

21 July 2025

Further details on the application of the UK Takeover Code to Wise Holdco and founder concert party update

On 3 July 2025, Wise published a scheme circular in relation to the proposal (the "Proposal") for a reorganisation which would result in Wise Group plc ("Wise Holdco"), a Jersey incorporated and solely UK tax resident company, becoming the ultimate parent company of Wise plc and its subsidiaries and the primary listing of Wise Holdco on a US stock exchange and secondary listing on the London Stock Exchange.

On 3 July 2025, the UK Panel on Takeovers and Mergers (the "Panel") published a public consultation paper PCP 2025/1 (the "Consultation Paper") on proposed amendments to the UK City Code on Takeovers and Mergers (the "Code"), in particular relating to dual-class share structures.

Further details on the application of the Code to Wise Holdco

Should the Proposal be approved by shareholders, the Code would apply to Wise Holdco (as it currently applies to Wise plc) due to its secondary listing on the London Stock Exchange. Therefore, and following publication of the Consultation Paper, Wise is making available further details of how the Code would apply to Wise Holdco following the proposed admission of the Wise Holdco Class A Shares to trading on the London Stock Exchange.

In summary, the Code would apply to Wise Holdco in the same way as it currently applies to Wise plc. Details of the relevant rules in the Code and their application to Wise plc and Wise Holdco are set out below.

Founder concert party update

Under the Code, a concert party arises where persons, under an agreement or understanding (whether formal or informal), cooperate to obtain or consolidate 'control' (as defined in the Code) of the company or to frustrate the successful outcome of an offer for the company. Certain persons will be presumed by the Panel to be acting in concert with other persons in the same category, as set out in the Code, unless the contrary is demonstrated, including shareholders in a private company who, following the public listing of that company, become shareholders of a company to which the Code applies.

At the time of admission to the London Stock Exchange (and as detailed in Wise plc's 2021 listing prospectus), Wise plc agreed with the Panel that it had a concert party comprising Kristo Käärmann and Taavet Hinrikus as founders of Wise and who were both, at that time, closely involved in Wise's operations and management. Following consultations between the Panel, Kristo Käärmann and Taavet Hinrikus, the Panel has confirmed to Wise plc that, in part, given Taavet Hinrikus no longer plays an active role in Wise's operations and management (including having stepped down from its board of directors and his role as chair in December 2021), there is no longer a founder concert party comprising the two founders of Wise.

Application of the UK Takeover Code to Wise

The Code and the Panel's Consultation Paper

The Code is issued and administered by the Panel. The Code applies to certain companies which have their registered offices in the UK, the Channel Islands or the Isle of Man. The Code and the Panel operate

principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by a bidder. The Code also provides an orderly framework within which takeovers are conducted.

The Panel's Consultation Paper seeks feedback on several amendments to the Code. These proposed changes are designed to provide greater clarity on how the Code applies to Code companies with dual-class share structures, introducing new requirements for companies to make appropriate disclosures related to the Code in their initial public offering prospectus and, lastly, amending the rules relating to share redemptions or buybacks. These proposed amendments to the Code are subject to further revision following the ongoing consultation process. The proposed changes to the Code are not expected to have any material impact on how the Code currently applies to Wise.

Capitalised terms used in this document, unless otherwise defined, have the same meanings as set out in the Scheme Circular dated 3 July 2025.

The application of the Code and Consultation Paper to Wise

On 3 July 2025, Wise published a circular (the "Scheme Circular") detailing the proposal (the "Proposal") for a reorganisation which would result in Wise Group plc, a Jersey incorporated and solely UK tax resident company ("Wise Holdco") becoming the ultimate parent company of Wise plc and its subsidiaries, the corporate structure that would apply to Wise Holdco and the primary listing of Wise Holdco on a US stock exchange and secondary listing on the LSE.

As a company incorporated in the UK with a listing on the LSE's main market for listed securities, the Code currently applies to any takeover offer for Wise plc.

Should the Proposal be approved by Wise Owners, the Code would continue to apply as Wise Holdco is incorporated in Jersey and would be admitted to trading on the LSE's main market for listed securities.

Following the publication of the Consultation Paper, Wise is providing further details on how the Takeover Code (as proposed to be amended by the Panel) would apply to Wise Holdco in the same way as it currently applies to Wise plc, should the Proposal be approved by Wise Owners.

Wise plc listed in 2021 with a dual-class share structure comprised of Class A Shares and Class B Shares. The Class A Shares carry one vote per share and have a *pro rata* economic interest (including in respect of dividends and distributions) across the share class. The Class B Shares carry nine votes per share and have no economic interest or right to dividends (other than a preferential return of their nominal value on a winding up or liquidation of Wise plc). Class B Shares are non-tradeable and non-transferable. Class B Shares will cease to carry any entitlement to voting rights in certain circumstances as set out in the Wise Articles. Each Class B Share was issued alongside a corresponding Class A Share.

The 2021 Prospectus set out certain trigger events when the Class B Shares will cease to carry any entitlement to voting rights including a "sunset" period of five years from the anniversary of Wise plc's listing. As set out in the Scheme Circular, the Wise Holdco dual-class share structure will have a "sunset" period for when the voting rights attached to the Wise Holdco Class B Shares would cease to apply of ten years from the effective date of the Scheme. Otherwise, the terms of the Wise Holdco dual-class share structure will be consistent with those that apply to the dual-class share structure in Wise plc. The other trigger events in respect of the Wise Holdco Class B Shares will be: (i) the relevant Wise Holdco Class B shareholder's corresponding Class A Share being transferred out of restricted registered form to an unrestricted account; (ii) the death of the Wise Holdco Class B shareholder; (iii) the purported trade and/or transfer of the beneficial and/or legal interest of the relevant Wise Holdco Class B Share; (iv) the purported trade and/or transfer of the beneficial and/or legal interest of a Wise Holdco Class B shareholder's corresponding Class A Share relating to the relevant Wise Holdco Class B Share; and (v) any indirect change in control in respect of the Wise Holdco Class B shareholder (as determined by the Wise Holdco board).

Rule 9: Dispensation from mandatory takeover offer requirement

Under Rule 9 of the Code, a mandatory cash offer must be made by a person who acquires an interest in shares which (taken together with the shares in which that person or any person who is 'acting in concert' with that person is interested) carry 30% or more of the voting rights of that company, or increases their aggregate interests in shares carrying voting rights within the 30% to 50% band.

The Consultation Paper proposes to clarify the application of this rule to companies with weighted voting rights shares. If a shareholder's percentage of voting rights increases because of the extinguishing of voting rights of weighted voting rights shares held by other shareholders on a trigger event, this should be treated as an 'acquisition' of interests in shares for the purposes of Rule 9. Normally, this acquisition would mean a shareholder could be required to make a mandatory offer under Rule 9 of the Code as a result of their voting rights increasing through a Rule 9 threshold. However, in accordance with the position set out in the Consultation Paper, the Panel expects to grant a dispensation from this obligation on a trigger event that is not a time sunset provided that the shareholder is an "innocent bystander" (i.e. it had not acquired any shares at a time it had reason to believe a trigger event would occur).

Wise plc's 2021 direct listing prospectus (the "2021 Prospectus") noted that holding shares with less than 30% of the voting rights in Wise plc as at admission could incur a mandatory offer obligation, particularly if the voting rights attached to Wise plc Class B shares extinguish on a trigger event. As a result, the 2021 Prospectus stated that shareholders should manage their shareholdings in light of this potential obligation. The Panel has confirmed that, based on the position set out in the Consultation Paper, it would normally grant such a shareholder a dispensation from this obligation on a trigger event that is not a time sunset if the shareholder is an "innocent bystander".

Additionally, the Panel will normally be prepared to grant a dispensation from the requirements of Rule 9 provided there is a "Rule 9 dispensation by disclosure" at the time of the initial public offering. This is on the basis that, provided there is appropriate disclosure of the relevant arrangements in the admission document, persons considering whether to become shareholders in the company will be aware that control of the company might be acquired or consolidated in the circumstances described. Since the 2021 Prospectus, the information on the CEO's (as defined below) shareholding has changed, as set out in the next paragraph.

Kristo Käärmann (the "CEO") currently holds 54.91% of the total voting rights in Wise plc (including shares held by persons connected with him) and he would hold the same percentage of the total voting rights in Wise Holdco on Admission (based on the number of Wise Shares held by him and the number of Wise Shares in issue as at the date of this document). The proportionate voting rights that the CEO holds in Wise plc (and, if the Proposal is approved, in Wise Holdco) may increase over time, amongst other reasons due to the cessation of voting rights in respect of Class B Shares held by other shareholders of Wise plc (and, if the Proposal is approved in Wise Holdco) on a trigger event. If all outstanding Class B Shares ceased to carry any entitlement to voting rights, save for those held by the CEO, the CEO would in those circumstances hold shares that represented 66.22% of the total voting rights in Wise plc (including shares held by persons connected with him). At the time of Wise plc's admission to the LSE in 2021, this figure was 69.81% as set out in the 2021 Prospectus. However, in respect of any shareholder decision, the CEO's entitlement to votes by virtue of his Class B Shares is at all times capped in line with the thresholds as follows: the application of the CEO Permitted Maximum means that the votes attaching to the Class B Shares the CEO holds would only increase the votes he is able to exercise by virtue of his Class B Shares up to one vote below 50% of the total voting rights eligible to be cast in respect of that shareholder decision (reducing to one vote below 35% if the CEO is no longer the Chief Executive Officer of Wise plc). As set out in the Scheme Circular, the same voting caps will apply in respect of Wise Holdco. The CEO holds shares carrying more than 50% of the voting rights in Wise plc and may accordingly increase his interest in shares without incurring any obligation to make an offer under Rule 9. Assuming the Proposal is approved and the CEO continues to hold shares carrying more than 50% of the voting rights in Wise Holdco, the same position will apply in respect of Wise Holdco.

Accordingly, there would be no change to how the Code (as proposed to be amended) applies to Wise plc. Further, the Code, in effect, would apply to Wise Holdco in the same way as it currently applies to Wise plc should the Proposal be approved by Wise Owners.

Rule 10 (and Rule 9.3): Acceptance of takeover offers

Under Rule 10 and Rule 9.3 of the Code, a takeover offer typically requires the bidder to acquire over 50% of a company's voting rights to become unconditional.

The Consultation Paper contemplates that the acceptance condition to a contractual offer for a dual-class share structure company such as Wise plc will be subject to two tests, taking account of the voting rights position (i) immediately before the relevant Class B or special shares convert or are extinguished and (ii) immediately after the relevant Class B or special shares convert or are extinguished. The Wise plc Class B Shares are non-tradeable, non-transferable and automatically lose voting rights upon transfer of their corresponding Class A Share as a trigger event. Importantly, each Class B Share has a corresponding Class A Share and the voting rights of each Class B Share will cease in the event of a transfer of the corresponding Class A Share.

Therefore, in the case of Wise plc the Panel has agreed a single acceptance condition reflects the principles of the Consultation Paper (and is consistent with what is set out in the 2021 Prospectus), which is on the basis that:

- notwithstanding that the bidder (and its concert party, if applicable) may have agreed to acquire certain Class A Shares that correspond to Class B Shares, the votes attaching to such Class B Shares shall not be included when calculating the total voting rights that the bidder has acquired or agreed to acquire (i.e. such votes shall be excluded from the numerator in the relevant calculation); and
- if the bidder (and its concert party, if applicable) has agreed to acquire certain Class A Shares that correspond to Class B Shares, the votes attaching to such Class B Shares shall not be included when calculating the total voting rights in this context (i.e. such votes shall be excluded from the denominator in the relevant calculation).

Because Wise Holdco Class B Shares will have the same restrictions, the Code (as proposed to be amended) would apply to Wise Holdco in the same way as it currently applies to Wise plc, should the Proposal be approved by Wise Owners.

Scheme of arrangement

In the case of an offer being implemented by way of a scheme of arrangement, Rule 10.1 will not apply and the scheme will normally require separate class approvals of both (a) the Class A Shares and (b) the Class B Shares.

Rule 14: Takeover offers to the holders of each class of share capital.

Under Rule 14 of the Code, a bidder must make a comparable offer for all classes of equity share capital if an offer is made for one class.

However, as detailed in the 2021 Prospectus, Wise plc's Class B Shares have specific restrictions: they are non-tradeable, non-transferable and automatically lose voting rights upon transfer of their corresponding Class A Share. The Class B Shares have no economic interest or right to dividends (other than a preferential return of their nominal value on a winding up or liquidation of Wise plc). The Panel therefore confirmed at the time of Wise plc's direct listing that, due to these restrictions, Rule 14 does not apply to Wise plc's Class B Shares. This means no offer is required for Class B Shares if a takeover offer is made for Class A Shares.

As a result of this confirmation from the Panel, Rule 14.1 (on comparable offers) and the proposed amendment to Rule 14.2 in the Consultation Paper (to give the Panel the ability to consent to a single offer for two classes of share) does not apply to Wise plc.

Similarly, should the Proposal be approved by Wise Owners, the Code would apply to Wise Holdco in the same way because Wise Holdco Class B Shares will carry identical restrictions to Wise plc Class B Shares. Ultimately, this means no offer would be required for Class B Shares if a takeover offer is made for Class A Shares of Wise Holdco as is the case today in respect of Wise plc.

Rule 16: Special deals with favourable conditions

In the context of an offer for Wise plc, the Consultation Paper sets out that any offer to acquire or cancel Class B Shares above the nominal value of the shares (where, as in the case of Wise plc, the voting rights attached to the Class B Shares cease and cannot transfer to a bidder) is likely to constitute a special deal with favourable conditions and would be prohibited under Rule 16.1. The same position will apply in relation to Wise Holdco.

Neither the Wise Articles nor the Wise Holdco Articles contemplate that the Class B Shares could be redeemed for more than their nominal value.

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About Wise

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With Wise Account and Wise Business, people and businesses can hold 40 currencies, move money between countries and spend money abroad. Large companies and banks use Wise technology too; an entirely new network for the world's money. Launched in 2011, Wise is one of the world's fastest growing, profitable tech companies.

In fiscal year 2025, Wise supported around 15.6 million people and businesses, processing over 185 billion in cross-border transactions and saving customers around 2.6 billion.

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