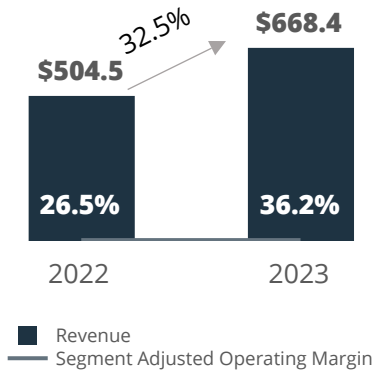


Mobility segment revenue growth reduced by 7.6% due to fuel prices and foreign exchange rates

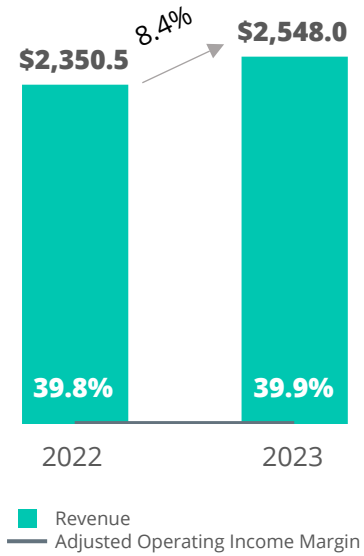
Corporate Payments



Benefits



WEX



WEX revenue growth reduced by 4.5% due to fuel prices and foreign exchange rates

See appendix for a reconciliation of GAAP operating income to non-GAAP total segment adjusted operating income and adjusted operating income. Segment adjusted operating income margin is derived by dividing segment adjusted operating income by the revenue of the corresponding segment (or the entire Company in the case of total segment adjusted operating income). Segment adjusted operating income can be found in the press release announcing Q4 23 financial results.

Cash Flow and Balance Sheet

Adjusted Free Cash Flow ($ Millions)



- Adjusted free cash flow[1], a non-GAAP measure, is defined as GAAP operating cash flow adjusted for changes in deposits and investments at WEX Bank (operational in nature), capex, and other items

Cash Balance ($ Millions)



- Corporate cash[2] balance was approximately $172 million
- Borrowing capacity of $731 million on credit facility

Leverage Ratio



- Leverage ratio, as defined in the credit agreement, at the bottom end of the long term range of 2.5-3.5X

[1] See appendix for a reconciliation of GAAP operating cash flow to non-GAAP adjusted free cash flow.
[2] Corporate cash is calculated in accordance with the terms of our consolidated leverage ratio in the Company's Amended and Restated Credit Agreement as filed with the SEC.

Guidance

	Q1 2024 Outlook	% Change YoY	FY 2024 Outlook	% Change YoY
Revenue (in millions)	**$650 - $660**	**6% - 8%**	**$2,700 - $2,740**	**6% - 8%**
Adjusted Net Income per Diluted Share [1]	**$3.40 - $3.50**	**3% - 6%**	**$15.90 - $16.40**	**7% - 11%**
Assumed Average Domestic Fuel Price ($/Gallon)	$3.50	(9)%	$3.55	(9)%
Mobility Credit Loss (Basis Points)	13 - 18		13 - 18	
Assumed Number of Diluted Shares Outstanding	42.4 million		42.7 million	

[1] The Company's adjusted net income guidance, which is a non-GAAP measure, excludes unrealized gains and losses on financial instruments, net foreign currency gains and losses, changes in fair value of contingent consideration, acquisition related intangible amortization, other acquisition and divestiture related items, stock-based compensation, other costs, impairment charges, debt restructuring and debt issuance cost amortization, adjustments attributable to our non-controlling interests and certain tax related items. We are unable to reconcile our adjusted net income guidance to the comparable GAAP measure without unreasonable effort because of the difficulty in predicting the amounts to be adjusted, including but not limited to, foreign currency exchange rates, unrealized gains and losses on financial instruments, and acquisition and divestiture related items, which may have a significant impact on our financial results.

Guidance Assumptions

- Guidance is based on US GDP growth of approximately 1.5% for 2024
- Interest rate decreases included in line with the market fed funds projections. Company-wide net exposure to changes in interest rates is expected to remain neutral although there can be impacts on segments
- Guidance does not assume any benefits from future M&A or additional share repurchases beyond those announced
- Exchange rates are as of the end of January 2024
- Domestic fuel prices estimated at $3.50 per gallon for the first quarter and $3.55 for the full year, based on NYMEX futures price; fuel price assumption reduced 2024 revenue and EPS guidance by approximately $54 million and $0.81 respectively
- Mobility segment credit losses are expected to be 13 - 18 basis points for Q1 and 13 - 18 basis points for the year
- Adjusted net income effective tax rate of 25.0% for the first quarter and the full year[1]
- Approximately 42.7 million weighted average shares outstanding

[1]Beginning in fiscal year 2024, the Company will utilize a fixed annual projected long-term non-GAAP tax rate in order to provide better consistency across reporting periods.

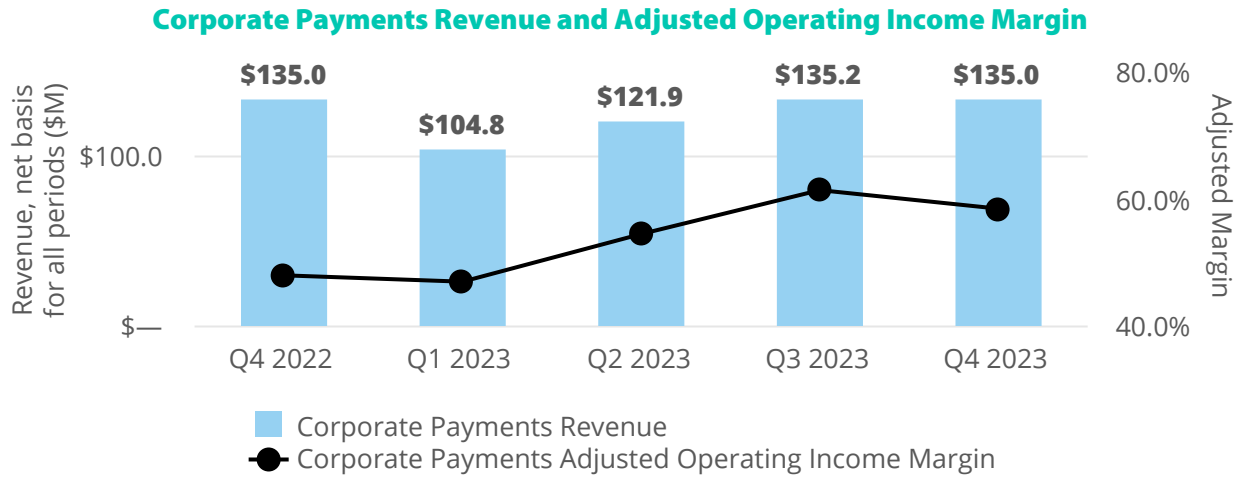
Appendix

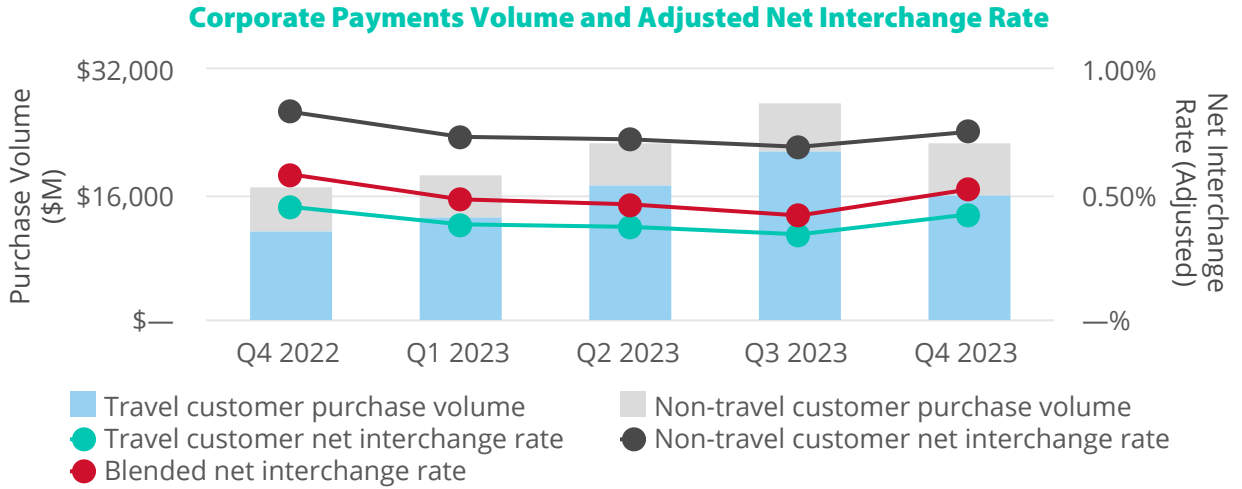
Key Performance Indicators

(In millions unless otherwise noted)		4Q23	4Q22	$ Δ Yr/Yr	% Δ Yr/Yr
Mobility					
	Total Volume ($)*	21,057.4	23,994.5	(2,937.1)	(12)%
	Payment Processing Transactions	138.1	139.2	(1.1)	(1)%
	Payment Processing $ of Fuel	13,814.3	15,936.6	(2,122.3)	(13)%
	Net Payment Processing Rate (%)	1.26 %	1.11 %	15 bps	14 %
	Average US Fuel Price ($/gallon)	3.76	4.34	(0.58)	(13)%
	Net Late Fee Rate (%)	0.50 %	0.56 %	-6 bps	(11)%
Corporate Payments					
	Total Volume ($)*	31,971.8	26,208.5	5,763.3	22 %
	Purchase Volume ($)	22,800.8	17,085.1	5,715.7	33 %
	Net Interchange Rate (%)	0.52 %	0.58 %	-6 bps	(10)%
Benefits					
	Total Volume ($)*	2,823.3	2,597.9	225.4	9 %
	Purchase Volume ($)	1,510.0	1,374.4	135.6	10 %
	Average Number of SaaS Accounts	19.9	18.5	1.4	8 %
	Average custodial HSA cash assets	3,925.0	3,469.8	455.2	13 %

*Total Volume includes purchases on WEX issued accounts as well as purchases issued by others, but using the WEX platform.

Corporate Payments Segment Revenue, Margin, Volume and Net Interchange Rate - Adjusted

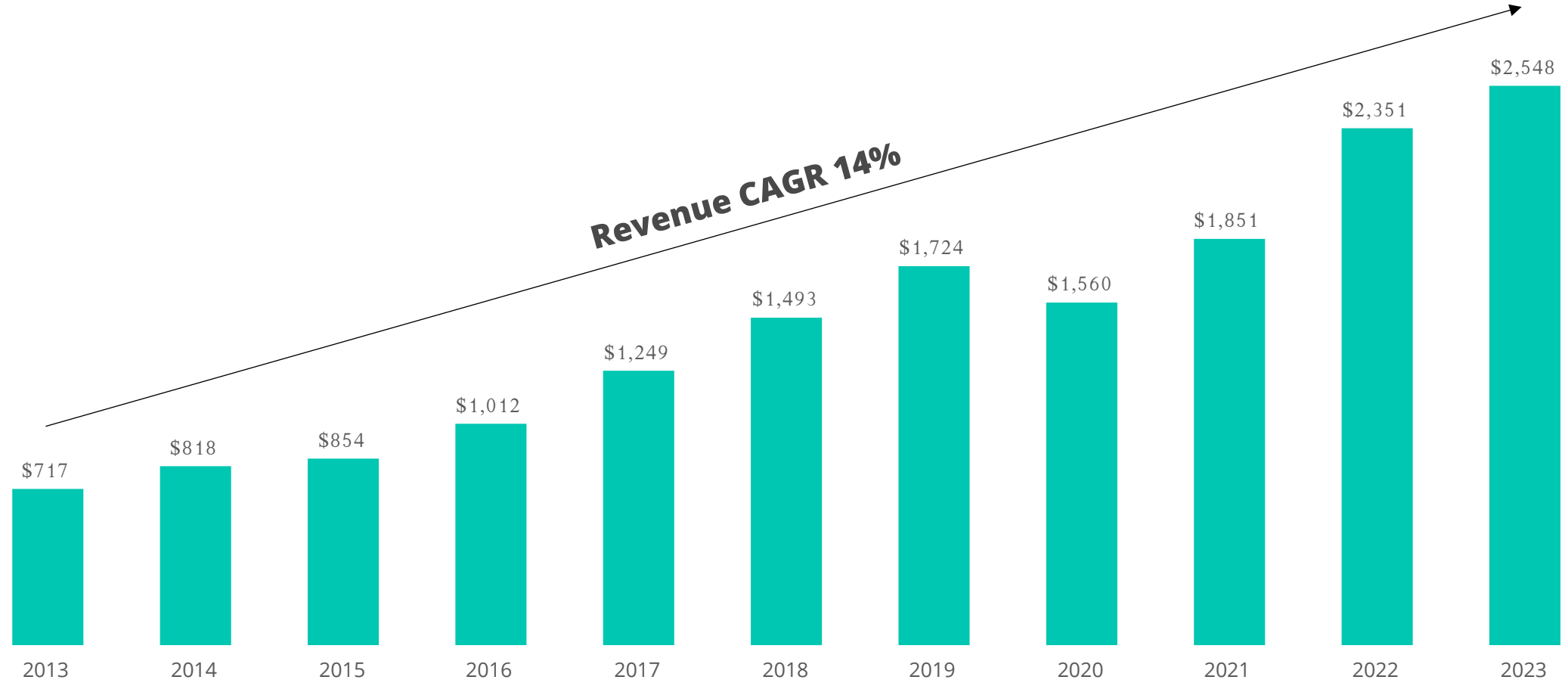




Key Takeaways

- Segment revenue increased significantly with the rebound in global travel volumes and strong growth in corporate payments volume
- Segment adjusted operating income margin in Q4 2023 was 58.4%, up from 47.9% a year ago

10-Year Revenue Growth



Reported revenue is in millions of dollars (USD).

Non-GAAP Reconciliation

Reconciliation of GAAP Operating Income to Total Segment Adjusted Operating Income and Adjusted Operating Income

	Three Months Ended December 31,		Year Ended December 31,	
(in millions)	2023	2022	2023	2022
Operating income	$ 158.5	$ 155.1	$ 647.1	$ 469.8
Unallocated corporate expenses	26.2	20.6	103.0	84.5
Acquisition-related intangible amortization	50.4	42.8	184.0	170.5
Other acquisition and divestiture related items	(1.0)	2.7	6.6	17.9
Impairment charges	—	—	—	136.5
Stock-based compensation	37.1	22.3	131.6	100.7
Other costs	17.5	15.0	46.1	39.9
Debt restructuring costs	—	—	—	—
Total segment adjusted operating income:	$ 288.7	$ 258.5	$ 1,118.4	$ 1,019.8
Unallocated corporate expenses	(26.2)	(20.6)	(103.0)	(84.5)
Adjusted operating income	$ 262.5	$ 237.9	$ 1,015.4	$ 935.3

Segment adjusted operating income margin is derived by dividing segment adjusted operating income by the revenue of the corresponding segment (or the entire Company in the case of total segment adjusted operating income).

Non-GAAP Reconciliation

(in millions except per share data)	Three Months Ended December 31, 2023	per diluted share	2022	per diluted share	Year Ended December 31, 2023	per diluted share	2022	per diluted share
Net income attributable to shareholders	**$ 84.9**	**$ 1.98**	$ 88.7	$ 2.02	**$ 266.6**	**$ 6.16**	$ 201.4	$ 4.50
Unrealized loss (gain) on financial instruments	**10.3**	**0.24**	7.1	0.16	**30.4**	**0.70**	(83.2)	(1.86)
Net foreign currency (gain) loss	**(14.3)**	**(0.34)**	(15.1)	(0.34)	**(4.9)**	**(0.11)**	22.7	0.51
Change in fair value of contingent consideration	**2.3**	**0.05**	4.0	0.09	**8.5**	**0.20**	139.1	3.11
Acquisition–related intangible amortization	**50.4**	**1.18**	42.8	0.97	**184.0**	**4.25**	170.5	3.81
Other acquisition and divestiture related items	**(1.0)**	**(0.02)**	2.7	0.06	**6.6**	**0.15**	17.9	0.40
Stock–based compensation	**37.1**	**0.86**	22.3	0.51	**131.6**	**3.04**	100.7	2.25
Other costs	**17.0**	**0.40**	13.5	0.31	**45.6**	**1.05**	38.4	0.86
Impairment charges	**—**	**—**	—	—	**—**	**—**	136.5	3.05
Debt restructuring and debt issuance cost amortization	**5.5**	**0.13**	4.7	0.10	**89.4**	**2.06**	17.3	0.39
ANI adjustments attributable to non–controlling interests	**—**	**—**	—	—	**—**	**—**	(34.6)	(0.77)
Tax related items	**(28.4)**	**(0.66)**	(17.8)	(0.41)	**(112.1)**	**(2.59)**	(115.8)	(2.59)
Dilutive impact of convertible debt [1]	**—**	**—**	—	(0.03)		**(0.10)**	—	(0.13)
Adjusted net income attributable to shareholders	**$ 163.9**	**$ 3.82**	$ 152.8	$ 3.44	**$ 645.8**	**$ 14.81**	$ 611.0	$ 13.53

[1] The dilutive impact of the Convertible Notes has been calculated under the 'if-converted' method for the periods through which they were outstanding. During the quarter and year ended December 31, 2022, $3.8 million and $15.1 million, respectively, of interest expense, net of tax, associated with the Convertible Notes was added back to adjusted net income and approximately 1.6 million shares of the Company's common stock associated with the assumed conversion of the Convertible Notes as of the beginning of the periods, were included in the calculations of adjusted net income per diluted share, as the effect of including such adjustments was dilutive. The total number of shares used in calculating adjusted net income per diluted share for the three and twelve months ended December 31, 2022 was 45.5 million and 46.3 million, respectively. During August 2023, the Company repurchased all of the Company's outstanding Convertible Notes. Under the 'if-converted' method, $9.5 million of interest expense, net of tax, associated with the Convertible Notes (prior to repurchase and cancellation) was added back to adjusted net income for the year ended December 31, 2023 and approximately 0.9 million shares of the Company's common stock associated with the assumed conversion of the Convertible Notes (prior to repurchase and cancellation) was included in the calculation of adjusted net income per diluted share for the year ended December 31, 2023, as the effect of including such adjustments was dilutive. The total number of shares used in calculating adjusted net income per diluted share for the three and twelve months ended December 31, 2023 was 42.8 million and 44.3 million, respectively.

Non-GAAP Reconciliation

The Company's non-GAAP adjusted operating income excludes acquisition-related intangible amortization, other acquisition and divestiture related items, debt restructuring costs, stock-based compensation, other costs and certain non-recurring or non-cash operating charges that are not core to our operations, as applicable depending on the period presented. Total segment adjusted operating income incorporates these same adjustments and further excludes unallocated corporate expenses.

The Company's non-GAAP adjusted net income, which similarly excludes the impact of all items excluded in adjusted operating income, further excludes unrealized gains and losses on financial instruments, net foreign currency gains and losses, debt issuance cost amortization, tax related items, and certain other non-operating items, as applicable depending on the period presented

Although adjusted net income, adjusted operating income and total segment adjusted operating income are not calculated in accordance with GAAP, our management team believes these non-GAAP measures are integral to our reporting and planning processes and uses them to assess operating performance because they generally exclude financial results that are outside the normal course of our business operations or management's control. These measures are also used to allocate resources among our operating segments and for internal budgeting and forecasting purposes for both short- and long-term operating plans. For the periods presented herein, the following items have been excluded in determining one or more non-GAAP measures for the following reasons:

- Exclusion of the non-cash, mark-to-market adjustments on financial instruments, including interest rate swap agreements and investment securities, helps management identify and assess trends in the Company's underlying business that might otherwise be obscured due to quarterly non-cash earnings fluctuations associated with these financial instruments. Additionally, the non-cash, mark-to-market adjustments on financial instruments are difficult to forecast accurately, making comparisons across historical and future quarters difficult to evaluate;
- Net foreign currency gains and losses primarily result from the remeasurement to functional currency of cash, accounts receivable and accounts payable balances, certain intercompany notes denominated in foreign currencies and any gain or loss on foreign currency hedges relating to these items. The exclusion of these items helps management compare changes in operating results between periods that might otherwise be obscured due to currency fluctuations;
- The change in fair value of contingent consideration, which is related to the acquisition of certain contractual rights to serve as custodian or sub-custodian to HSAs, is dependent upon changes in future interest rate assumptions and has no significant impact on the ongoing operations of the Company. Additionally, the non-cash, mark-to-market adjustments on financial instruments are difficult to forecast accurately, making comparisons across historical and future quarters difficult to evaluate;
- The Company considers certain acquisition-related costs, including certain financing costs, investment banking fees, warranty and indemnity insurance, certain integration related expenses and amortization of acquired intangibles, as well as gains and losses from divestitures to be unpredictable, dependent on factors that may be outside of our control and unrelated to the continuing operations of the acquired or divested business or the Company. In addition, the size and complexity of an acquisition, which often drives the magnitude of acquisition-related costs, may not be indicative of such future costs. The Company believes that excluding acquisition-related costs and gains or losses on divestitures facilitates the comparison of our financial results to the Company's historical operating results and to other companies in our industry;
- Stock-based compensation is different from other forms of compensation, as it is a non-cash expense. For example, a cash salary generally has a fixed and unvarying cash cost. In contrast, the expense associated with an equity-based award is generally unrelated to the amount of cash ultimately received by the employee, and the cost to the Company is based on a stock-based compensation valuation methodology and underlying assumptions that may vary over time;
- Other costs are not consistently occurring and do not reflect expected future operating expense, nor do they provide insight into the fundamentals of current or past operations of our business. This also includes non-recurring professional service costs, costs related to certain identified initiatives, including restructuring and technology initiatives, to further streamline the business, improve the Company's efficiency, create synergies and globalize the Company's operations, all with an objective to improve scale and efficiency and increase profitability going forward.
- Impairment charges represent non-cash asset write-offs, which do not reflect recurring costs that would be relevant to the Company's continuing operations. The Company believes that excluding these nonrecurring expenses facilitates the comparison of our financial results to the Company's historical operating results and to other companies in its industry;
- Debt restructuring and debt issuance cost amortization, which for the year ended December 31, 2023 includes the loss on extinguishment of Convertible Notes, are unrelated to the continuing operations of the Company. Debt restructuring costs are not consistently occurring and do not reflect expected future operating expense, nor do they provide insight into the fundamentals of current or past operations of our business. In addition, since debt issuance cost amortization is dependent upon the financing method, which can vary widely company to company, we believe that excluding these costs helps to facilitate comparison to historical results as well as to other companies within our industry;
- The adjustments attributable to non-controlling interests, including adjustments to the redemption value of a non-controlling interest, have no significant impact on the ongoing operations of the business;
- The tax related items are the difference between the Company's GAAP tax provision and a pro forma tax provision based upon the Company's adjusted net income before taxes as well as the impact from certain discrete tax items. The methodology utilized for calculating the Company's adjusted net income tax provision is the same methodology utilized in calculating the Company's GAAP tax provision; and
- The Company does not allocate certain corporate expenses to our operating segments, as these items are centrally controlled and are not directly attributable to any reportable segment.

Adjusted net income, adjusted operating income and total segment adjusted operating income may be useful to investors as a means of evaluating our performance. However, because adjusted operating income, segment adjusted operating income and adjusted net income are non-GAAP measures, they should not be considered as a substitute for, or superior to, operating income or net income as determined in accordance with GAAP. Adjusted operating income, segment adjusted operating income and adjusted net income as used by WEX may not be comparable to similarly titled measures employed by other companies.

Non-GAAP Reconciliation

Reconciliation of GAAP Operating Cash Flow to Adjusted Free Cash Flow

The Company's non-GAAP adjusted free cash flow is calculated as cash flows from operating activities, adjusted for net purchases of current investment securities, capital expenditures, the change in net deposits, changes in borrowings under the BTFP and borrowed federal funds and certain other adjustments which, for the year ended December 31, 2023, reflects an adjustment for contingent consideration paid to sellers in excess of acquisition-date fair value, an adjustment for proceeds received of $76.0 million from the return of a collateral deposit, and an adjustment for proceeds received of $50.0 million on the termination of our interest rate swap agreements. Although non-GAAP adjusted free cash flow is not calculated in accordance with GAAP, WEX believes that adjusted free cash flow is a useful measure for investors to further evaluate our results of operations because (i) adjusted free cash flow indicates the level of cash generated by the operations of the business, which excludes certain non-recurring transactions, after appropriate reinvestment for recurring investments in property, equipment and capitalized software that are required to operate the business; (ii) changes in net deposits occur on a daily basis as a regular part of operations; (iii) borrowings under the BTFP and borrowed federal funds are primarily used as a replacement for brokered deposits as part of our accounts receivable funding strategy; and (iv) purchases of current investment securities are made as a result of deposits gathered operationally. However, because adjusted free cash flow is a non-GAAP measure, it should not be considered as a substitute for, or superior to, operating cash flow as determined in accordance with GAAP. In addition, adjusted free cash flow as used by WEX may not be comparable to similarly titled measures employed by other companies. The following table reconciles GAAP operating cash flow to adjusted free cash flow for the years presented:

	Year ended December 31,	
(in millions)	**2023**	2022
Operating cash flow, as reported	$ 907.9	$ 679.4
Adjustments to cash flows from operating activities:		
Other	(124.5)	—
Adjusted for certain investing and financing activities:		
Increases in net deposits	593.1	801.6
Increases in borrowings under the BTFP	775.0	—
Increases in borrowed federal funds	70.0	—
Less: Purchases of current investment securities, net of sales and maturities	(1,561.0)	(585.8)
Less: Capital expenditures	(143.6)	(112.9)
Adjusted free cash flow	$ 516.9	$ 782.4