

Initiating Coverage:

Flywire (\$FLYW)

Vertical Vision is struck with Horizontal Pressure

Key Take-away: While Flywire presents a compelling vision of verticalized cross-border payments, structural weaknesses—including slowing growth, intensifying competition, and elevated regulatory risk—undermine long-term upside. Given stretched valuation versus peers and macro fragility in core sectors, alongside smaller fintech shops emerging, we initiate an underweight rating.

Competitive Intensity in Verticalized Payments

Flywire has successfully embedded itself across education, healthcare, and travel. However, expansion into new verticals like B2B billing and hospitality (via Invoiced and Sertifi) brings it into direct competition with more scalable fintech players like Stripe, Adyen, and Wise, whose broader ecosystems and balance sheets provide pricing power and deeper client capture.

Strategic Acquisitions Create Integration & Cost Pressures

While acquisitions have enhanced Flywire's addressable market, we flag execution risk. The 10% workforce reduction and recent net loss of \$4.2M in Q1 2025 reflect growing operational strain as it integrates new platforms and attempts margin expansion amid macro uncertainty.

FX Margins and Local Payment Network Limitations

A meaningful portion of Flywire's revenue comes from foreign exchange margins—particularly in volatile corridors such as China-U.S. and India-U.K. With increased regulatory scrutiny on FX spread, margin compression is a real concern. Furthermore, Flywire lacks the deep local bank partnerships that competitors like Wise and Payoneer leverage for cost-efficient conversions and faster settlement times.

Product Differentiation Lags Larger Platforms

Despite Flywire's domain-specific integrations, user-facing innovation remains limited. Larger platforms like Adyen and Stripe are rapidly incorporating AI-based fraud detection, real-time analytics, and open banking APIs into their offerings, while small AI-focused start-ups are creating new innovative solutions—Flywire has not yet integrated at scale. This could widen the client experience gap and slow Flywire's penetration into tech-savvy institutional clients.

Valuation: We initiate coverage with a \$10.50 price target.



Consortium Research Group
FIG | Fintech
July 6th, 2025

Stock Ratings Underweight

Price Target: \$10.50

Price: \$11.79

Potential Downside: -9.27%

Ticker: \$FLYW

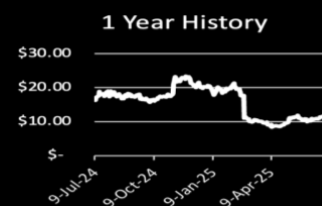


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Company Overview

Flywire is a global payment enablement and software company headquartered in Boston, Massachusetts. Founded in 2011, the company facilitates high-value cross-border payments with vertical-specific technology and compliance integrations. Operating in more than 240 countries and territories, Flywire processes over \$24 billion annually and serves 4,600 clients across Education, Healthcare, Travel, and B2B verticals.

The company generates revenue through transaction fees and foreign exchange spreads, offering institutions a comprehensive platform that combines payment processing with billing, invoicing, and compliance tools. It has grown through targeted acquisitions—like Invoiced and Sertifi—aimed at deepening its presence in non-education sectors. Education remains its anchor, comprising the majority of transaction volume.

Flywire's core value proposition lies in its ability to streamline international payments with lower friction and increased transparency for both institutions and payers. Despite robust client retention (94%) and consistent top-line growth, profitability remains challenged by margin compression, regulatory complexity, and integration overhead.

Industry Overview

The global payments industry, currently valued at \$2.4 trillion, is undergoing rapid transformation driven by digitization, automation, and financial globalization. Within this, the cross-border payments segment, estimated at \$39.9 trillion in 2024, is projected to reach \$64.5 trillion by 2032, growing at a CAGR of 7.4% (Allied Market Research, 2024).

This segment benefits from the globalization of commerce and education, increased remittance flows, and the rise of international healthcare and travel. However, the industry is also facing structural headwinds, including FX volatility, tightening regulations, and intensifying competition. Regulatory scrutiny is increasing globally—especially around AML/KYC, data privacy, and FX transparency—with regulators in the EU, APAC, and North America pushing for greater accountability.

Additionally, barriers to entry are decreasing as new start-ups find creative and highly innovative solutions to everyday problems. Established players like Stripe, PayPal, and Adyen are expanding their international reach and vertical capabilities, while newer entrants leverage AI, blockchain, and real-time payments infrastructure to disrupt traditional cross-border transaction flows.

To remain competitive, firms in this space must offer more than basic payment processing. Differentiation increasingly comes from vertical integration, software depth, regulatory resilience, and the ability to scale cost-effectively across diverse geographies.

Peer Comparisons

Comparable Companies						
\$mm						
Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM	
Remintly Global, Inc (RELY)	\$3,771	\$3,300	-925.0x	\$1,360		\$5
StoneCo Ltd (STNE)	\$4,394	\$5,410	11.4x	\$13,270		\$6,700
Globant SA (GLOB)	\$4,041	\$4,320	27.1x	\$2,460		\$380
Global Payments Inc (GPN)	\$19,960	\$33,990	13.2x	\$10,100		\$4,420
Flywire	\$1,438	\$1,240	295.8x	\$511		\$13

Ticker	LTM EV/EBITDA	Revenue per Share	Profit Margin	Operating Margin	Gross Profit	
Remintly Global, Inc (RELY)	699.2x	\$7	(0.3%)	3.4%		\$807
StoneCo Ltd (STNE)	0.8x	\$45	(10.4%)	44.4%		\$9,760
Globant SA (GLOB)	11.4x	\$56	6.2%	9.2%		\$887
Global Payments Inc (GPN)	7.7x	\$40	15.5%	23.3%		\$6,350
Flywire	94.4x	\$4	1.0%	(0.7%)		\$325

High	699.15x	5627.0%	15.5%	44.4%		\$9,760.00
75th Percentile	94.44x	4509.0%	6.2%	23.3%		\$6,350.00
Average	162.69x	3048.8%	2.4%	15.9%		\$3,625.80
Median	11.37x	4011.0%	1.0%	9.2%		\$886.94
25th Percentile	7.69x	686.0%	-0.3%	3.4%		\$806.98
Low	0.81x	411.0%	-10.4%	-0.7%		\$325.09

General Dynamics Valuation		
Implied Enterprise Value (25th Percentile)	\$	101
Implied Enterprise Value (Median)	\$	149
Implied Enterprise Value (75th Percentile)	\$	1,240

Implied Share Price (25th Percentile)	\$	1.88
Implied Share Price (Median)	\$	2.28
Implied Share Price (75th Percentile)	\$	11.25

Source: Yahoo Finance

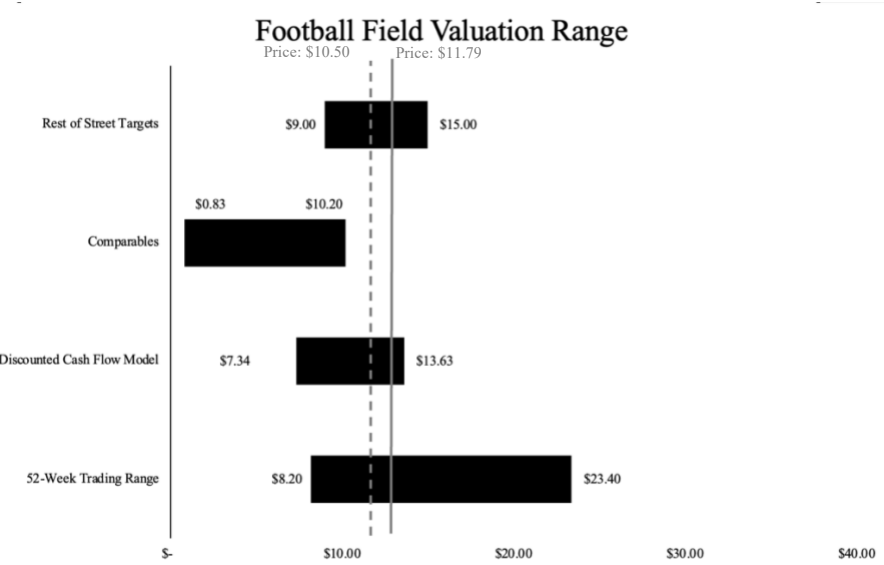
Investment Theses

Vertical Integration - A Promising but Risky Bet: Flywire has built a long-term strategy around verticalized payments, embedding its platform deeply in high-friction sectors like education, healthcare, and B2B payments. The company's institutional foothold, such as powering tuition payments for the University of Virginia's McIntire School of Commerce, highlights its capacity to convert integrations into recurring revenue. The company's land-and-expand model is sound in theory, and recent recognitions such as its appointment to the PCI Security Standards Council Board of Advisors signal an institutional commitment to compliance and trust. However, execution remains expensive. Despite strong gross margins, Flywire reported a Q1 2025 net loss of \$4.2 million and announced a 10% reduction in workforce, suggesting that the cost of integration and expansion is outpacing revenue conversion in the near term.

Competitors are attacking from all sides: The competitive landscape in cross-border and B2B payments continues to evolve rapidly. Legacy companies like Stripe, Adyen, and Wise are rolling out advanced fraud detection, open banking APIs, and embedded AI analytics at scale. Meanwhile, the pace of innovation from fintech startups has accelerated, with condensed, AI-native challengers entering the space daily and attacking the same verticals Flywire targets, often with lower cost structures and faster product cycles. While Flywire has a compelling long-term vision with loyal customers, it has yet to show comparable product innovation or margin resilience. Without significant operational differentiation, Flywire risks being squeezed from both ends: by established giants and promising upstarts.

Price Target & Valuation

Our analysis gives \$FLYW a price target of \$10.50 and an underweight rating.



Potential Downsides to Our Rating

Valuation Still Reflects Optimism Despite Headwinds: Even after a near 50% decline from its highs, Flywire’s current valuation still implies premium growth execution. However, slowing revenue growth, limited operating leverage, and rising compliance costs suggest that these expectations may be misaligned with operational reality. As such, the upper end of our DCF and 52-week trading range may reflect outdated optimism rather than sustainable fundamentals.

Rising Competitive Intensity in Vertical Payments: Flywire’s specialization in verticalized payments once offered defensibility. However, that moat is narrowing. Larger, more capitalized firms such as Stripe and Adyen have already begun offering tailored modules for education, healthcare, and B2B—often with broader ecosystems, stronger developer networks, and aggressive pricing. Compounding this, a surge of AI-native fintech startups is targeting sector-specific workflows with smarter infrastructure and faster iteration cycles. Without accelerated innovation or strategic partnerships, Flywire risks being outpaced both in product experience and institutional adoption.

Our Price Target: **\$10.50**

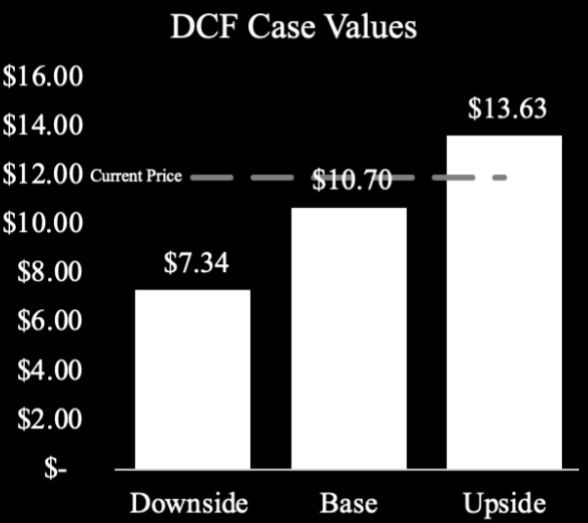
While Flywire has demonstrated sector-specific execution and retained strong client relationships, creating high retention, structural and competitive pressures cap upside. We expect continued margin pressure, with valuation reverting closer to peer averages.

Our Upside Case: **\$13.50**

Flywire successfully integrates Invoiced and Sertifi, expanding B2B and hospitality verticals. Regulatory scrutiny on FX is delayed, and growth in education and healthcare payments rebounds faster than expected. New partnerships in local payment networks help reduce conversion costs and improve settlement speed, supporting margin expansion and accelerating revenue growth to 20% YoY. Also, remembering FLYW had a recent 90% decline in stock prices, reminding us that if it has done it before, it is possible for it to happen again.

Our Downside Case: **\$7.25**

Assuming continued tightening in key FX corridors (China-U.S., India-UK), leading to spread compression and client attrition. Execution risk from recent acquisitions drives further cost overruns and net losses. Competitive encroachment from Stripe, Wise, and AI-native fintech’s erodes Flywire’s niche positioning, limiting cross-sell opportunities and impairing revenue visibility.



Projections

Income Statement (\$mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	492.14	550	567	583	601	6.9%
EBITDA	7	52	85	87	89	137.3%
EBIT	-7.13	42	68	70	72	-316.3%
NOPAT	(2)	(12)	(33)	(24)	(6)	51.5%
Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	1.3%	9.5%	15.0%	14.9%	14.8%	11.1%
EBIT Margin	-1.4%	7.6%	12.0%	12.0%	12.0%	8.4%
Revenue Growth	22.1%	11.8%	3.0%	3.0%	3.0%	8.6%
EBIT Growth	-64.1%	-689.1%	61.9%	3.0%	3.0%	-137.1%
Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	45.1x	24.3x	22.6x	22.5x	22.3x	27.4x
EV/Sales	2.9x	2.6x	2.5x	2.5x	2.4x	2.6x
EV/EBITDA	216.2x	27.6x	16.9x	16.5x	16.2x	58.7x
FCF Yield	2.2%	4.1%	4.4%	4.5%	4.5%	4.5%

About \$FLYW

Founded in 2011, Flywire is a specialized cross-border payments platform focused on large, complex transactions. With a proprietary global payment network and tailored software, Flywire enables payment and invoicing solutions in four key verticals. Its vision is to simplify international payments while reducing friction and improving compliance.

Disclosures & Ratings

Consortium Equity Research does not hold any professional relationships with any reported equities.

Overweight means the analyst team believes the stock price will outperform the coverage industry benchmark (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months. **Equal Weight** means the team expects performance in line with the industry benchmark. **Underweight** means the team expects underperformance relative to the industry benchmark.

Appendix

Flywire

Discounted Cash Flow

Active Case: 2 Base

Current Share Price \$11.79

DCF Analysis (\$mm)

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/2025	12/31/26	12/31/27	12/30/28	12/30/29	12/31/30
Stub						0.52	1.52	2.52	3.52	4.52	5.52
Discount Period						0.24	0.98	1.98	2.98	3.98	4.98
Revenue	131.78	201.15	289.38	403.09	492.14	550	567	583	601	619	638
Revenue Growth	0%	53%	44%	39%	22%	12%	3%	3%	3%	3%	3%
Transaction Revenue	0	0	0	330	410	460	474	488	503	518	533
Platform and other reven	0	0	0	73	82	90	93	95	98	101	104
	0.00	0	0	0	0	0	0	0	0	0	0
EBIT	-8.92	-10.29	-30.73	-19.84	-7.13	42	68	70	72	74	77
EBIT Margin	-7%	-5%	-11%	-5%	-1%	8%	12%	12%	12%	12%	12%
Tax Expense	-7.17	2.16	1.99	4.21	-1.04	2	7	8	9	10	11
Effective Tax Rate	80%	-21%	-6%	-21%	15%	5%	11%	12%	13%	14%	15%
NOPAT	(1.75)	(12.45)	(32.72)	(24.05)	(6.09)	40.00	60.50	61.62	62.74	63.88	65.04
D&A	6.69	8.2	10.7	12.86	13.76	10	17	17	17	16	16
Capex	2	1	1	1	1	1	11	12	12	12	13
Changes in NWC	12.86	-15.18	-14.95	-37.25	-25.01	(10)	3	3	3	3	3
UFCF	(10)	10	(8)	25	32	59	63	64	64	65	65
PV of FCF						58	58	53	49	45	41

Weighted Average Cost of Capital (\$mm)

Market Risk Premium	4.33%
Beta	1.28
Risk Free Rate	4.39%
Cost of Equity	9.51%
Weighted Average Cost of Debt	7.00%
Tax Rate	11.00%
Cost of Debt	0.28%
Total Equity	\$1,433
Total Debt	\$0
Equity/Total Capitalization	95.50%
Debt/Total Capitalization	4.50%
WACC	9.79%

Terminal Value	
Perpetuity Growth Method	
2034 FCF	\$65
Growth	1.00%
Terminal Value	\$740
PV of Terminal Value	\$465
PV of Projection Period	\$303
PV of Terminal Value	\$465
Implied TEV	\$768
(-) Debt	24.35
(+) Cash	79.7
Implied Equity Value	\$823
Basic Shares Outstanding	122
Implied Share Price	\$6.77
Upside/Downside	-42.58%

Implied Exit BF EV/EBIT	10.0x
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Terminal Value	
Exit Multiple Method	
2034 EBIT	\$77
EV/EBIT Exit Multiple	18.0x
Terminal Value	\$1,377
PV of Terminal Value	\$865
PV of Projection Period	\$303
PV of Terminal Value	\$865
Implied TEV	\$1,168
(-) Debt	24.35
(+) Cash	79.7
Implied Equity Value	\$1,223
Diluted Shares Outstanding	122
Implied Share Price	\$10.06
Upside/Downside	-14.7%

Implied PGR	2.1%
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Blended Share Price	
Perpetuity Growth Method	0%
Exit Multiple Method	100%
Blended Share Price	\$10.06
Upside/Downside	-9.25%