



NEWS RELEASE

WEX Inc. Reports Third Quarter 2024 Financial Results

2024-10-24

Q3 revenue increased 2% year-over-year to a third quarter record \$665 million, driven by 9% growth in the Benefits segment and continued progression in Mobility segment growth rate

Q3 GAAP net income was \$2.52 per diluted share; Q3 adjusted net income was \$4.35 per diluted share

Q3 GAAP operating income margin of 29.5% and adjusted operating income margin of 44.0%

\$370 million spent on share repurchases in Q3, including a \$300 million accelerated share repurchase agreement

PORTLAND, Maine--(BUSINESS WIRE)-- WEX (NYSE: WEX), the global commerce platform that simplifies the business of running a business, today reported financial results for the three months ended September 30, 2024.

"We continued to deliver growth and strong profitability in the third quarter, driven by healthy sales, high customer retention, and expanding margins. That said, our performance ultimately fell short of our expectations," said Melissa Smith, WEX's Chair, Chief Executive Officer, and President.

"Although the third quarter was challenged by the macro environment, I believe that we have the right initiatives in place throughout the organization to drive strong performance over the long-term. Underpinned by our solid balance sheet with low leverage, we will continue to make the necessary investments in the business to position WEX for sustained growth while remaining committed to creating value for our shareholders."

Third Quarter 2024 Financial Results

Total revenue for the third quarter of 2024 increased 2% to \$665.5 million from \$651.4 million for the third quarter

of 2023. The revenue increase in the quarter includes a \$21.2 million unfavorable impact from fuel prices and spreads and a \$2.2 million favorable impact from foreign exchange rates.

Net income on a GAAP basis increased by \$84.5 million to a net income of \$102.9 million, or \$2.52 per diluted share, for the third quarter of 2024, compared with net income of \$18.4 million, or \$0.42 per diluted share, for the third quarter of 2023. The Company's adjusted net income, which is a non-GAAP measure, was \$177.5 million for the third quarter of 2024, or \$4.35 per diluted share, up 7% per diluted share from \$176.8 million, or \$4.05 per diluted share, for the same period last year. GAAP operating income margin for the third quarter of 2024 was 29.5% compared to 26.8% for the same period last year. Adjusted operating income margin was 44.0% in the third quarter of 2024 compared to 41.8% for the prior year comparable period. See Exhibit 1 for a full explanation and reconciliation of adjusted net income, adjusted net income per diluted share, and adjusted operating income to the most directly comparable GAAP financial measures. See Exhibit 5 for information on the calculation of adjusted operating income margin.

Third Quarter 2024 Performance Metrics

- Total volume across all segments was \$62.3 billion, an increase of 1% from the third quarter of 2023.
- Mobility payment processing transactions in the third quarter of 2024 increased 1% to 146.5 million compared with the prior year at 144.6 million.
- Average number of vehicles serviced was approximately 19.7 million, an increase of 3% from the third quarter of 2023.
- Benefits' average number of Software-as-a-Service (SaaS) accounts grew 2% to 20.3 million compared with the third quarter of 2023.
- Average HSA custodial cash assets in the third quarter of 2024 were \$4.3 billion, which is 10% higher than \$3.9 billion a year ago.
- Corporate Payments' purchase volume decreased 16% to \$23.4 billion from \$27.9 billion in the third quarter of 2023. Corporate Payments' total volume processed, including where WEX does not earn interchange revenue, was \$39.1 billion, which is an increase of 6.2% over the prior year.
- The Company spent approximately \$370 million in the quarter to repurchase 1.7 million shares of its common stock, excluding approximately 200 thousand shares expected to be delivered shortly under our previously announced accelerated share repurchase agreement.
- Cash flows from operating activities in the third quarter of this year were \$3.3 million. Adjusted free cash flow, which is a non-GAAP measure, was \$189.5 million for the same period. Please see Exhibit 1 for an updated definition of adjusted free cash flow and a reconciliation of operating cash flow to this non-GAAP measure.

"While our results came in below expectations, it is important to note that we achieved record high third quarter revenue and continued to grow adjusted net income per share," said Jagtar Narula, WEX's Chief Financial Officer.

“The guidance shortfall was primarily within our Mobility business, which showed healthy underlying growth but was ultimately impacted by macro trends including declining fuel prices and same-store sales, along with an isolated unplanned charge to finance fee revenue. As a result, we are reducing our outlook for the remainder of the year to reflect third quarter performance and our expectation that lower fuel prices and volume softness with Mobility customers will continue into the fourth quarter.”

“Looking ahead, we believe in the long-term business momentum of WEX. Our Board of Directors recently increased our share repurchase program authorization by \$1 billion and our share count is at its lowest level in nearly a decade. Since reinitiating our share repurchases in 2022, we have reduced outstanding shares by 12%.”

Financial Guidance and Assumptions

The Company provides revenue guidance on a GAAP basis and earnings guidance on a non-GAAP basis, due to the uncertainty and the indeterminate amount of certain elements that are included in reported GAAP earnings.

- For the fourth quarter of 2024, the Company expects revenue in the range of \$630 million to \$640 million and adjusted net income in the range of \$3.51 to \$3.61 per diluted share.
- For the full year 2024, the Company now expects revenue in the range of \$2.62 billion to \$2.63 billion. Adjusted net income is now expected to be in the range of \$15.21 to \$15.31 per diluted share.

Fourth quarter and full year 2024 guidance is based on assumed average U.S. retail fuel prices of \$3.28 and \$3.48 per gallon, respectively, and a 25.0% adjusted net income effective tax rate. The fuel prices referenced above are based on the applicable NYMEX futures price from the week of October 14, 2024. Our guidance assumes approximately 40.5 million and 41.4 million fully diluted shares outstanding for the fourth quarter and the full year, respectively. The share count assumptions include all completed activity to date, but exclude further share repurchases and any further shares delivered at settlement under our accelerated share repurchase agreement.

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, acquisition-related intangible amortization, other acquisition and divestiture related items, stock-based compensation, other costs, debt restructuring costs and debt issuance cost amortization, tax related items and certain other non-operating items and non-recurring or non-cash operating charges that are not core to our operations, as applicable depending on the period presented. 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.

Additional Information

Management uses the non-GAAP measures presented within this earnings release to evaluate the Company's performance on a comparable basis. Management believes that investors may find these measures useful for the same purposes, but cautions that they should not be considered a substitute for, or superior to, disclosure in accordance with GAAP.

To provide investors with additional insight into its operational performance, WEX has included in this earnings release: in Exhibit 1, reconciliations of non-GAAP measures referenced in this earnings release; in Exhibit 2, tables illustrating the impact of foreign currency rates and fuel prices for each of our reportable segments for the three months ended September 30, 2024; and in Exhibit 3, a table of selected other metrics for the quarter ended September 30, 2024 and the four preceding quarters. See segment revenue for the three months ended September 30, 2024 and 2023 in Exhibit 4 and information regarding segment adjusted operating income margin and adjusted operating income margin in Exhibit 5.

Conference Call Details

In conjunction with this announcement, WEX will host a conference call today, October 24, 2024, at 10:00 a.m. (ET). As previously announced, the conference call will be webcast live on the Internet, and can be accessed along with the accompanying slides at the Investor Relations section of the WEX website, www.wexinc.com. The live conference call also can be accessed by dialing (888) 596-4144 or (646) 968-2525. The Conference ID number is 2902800. A replay of the webcast and the accompanying slides will be available on the Company's website for at least 30 days.

About WEX

WEX (NYSE: WEX) is the global commerce platform that simplifies the business of running a business. WEX has created a powerful ecosystem that offers seamlessly embedded, personalized solutions for its customers around the world. Through its rich data and specialized expertise in simplifying benefits, reimagining mobility, and paying and getting paid, WEX aims to make it easy for companies to overcome complexity and reach their full potential. For more information, please visit www.wexinc.com.

Forward-Looking Statements

This earnings release includes 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 earnings release that are not statements of historical facts are

forward-looking statements. When used in this earnings release, 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 earnings release 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 results, including 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, those which we earn on our investment securities, and the resultant potential impacts to our debt securities subject to early call provisions;
- 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, 2023, filed with the Securities and Exchange Commission on February 23, 2024, and subsequent filings with the Securities and Exchange Commission.

The forward-looking statements speak only as of the date of the initial filing of this earnings release 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.

WEX INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenues				
Payment processing revenue	\$ 309.9	\$ 313.3	\$ 930.3	\$ 901.9
Account servicing revenue	174.6	161.5	516.5	475.1
Finance fee revenue	70.5	77.1	218.6	234.2
Other revenue	110.5	99.5	326.3	273.5
Total revenues	665.5	651.4	1,991.6	1,884.7
Cost of services				
Processing costs	156.0	156.4	489.0	451.7
Service fees	20.7	18.5	62.4	54.7
Provision for credit losses	9.7	9.4	52.6	77.5
Operating interest	28.3	25.3	77.6	57.6
Depreciation and amortization	34.6	25.5	98.6	75.9
Total cost of services	249.2	235.1	780.2	717.4
General and administrative	92.1	116.6	281.6	311.7
Sales and marketing	80.9	82.8	259.9	241.6
Depreciation and amortization	46.9	42.0	140.9	125.4
Operating income	196.4	174.9	529.0	488.6
Financing interest expense, net of financial instruments	(58.4)	(49.4)	(178.5)	(142.5)
Change in fair value of contingent consideration	(0.1)	(3.2)	(3.5)	(6.2)
Loss on extinguishment of Convertible Notes	—	(70.1)	—	(70.1)
Net foreign currency gain (loss)	3.2	(7.8)	(9.7)	(9.4)
Income before income taxes	141.1	44.4	337.2	260.4
Income tax expense	38.2	26.0	91.6	78.7
Net income	\$ 102.9	\$ 18.4	\$ 245.7	\$ 181.7
Net income per share:				
Basic	\$ 2.56	\$ 0.43	\$ 5.95	\$ 4.23
Diluted	\$ 2.52	\$ 0.42	\$ 5.89	\$ 4.18
Weighted average common shares outstanding:				
Basic	40.3	42.9	41.3	43.0
Diluted	40.8	43.4	41.7	43.5

WEX INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)
(unaudited)

	September 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents	\$ 535.4	\$ 975.8
Restricted cash	776.4	1,254.2
Accounts receivable, net	3,770.4	3,428.5
Investment securities	3,722.6	3,022.1
Securitized accounts receivable, restricted	133.3	129.4
Prepaid expenses and other current assets	171.4	125.3
Total current assets	9,109.4	8,935.3
Property, equipment and capitalized software	261.3	242.9

Goodwill and other intangible assets	4,338.7	4,474.4
Investment securities	73.7	66.8
Deferred income taxes, net	16.0	13.7
Other assets	162.2	149.0
Total assets	\$ 13,961.4	\$ 13,882.1
Liabilities and Stockholders' Equity		
Accounts payable	\$ 1,365.5	\$ 1,479.1
Accrued expenses and other current liabilities	679.9	802.7
Restricted cash payable	775.7	1,253.5
Short-term deposits	4,461.5	3,942.8
Short-term debt, net	1,435.4	1,041.1
Total current liabilities	8,718.1	8,519.2
Long-term debt, net	3,143.3	2,827.5
Long-term deposits	—	129.8
Deferred income taxes, net	137.6	129.5
Other liabilities	285.0	455.5
Total liabilities	12,284.0	12,061.5
Total stockholders' equity	1,677.5	1,820.6
Total liabilities and stockholders' equity	\$ 13,961.4	\$ 13,882.1

WEX INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities	\$ (157.0)	\$ 146.0
Cash flows from investing activities		
Purchases of property, equipment and capitalized software	(108.6)	(101.7)
Purchase of other investments	(18.0)	(5.0)
Purchases of available-for-sale debt securities	(900.9)	(1,448.6)
Sales and maturities of available-for-sale debt securities	309.4	144.1
Acquisition of intangible assets	(5.1)	(4.5)
Acquisitions, net of cash and restricted cash acquired	(0.9)	(155.7)
Net cash used for investing activities	(724.0)	(1,571.4)
Cash flows from financing activities		
Repurchases of common stock	(543.6)	(152.6)
Net change in deposits	388.8	889.9
Net change in restricted cash payable	(480.4)	213.1
Payments of deferred and contingent consideration	(93.7)	(52.2)
Repurchase of Convertible Notes	—	(368.9)
Other financing activities	(23.5)	(3.4)
Net debt activity 1	711.3	1,179.4
Net cash provided by financing activities	(41.1)	1,705.3
Effect of exchange rates on cash, cash equivalents and restricted cash	3.9	(22.8)
Net change in cash, cash equivalents and restricted cash	(918.2)	257.1
Cash, cash equivalents and restricted cash, beginning of period	2,230.0	1,859.8
Cash, cash equivalents and restricted cash, end of period	\$ 1,311.8	\$ 2,116.9

1 Net activity on debt includes: borrowings and repayments on revolving credit facility; borrowings and repayments

on term loans; borrowings and repayments on Bank Term Funding Program (BTFP); advances from and repayments to Federal Home Loan Bank (FHLB); net change in borrowed federal funds; and net borrowings on or repayments of other debt.

Exhibit 1
Reconciliation of Non-GAAP Measures
(in millions, except per share data)
(unaudited)

Reconciliation of GAAP Net Income to Non-GAAP Adjusted Net Income

	Three Months Ended September 30,			
	2024		2023	
		per diluted share		per diluted share
Net income	\$ 102.9	\$ 2.52	\$ 18.4	\$ 0.42
Unrealized (gain) loss on financial instruments	(0.9)	(0.02)	7.8	0.18
Net foreign currency (gain) loss	(3.2)	(0.08)	7.8	0.18
Change in fair value of contingent consideration	0.1	—	3.2	0.07
Acquisition-related intangible amortization	50.4	1.24	45.2	1.04
Other acquisition and divestiture related items	2.4	0.06	5.1	0.12
Stock-based compensation	29.8	0.73	31.9	0.74
Other costs	12.6	0.31	15.1	0.35
Debt restructuring and debt issuance cost amortization	4.3	0.11	74.4	1.71
Tax related items	(20.9)	(0.51)	(32.1)	(0.74)
Dilutive impact of convertible debt 1	—	—	—	(0.02)
Adjusted net income	\$ 177.5	\$ 4.35	\$ 176.8	\$ 4.05

	Nine Months Ended September 30,			
	2024		2023	
		per diluted share		per diluted share
Net income	\$ 245.7	\$ 5.89	\$ 181.7	\$ 4.18
Unrealized (gain) loss on financial instruments	(0.6)	(0.01)	20.1	0.46
Net foreign currency (gain) loss	9.7	0.23	9.4	0.22
Change in fair value of contingent consideration	3.5	0.08	6.2	0.14
Acquisition-related intangible amortization	151.9	3.64	133.6	3.07
Other acquisition and divestiture related items	9.3	0.22	7.6	0.17
Stock-based compensation	89.8	2.15	94.5	2.17
Other costs	37.8	0.91	28.6	0.66
Debt restructuring and debt issuance cost amortization	12.0	0.29	83.9	1.93
Tax related items	(71.1)	(1.70)	(83.7)	(1.92)
Dilutive impact of convertible debt 1	—	—	—	(0.09)

Adjusted net income	\$ 488.1	\$ 11.70	\$ 481.9	\$ 10.99
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1 The dilutive impact of the Convertible Notes was calculated under the 'if-converted' method for the periods through which they were outstanding. Under the 'if-converted' method, interest expense, net of tax, associated with the Convertible Notes of \$1.8 million and \$9.5 million was added back to adjusted net income for the three and nine months ended September 30, 2023, respectively. For the three and nine months ended September 30, 2023, 0.7 million and 1.3 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, respectively, 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 nine months ended September 30, 2024 was 40.8 million and 41.7 million, respectively. The total number of shares used in calculating adjusted net income per diluted share for the three and nine months ended September 30, 2023 was 44.1 million and 44.7 million, respectively.

The Company's non-GAAP adjusted net income excludes unrealized gains and losses on financial instruments, net foreign currency gains and losses, acquisition-related intangible amortization, other acquisition and divestiture related items, stock-based compensation, other costs, debt restructuring costs and debt issuance cost amortization, tax related items and certain other non-operating items and non-recurring or non-cash operating charges that are not core to our operations, as applicable depending on the period presented.

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	(margin) 1	2023	(margin) 1	2024	(margin) 1	2023	(margin) 1
Operating income	\$ 196.4	29.5%	\$ 174.9	26.8%	\$ 529.0	26.6%	\$ 488.6	25.9%
Unallocated corporate expenses	24.1		29.1		73.8		76.8	
Acquisition-related intangible amortization	50.4		45.2		151.9		133.6	
Other acquisition and divestiture related items	1.6		5.1		5.4		7.6	
Stock-based compensation	29.8		31.9		89.8		94.5	
Other costs	14.8		15.1		42.0		28.6	
Total segment adjusted operating income	\$ 317.1	47.6%	\$ 301.3	46.3%	\$ 891.9	44.8%	\$ 829.7	44.0%
Unallocated corporate expenses	(24.1)		(29.1)		(73.8)		(76.8)	
Adjusted operating income	\$ 293.0	44.0%	\$ 272.2	41.8%	\$ 818.1	41.1%	\$ 752.9	39.9%

1 Margins are derived by dividing the applicable measures by total net revenue for the Company.

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.

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 periods 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 economic 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 periods 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 three and nine months ended September 30, 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 tax related items are the difference between the Company's GAAP tax provision and a non-GAAP tax provision. Beginning in fiscal year 2024, the Company utilizes a fixed annual projected long-term non-GAAP tax rate in order to provide better consistency across reporting periods. To determine this long-term projected tax rate, the Company performs a pro forma tax provision based upon the Company's projected adjusted net income before taxes. The fixed annual projected long-term non-GAAP tax rate could be subject to change in future periods for a variety of reasons, including the rapidly evolving global tax environment, significant changes in our geographic earnings mix including due to acquisition activity, or other changes to our strategy or business operations; 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.

WEX believes that adjusted net income, adjusted operating income, and total segment adjusted operating income

may also be useful to investors when evaluating the Company's performance. However, because adjusted net income, adjusted operating income, and total segment adjusted operating income are non-GAAP measures, they should not be considered as a substitute for, or superior to, net income or operating income, as determined in accordance with GAAP. In addition, adjusted net income, adjusted operating income, and total segment adjusted operating income as used by WEX may not be comparable to similarly titled measures employed by other companies.

Reconciliation of GAAP Operating Cash Flow to Non-GAAP Adjusted Free Cash Flow

The Company's non-GAAP adjusted free cash flow has historically been calculated as cash flows from operating activities adjusted for net purchases of current investment securities, capital expenditures, net funding activity, and certain other adjustments including contingent and deferred consideration paid to sellers in excess of acquisition-date fair value. Net funding activity includes the change in net deposits, net advances from the FHLB, changes in participation debt, and changes in borrowings under the BTFP and borrowed federal funds. Such calculation has historically been based on the principle that the net activity in accounts receivable, accounts payable, and investment of HSA deposits would be offset by WEX Bank funding activity, however, due to the nature of WEX Bank cash balances, cash balances may be increased or decreased for reasons other than matching operating activity. As a result, beginning with the third quarter of 2024, adjusted free cash flow also includes an adjustment to reflect the change in WEX Bank cash balances and the applicable prior periods have similarly been adjusted to conform to the current presentation. 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 consideration paid on acquisitions, after appropriate reinvestment for recurring investments in property, equipment and capitalized software that are required to operate the business; (ii) net funding activity includes fluctuations in deposits and other borrowings primarily used as part of our accounts receivable funding strategy; (iii) purchases of current investment securities are made as a result of deposits gathered operationally; and (iv) WEX Bank cash balances may be increased or decreased for reasons other than matching operating activity. 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:

	Three Months Ended September 30,	Nine Months Ended September 30,
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	2024	2023	2024	2023
Operating cash flow	\$ 3.3	\$ 46.5	\$ (157.0)	\$ 146.0
Adjustments to operating cash flow:				
Change in WEX Bank cash balances	125.3	(83.5)	383.8	(58.8)
Other	—	—	67.1	1.5
Adjusted for certain investing and financing activities:				
Net Funding Activity	372.2	294.8	792.0	1,652.6
Less: Purchases of current investment securities, net of sales and maturities	(276.3)	(56.6)	(584.8)	(1,304.2)
Less: Capital expenditures	(35.0)	(36.4)	(108.6)	(101.7)
Adjusted free cash flow	\$ 189.5	\$ 164.9	\$ 392.5	\$ 335.4

Exhibit 2
Impact of Certain Macro Factors on Reported Revenue and Adjusted Net Income
(in millions, except per share data)
(unaudited)

The tables below show the impact of certain macro factors on reported revenue:

	Segment Revenue Results							
	Mobility		Corporate Payments		Benefits		Total WEX Inc.	
	Three months ended September 30,							
	2024	2023	2024	2023	2024	2023	2024	2023
Reported revenue	\$ 357.2	\$ 350.1	\$ 126.9	\$ 135.2	\$ 181.5	\$ 166.1	\$ 665.5	\$ 651.4
FX impact (favorable) / unfavorable	\$ (0.5)		\$ (1.7)		\$ —		\$ (2.2)	
PPG impact (favorable) / unfavorable	\$ 21.2		\$ —		\$ —		\$ 21.2	
	Nine months ended September 30,							
	2024	2023	2024	2023	2024	2023	2024	2023
Reported revenue	\$1,055.6	\$ 1,032.6	\$ 383.5	\$ 361.9	\$ 552.5	\$ 490.2	\$1,991.6	\$ 1,884.7
FX impact (favorable) / unfavorable	\$ —		\$ (2.1)		\$ —		\$ (2.1)	
PPG impact (favorable) / unfavorable	\$ 47.2		\$ —		\$ —		\$ 47.2	

To determine the impact of foreign exchange translation ("FX") on revenue, revenue from entities whose functional currency is not denominated in U.S. dollars, as well as revenue from purchase volume transacted in non-U.S. denominated currencies, were translated using the weighted average exchange rates for the same period in the prior year, exclusive of revenue derived from acquisitions for one year following the acquisition dates.

To determine the impact of price per gallon of fuel ("PPG") on revenue, revenue subject to changes in fuel prices was calculated based on the average retail price of fuel for the same period in the prior year for the portion of our business that earns revenue based on a percentage of fuel spend, exclusive of revenue derived from acquisitions for one year following the acquisition dates. For the portions of our business that earn revenue based on margin spreads, revenue was calculated utilizing the comparable margin from the prior year.

The table below shows the impact of certain macro factors on adjusted net income by segment:

	Segment Estimated Adjusted Net Income Impact					
	Mobility		Corporate Payments		Benefits	
	Three months ended September 30,					
	2024	2023	2024	2023	2024	2023
FX impact (favorable) / unfavorable	\$ (0.6)	\$ —	\$ (1.2)	\$ —	\$ (0.1)	\$ —
PPG impact (favorable) / unfavorable	\$ 13.5	\$ —	\$ —	\$ —	\$ —	\$ —
	Nine months ended September 30,					
	2024	2023	2024	2023	2024	2023
FX impact (favorable) / unfavorable	\$ (0.2)	\$ —	\$ (1.7)	\$ —	\$ (0.2)	\$ —
PPG impact (favorable) / unfavorable	\$ 31.4	\$ —	\$ —	\$ —	\$ —	\$ —

To determine the estimated adjusted net income impact of FX on revenue and expenses from entities whose functional currency is not denominated in U.S. dollars, as well as revenue and variable expenses from purchase volume transacted in non-U.S. denominated currencies, amounts were translated using the weighted average exchange rates for the same period in the prior year, net of tax, exclusive of revenue and expenses derived from acquisitions for one year following the acquisition dates.

To determine the estimated adjusted net income impact of PPG, revenue and certain variable expenses impacted by changes in fuel prices were adjusted based on the average retail price of fuel for the same period in the prior year for the portion of our business that earns revenue based on a percentage of fuel spend, net of applicable taxes, exclusive of revenue and expenses derived from acquisitions for one year following the acquisition dates. For the portions of our business that earn revenue based on margin spreads, revenue was adjusted to the comparable margin from the prior year, net of applicable taxes.

Exhibit 3
Selected Other Metrics
(in millions, except rate statistics)
(unaudited)

	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Mobility:					
Payment processing transactions (1)	146.5	144.9	136.9	138.1	144.6
Payment processing gallons of fuel (2)	3,730.5	3,694.4	3,567.7	3,578.6	3,687.2
Average US fuel price (US\$ / gallon)	\$ 3.45	\$ 3.62	\$ 3.56	\$ 3.76	\$ 3.97
Payment processing \$ of fuel (3)	\$ 13,227.5	\$ 13,729.1	\$ 13,061.0	\$ 13,814.3	\$ 14,945.1
Net payment processing rate (4)	1.38%	1.29%	1.31%	1.26%	1.18%
Payment processing revenue	\$ 183.2	\$ 177.2	\$ 170.7	\$ 174.4	\$ 176.9
Net late fee rate (5)	0.45%	0.49%	0.46%	0.50%	0.44%
Late fee revenue (6)	\$ 59.0	\$ 67.3	\$ 60.4	\$ 69.0	\$ 66.4
Corporate Payments:					
Purchase volume (7)	\$ 23,394.4	\$ 25,756.2	\$ 23,947.9	\$ 22,800.8	\$ 27,860.1

Net interchange rate (8)		0.45%		0.45%		0.43%		0.52%		0.42%
Payment solutions processing revenue	\$	104.8	\$	116.2	\$	103.2	\$	117.4	\$	115.7
Benefits:										
Purchase volume (9)	\$	1,645.7	\$	1,865.1	\$	2,114.7	\$	1,510.0	\$	1,501.3
Average number of SaaS accounts (10)		20.3		20.0		20.3		19.9		19.9

Definitions and explanations:

(1) Payment processing transactions represents the total number of purchases made by fleets that have a payment processing relationship with WEX where the Company maintains the receivable for the total purchase.

(2) Payment processing gallons of fuel represents the total number of gallons of fuel purchased by fleets that have a payment processing relationship with WEX.

(3) Payment processing \$ of fuel represents the total dollar value of the fuel purchased by fleets that have a payment processing relationship with WEX.

(4) Net payment processing rate represents the percentage of each payment processing \$ of fuel that WEX records as revenue from merchants, less certain discounts given to customers and network fees.

(5) Net late fee rate represents late fee revenue as a percentage of fuel purchased by fleets that have a payment processing relationship with WEX.

(6) Late fee revenue represents fees charged for payments not made within the terms of the customer agreement based upon the outstanding customer receivable balance.

(7) Purchase volume represents the total dollar value of all WEX-issued transactions that use WEX corporate card products and virtual card products.

(8) Net interchange rate represents the percentage of the dollar value of each payment processing transaction that WEX records as revenue from merchants, less certain discounts given to customers and network fees.

(9) Purchase volume represents the total dollar value of all transactions where interchange is earned by WEX.

(10) Average number of SaaS accounts represents the average number of active consumer-directed health, COBRA, and billing accounts on our SaaS platforms. HSA accounts for which WEX Inc. serves as the non-bank custodian under designation by the U.S. Department of Treasury are included in this average.

Exhibit 4
Segment Revenue Information
(in millions)
(unaudited)

	Three months ended September 30,		Increase (decrease)		Nine months ended September 30,		Increase (decrease)	
	2024	2023	Amount	Percent	2024	2023	Amount	Percent
Mobility								
Revenues								
Payment processing revenue	\$ 183.2	\$ 176.9	\$ 6.3	4%	\$ 531.1	\$ 520.6	\$ 10.5	2%
Account servicing revenue	49.0	42.5	6.5	15%	145.2	123.6	21.6	17%
Finance fee revenue	70.2	76.8	(6.6)	(9)%	217.9	233.5	(15.6)	(7)%
Other revenue	54.7	53.9	0.8	2%	161.4	154.9	6.5	4%
Total revenues	\$ 357.2	\$ 350.1	\$ 7.1	2%	\$1,055.6	\$ 1,032.6	\$ 23.0	2%

	Three months ended September 30,		Increase (decrease)		Nine months ended September 30,		Increase (decrease)	
	2024	2023	Amount	Percent	2024	2023	Amount	Percent
Corporate Payments								
Revenues								
Payment processing revenue	\$ 104.8	\$ 115.8	\$ (11.0)	(10)%	\$ 324.2	\$ 310.6	\$ 13.6	4%
Account servicing revenue	15.5	10.5	5.0	48%	35.8	31.7	4.1	13%
Finance fee revenue	0.2	0.2	—	NM	0.4	0.5	(0.1)	NM
Other revenue	6.4	8.7	(2.3)	(27)%	23.1	19.1	4.0	21%
Total revenues	\$ 126.9	\$ 135.2	\$ (8.3)	(6)%	\$ 383.5	\$ 361.9	\$ 21.6	6%

	Three months ended September 30,		Increase (decrease)		Nine months ended September 30,		Increase (decrease)	
	2024	2023	Amount	Percent	2024	2023	Amount	Percent
Benefits								
Revenues								
Payment processing revenue	\$ 21.9	\$ 20.6	\$ 1.3	6%	\$ 75.0	\$ 70.7	\$ 4.3	6%
Account servicing revenue	110.0	108.5	1.5	1%	335.5	319.8	15.7	5%
Finance fee revenue	0.1	0.1	—	NM	0.3	0.2	0.1	NM
Other revenue	49.4	36.9	12.5	34%	141.8	99.5	42.3	42%
Total revenues	\$ 181.5	\$ 166.1	\$ 15.4	9%	\$ 552.5	\$ 490.2	\$ 62.3	13%

NM - Not meaningful

Exhibit 5
Segment Adjusted Operating Income and Adjusted Operating Income Margin Information
(in millions)
(unaudited)

	Segment Adjusted Operating Income		Segment Adjusted Operating Income Margin (1)	
	Three Months Ended September 30,		Three Months Ended September 30,	
	2024	2023	2024	2023
Mobility	\$ 167.1	\$ 159.6	46.8%	45.6%
Corporate Payments	71.5	82.9	56.4%	61.3%
Benefits	78.4	58.8	43.2%	35.4%
Total segment adjusted operating income	<u>\$ 317.1</u>	<u>\$ 301.3</u>	<u>47.6%</u>	<u>46.3%</u>

	Segment Adjusted Operating Income		Segment Adjusted Operating Income Margin (1)	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Mobility	\$ 452.4	\$ 448.7	42.9%	43.5%
Corporate Payments	210.5	198.4	54.9%	54.8%
Benefits	229.0	182.6	41.4%	37.3%
Total segment adjusted operating income	<u>\$ 891.9</u>	<u>\$ 829.7</u>	<u>44.8%</u>	<u>44.0%</u>

(1) 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). See Exhibit 1 for a reconciliation of GAAP operating income and related margin to total segment adjusted operating income and related margin.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Adjusted operating income	\$ 293.0	\$ 272.2	\$ 818.1	\$ 752.9
Adjusted operating income margin (1)	44.0%	41.8%	41.1%	39.9%

(1) Adjusted operating income margin is derived by dividing adjusted operating income by total revenues of the entire Company as shown on the Condensed Consolidated Statement of Operations. See Exhibit 1 for a reconciliation of GAAP operating income and related margin to adjusted operating income and related margin.

News media contact:

WEX

Julie Lydon, 415-816-9397

Julie.Lydon@wexinc.com

or

Investor contact:

WEX

Steve Elder, 207-523-7769

Steve.Elder@wexinc.com

Source: WEX