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CORPORATE PARTICIPANTS

Stephen Shulstein *Remitly Global Inc - Vice President, Investor Relations*

Matthew Oppenheimer *Remitly Global Inc - Chairman of the Board, Chief Executive Officer*

Vikas Mehta *Remitly Global Inc - Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Tien-Tsin Huang *JPMorgan - Analyst*

Andrew Schmidt *Citi - Analyst*

Chris Kennedy *William Blair - Analyst*

Will Nance *Goldman Sachs - Analyst*

Ramsey El-Assal *Barclays - Analyst*

Andrew Bauch *Wells Fargo Securities, LLC - Analyst*

David Scharf *Citizens Capital Markets - Analyst*

Darrin Peller *Wolfe Research - Analyst*

Alex Markgraff *KeyBanc Capital Markets - Analyst*

Grace Wong *BMO Capital Markets - Analyst*

Zachary Gunn *FT Partners - Analyst*

Gus Gala *Monness, Crespi, Hardt & Co. - Analyst*

PRESENTATION

Operator

Good day and thank you for standing by. Welcome to Remitly's first-quarter 2025 earnings conference call. (Operator Instructions) Please note that today's conference is being recorded.

I will now hand the conference over to your first speaker today, Stephen Shulstein, Vice President of Investor Relations. Please go ahead.

Stephen Shulstein - *Remitly Global Inc - Vice President, Investor Relations*

Thank you. Good afternoon. And thank you for joining us for Remitly's first quarter of 2025 earnings call. Joining me on the call today are Matt Oppenheimer, Co-Founder and Chief Executive Officer of Remitly; and Vikas Mehta, Chief Financial Officer.

Results and additional management commentary are available in the earnings release and presentation slides which can be found at ir.remitly.com. Please note that this call will be simultaneously webcast on the Investor Relations website.

Before we start, I would like to remind you that we will be making forward-looking statements within the meaning of federal securities laws including but not limited to statements regarding Remitly's future financial results and management's expectations and plans.

These statements are neither promises nor guarantees and involve risks and uncertainties that may cause actual results to vary materially from those presented here. You should not place undue reliance on any forward-looking statement.

Please refer the earnings release and SEC filings for more information regarding the risk factors that may affect results. Any forward-looking statements made in this conference call, including responses to your questions, are based on current expectations as of today and Remitly assumes no obligation to update or revise them whether as a result of new developments or otherwise except as required by law.

The following presentation contains non-GAAP financial measures. We will reference non-GAAP operating expenses and adjusted EBITDA in this call. These metrics exclude items such as stock-based compensation, payroll taxes related to stock-based compensation, pledge 1% contribution, integration, restructuring, and other costs and other income and expense.

As previously announced on our last earnings call, beginning in Q1, our non-GAAP financial measures exclude payroll taxes related to stock-based compensation. This update is intended to improve the usefulness of our non-GAAP financial measures in evaluating underlying operating performance by more completely reflecting the extent of stock-based compensation and related impacts. We have updated our historical periods for consistency.

For reconciliation of non-GAAP financial measures to the most directly comparable GAAP metrics, please see the earnings press release and the appendix to the earnings presentation, which are available on the IR section of our website.

And with that, I will now turn the call over to Matt to begin.

Matthew Oppenheimer - *Remitly Global Inc - Chairman of the Board, Chief Executive Officer*

Thank you, Stephen, and thanks, everyone, for joining us for our first-quarter earnings call.

It's energizing to start 2025 with such strong momentum. Building on the foundation we laid last year, we delivered another quarter that exceeded expectations, with revenue growing 34% and adjusted EBITDA margins surpassing 16%, as you can see on slide 4. That means we exceeded the Rule of 50, a benchmark that reflects the rare combination of high growth and strong profitability. It's a clear sign of the durability of our business model and the discipline of our execution.

In a world that continues to face uncertainty, our customers inspire us. Their resilience, their determination, and their trust in Remitly are what drive our success. Because of their continued commitment, our team's strong execution and the strength of our flywheel, we are raising our full year outlook for both revenue and adjusted EBITDA.

I'm going to focus my remaining remarks today on three topics, as you can see on slide 5. First, how we have built a resilient business that has a proven track record of delivering across economic cycles and geopolitical changes.

Second, I will discuss how this resilience allows us to continue diversifying our business across many dimensions, allowing us to capture more growth and reduce overall risk.

Finally, I will discuss how we deliver trusted experiences that drive customer activity, along with a deep focus on our regulatory and compliance program, which enables this sustainable growth. All of these allow us to accomplish our audacious vision to transform lives with trusted financial services that transcend borders.

Turning to the resilience embedded in our business on slide 6, I know macroeconomic uncertainty, including the impact of tariffs, is at the top of every investor's mind at this moment. I will say this directly. Our strong balance sheet and global diversification positions us well in this evolving environment.

Remittances have consistently demonstrated remarkable resilience across economic cycles, serving as a vital financial lifeline for millions of families around the world. Even in times of global uncertainty, such as economic downturns or geopolitical changes, remittance flows have remained steady or even grown as senders prioritize the needs of their loved ones back home. This unwavering commitment underscores the essential role remittances play in household stability and local economies.

At Remitly, we continue to see this resilience reflected in our customers' behavior, reinforcing the critical importance of our mission and the reliability of our business model in both stable and challenging macroeconomic environments. We have also embedded resilience into how we manage foreign exchange, which has become a competitive advantage of ours at scale.

At Remitly, we built a treasury function that is not just operationally essential, but increasingly a source of differentiation. What sets Remitly apart is the integration of treasury with our business management and analytics teams as a strategic growth enabler.

Over the last 12 months, we managed nearly $60 billion in send volume. This enables us to enter into win-win partnerships, reduce transaction costs and improve customer pricing, directly supporting our flywheel and long-term profitability.

We are building real-time data systems to optimize liquidity, predict customer behavior, and proactively manage FX and counterparty risk. These efforts allow us to decouple funding from FX risk and reduce the need for pre-funding, all while strengthening the reliability and efficiency of our network.

These capabilities matter more than ever in today's macro environment, where we see foreign exchange volatility. Remitly's ability to source currency at competitive rates and respond quickly to market shifts means we can continue offering reliable, affordable pricing to customers while protecting margins. Our strong internal systems, capital strategy and operational discipline allow us to not just weather FX swings, but turn them into opportunities for sustainable growth.

Now, I'd like to turn to the progress we are making in diversifying our business on slide 7. Resilience also enables us to diversify, which is one of the most powerful levers for long-term sustainable growth. By broadening our geographic footprint, expanding our partner network and introducing new products, we reduce dependency on any one corridor or customer type. That not only mitigates risk, it opens up new avenues of opportunity.

Along with rapid geographic expansion, we have increased the pay-in and pay-out options through direct integrations with key local payment partners. In Q1 alone, we launched remittance services to Nigeria, Burkina Faso, and Mali. Customers can now send to widely used mobile wallets like Orange Money. These launches reinforce our long-term belief in the growth potential of Africa and support financial inclusion in regions that need it most.

We also expanded disbursement options with integrations like PLIN in Peru, used by millions of people across major banks, and MACH in Chile, which serves over 4 million users. We also added Orange Money in Mali and Burkina Faso and Vodafone Cash in Egypt. These additions give customers more choice, greater convenience and a better experience.

The goal is to enable anyone, anywhere to send and receive money as easily as if they were a local. That's why we have completed the rollouts of Interac in Canada, PayTo in Australia, and Pay by Bank via Plaid in the United States. These payment methods help reduce costs, improve retention and increase send volume, aligning perfectly with our growth and unit economic goals.

Turning to new customer use cases, we have made strong progress on attracting high amount senders. Over the past four quarters, send volume for transactions of more than $1,000 has outpaced overall send volume growth.

Most notably in Q1, send volume related to transactions of more than $1,000 accelerated to more than 45% year-over-year growth and the mix increased by approximately 200 basis points year over year.

We also saw the largest transfer in company history in Q1, which was sent from Canada to the United States. This growth was fueled by our ability to make dynamic risk decisions using machine learning models, which reduce friction significantly for this customer base by tailoring send limits to customer risk.

In the past, we had broad sending limits that were not tailored specifically to the individual customer risk profile, which added friction to customers who were looking to send larger transactions.

Our direct integrations have also allowed us to streamline transaction processing and substantially increase sending limits. These advancements have empowered our customers to confidently send larger amounts across borders with fewer errors and lower friction, ultimately delivering a more seamless and reliable experience. Our early traction with micro business customers further supports increasing send volume per customer, as these customers naturally transact at higher average amounts, reinforcing the positive trajectory in transaction size and overall send volume.

In the US, business customers have facilitated millions of dollars in transactions, underscoring the demand for our solutions. Our micro business offering has clearly proven its product market fit, as reflected in exceptional early retention and substantial transaction volumes for newly engaged customers.

Our deep commitment to meeting customers where they are continues to guide how we reach and engage new users, especially those who have historically relied on traditional cash-based remittance providers.

One recent and powerful example is WhatsApp Send, a great demonstration of how we're using technology to make cross-border money movement more intuitive, accessible and aligned with how our customers live and communicate.

By integrating the same award-winning conversational AI technology that powers our customer service experience into WhatsApp, we've created a frictionless, intuitive way for customers to send money, check rates and get support, all from a product they already trust. This opens up powerful new customer acquisition paths, especially for those customers transitioning from offline to online.

Finally, we continue to innovate and explore adjacencies to our core offering, from helping customers store funds, to accessing faster cross-border payments, to creating additional liquidity in unique ways.

We've made meaningful progress through our work with Remitly Circle, which continues to be a powerful sandbox for innovation at Remitly. Circle allows us to test new ideas in a low-risk environment with early adopter customers. This approach has enabled us to move quickly and learn deeply before scaling new capabilities across our broader customer base.

Many of the insights we've gained, such as how storing funds with even faster disbursements align with real customer needs, are directly informing our innovation as we evolve the core Remitly experience.

Now, turning to how building trust across all stakeholders has placed us in a very unique position to continue delivering exceptional experiences for our customers and returns for our shareholders. These results are not only possible by delivering a trusted experience to our more than 8 million quarterly active customers across the entire journey of their cross-border payment.

One powerful example is Ajay, a retired doctor and academic who has served communities across India, the UK, the US, and Saudi Arabia. For years, Ajay used his bank in England for international transfers until he noticed high fees on larger transactions.

In 2023, he began searching for a better, more trustworthy option, and he found Remitly. Ajay quickly discovered our competitive rates, low fees and the ease of repeat transfers. When he needed to cancel a transfer, the refund process was seamless and swift, deepening his trust in Remitly even further.

Since joining us, Ajay has completed nine transfers totaling over $200,000, primarily investing in India to help provide for his daughter, son and grandchildren. Stories like Ajay's are a powerful reminder.

When we lead with trust, we have the ability to serve a wider variety of use cases for our customers and empower their futures. Trust is at the heart of every decision customers like Ajay make when sending money to loved ones across borders where speed, reliability and security are non-negotiable.

As you can see on slide 8, we continue to make progress on the metrics that matter to customers and build trust. In the first quarter, a record of more than 93% of transactions were dispersed in less than an hour, a record of more than 95% of transactions proceeded without a customer support contact, and our uptime was 99.99%. This all contributed to driving strong retention, incremental customer activity and word of mouth in attracting new customers.

At Remitly, compliance is a key driver of customer and regulator trust, and it's a foundational pillar of our business model. We operate in a complex and regulated industry across over 170 countries, and we have built robust systems, teams and controls to ensure that we meet or exceed local and global standards. Trust starts and ends with our customers. But the ecosystem in which we operate, including the oversight from our regulators, has always been a vital part of our culture and strategy.

We have invested in developing a sophisticated system of controls to perform know-your-customer evaluations, detect fraud and money laundering, and perform sanction screening in a centralized manner.

As a digital-first company, we leverage advanced technology and data-driven automation to verify customers' identities, ensuring faster, more secure onboarding, while maintaining strong compliance with global regulations.

This digital approach not only strengthens security and transparency, but also significantly reduces the operational costs associated with manual in-person verification, savings that can be reinvested to improve customer experience and drive growth.

As a digital-only player, most of our customers fund their remittance transactions using a card linked to a bank account, which means that they are able to pass bank-level KYC, signaling an established presence in the country.

This contrasts with cash-based providers that often depend on labor-intensive, decentralized processes that are harder to scale, more expensive to maintain and more prone to inconsistencies or fraud.

These controls are routinely subject to regulatory exam and supervision by US and foreign financial regulators. In addition, we continuously evaluate our system of controls through regular independent testing and make frequent and regular improvements. We take a rigorous approach to partner due diligence to ensure compliance, security and reliability across our global network.

Before onboarding any financial institution or payout partner, we conduct due diligence, including regulatory compliance checks, financial stability assessments and security evaluations. In this way, our compliance team confirms that partners appropriately adhere to any money laundering and counter-terrorist financing regulations, as well as applicable laws.

Remitly also employs a multi-layered approach to fraud prevention, combining advanced machine learning models, real-time transaction monitoring and next-generation identity verification processes that maintain a strong compliance posture while imposing fewer burdens on customers.

Our risk management team continuously analyzes patterns to detect and prevent fraudulent activity while ensuring a seamless experience for legitimate customers. This differentiated approach allows us to continue to manage transaction loss rates while delivering a continuously improving experience with the goal of optimizing customer lifetime value.

This improvement was delivered at the same time that our customer support contact rates continue to decline to record lows as we make it easier for legitimate customers to complete their transactions. All of this builds trust for both customers and regulators, thereby ensuring our customers' money is delivered safely and reliably and our business can continue to expand.

In closing, even amid macroeconomic and geopolitical uncertainty, we remain confident in the resilience of remittances, the strength of our diversified business model and the trust our customers have placed in us.

Trust remains the cornerstone of our vision to transform lives with trusted financial services that transcend borders, as you can see on slide 9. This is what enables us to drive consistent growth, deepen customer relationships and expand our global footprint while delivering strong, sustainable profitability.

We are proud of what we have accomplished so far and we are energized by the opportunities in front of us. Thank you to our customers, our team and our shareholders for your continued support.

Now, over to Vikas.

Vikas Mehta - *Remitly Global Inc - Chief Financial Officer*

Thank you, Matt. Good afternoon, everyone. We are off to a strong start in 2025. We delivered another strong quarter with both revenue and adjusted EBITDA ahead of our expectations, as you can see on slide 11.

First quarter revenue was $361.6 million, up 34% year over year, and adjusted EBITDA was $58.4 million, driving 16% adjusted EBITDA margin, resulting in a Rule of 50 quarter, as Matt mentioned.

We delivered our second quarter of GAAP profitability. We drove profitable growth with revenue more than $15 million above and adjusted EBITDA more than $20 million above the midpoint of our first quarter guidance. These results reinforce the strength of our business model and the resilience of cross-border payments as a category, even in turbulent economic times.

I'll begin with an overview of our first quarter results and then share our outlook for the full year and second quarter of 2025. In the first quarter, revenue was $361.6 million, up 34% year over year or 36% on a constant currency basis.

Quarterly active customers increased 29% year over year to over 8 million, in line with our expectations. Driving this strong quarterly active customer growth was continued retention and strength in new customers acquired in the quarter.

Send volume for active customer increased 9% year over year, the highest growth rate we have seen since 2021. This was driven by strong growth in transactions per active customer, as we take share and increase the attractiveness of our product for high amount senders.

As Matt mentioned, we have increased send limits in key corridors, allowing customers to confidently send larger amounts across borders with fewer errors and lower friction, while maintaining our strong risk and compliance controls. Send volume grew 41% to $16.2 billion, and again outpaced revenue growth. Gross take rate was 2.24%, in line with our expectations.

As Matt highlighted earlier, our business continues to diversify, while also delivering strong growth across geography. During Q1, US revenue grew 35%, accelerating from 33% in Q4, driven by continued share gains. Rest of the world grew 41% year over year, ahead of our overall revenue growth.

On the receive side, we further diversified as revenue from regions outside of India, the Philippines and Mexico grew 45% year over year.

Turning to our focus on driving profitable growth on slide 12, transaction expenses this quarter were $121.4 million and as a percentage of revenue were 33.6%. Excluding provision for transaction losses, other transaction expenses were $103.5 million, improving 60 basis points year over year as a percentage of revenue.

We continued to see improvements in our economics with pay-in and disbursement partners, relating to increasing volume. The mix of digital receive transactions increased year over year by more than 300 basis points, continuing a trend that has been positive for our business and customers.

Provision for transaction losses was $17.9 million and as a percentage of sent volume was 11.1 basis points. This was in line with our expectations as we improved machine learning risk models, and at the same time, minimized unnecessary friction for customers.

As I've shared in prior quarters, RLTE expansion is an indicator of the long-term business model success. RLTE dollars grew 34% to $240.2 million, reflecting strong new and existing customer activity and economies of scale. RLTE as a percentage of revenue this quarter was 66.4%, largely in line with the percentages we saw last year.

As Matt highlighted, we have seen strong growth of more than 45% in send volume related to transactions of more than $1,000. As you will note, while there is a mixed impact of these large transactions on gross take rates, in the short-term, they help us maximize RLTE growth over the long term.

We are focused on driving long-term RLTE dollars as we continue to attract new customers, innovate with new use cases and scale. The strengths we have seen here reinforces our flywheel framework that we highlighted last quarter, driving sustainable topline growth and profitability.

With that, let me walk you through the specific non-GAAP expense categories on slide 13. As described on our last earnings call, please note that year-over-year comparisons exclude payroll taxes related to stock-based compensation in both periods.

Marketing spend was $68.3 million and decelerated to 7.5% growth year over year. As a percentage of revenue, it was 18.9%, improving 473 basis points year over year. We continue to strike the right balance between growth and efficiency, especially in a seasonally slower quarter from a demand perspective. We benefited this quarter from efficiencies in digital and brand marketing, along with word-of-mouth.

Marketing spend per quarterly active customer was $8.5 in Q1 and decreased 17% year over year, reflecting our focus on driving returns from marginal marketing investments. We continue to invest behind paid channels using AI tools to drive further testing and efficiency.

As Matt highlighted, the trust we have built with customers has enabled us to benefit from word-of-mouth, which has been a powerful driver of new customer additions while driving efficiency for us.

Customer support and operations expense was $22.3 million, and as a percentage of revenue was 6.2%, improving 89 basis points year over year, continuing a trend that we have seen over the past couple of years. Our AI-based virtual assistants and product improvements have enabled lower agent contact rates and strong customer satisfaction ratings.

Technology and development expense was $50.6 million, and as a percentage of revenue improved by 144 basis points year over year. Technology and development expenses grew 22% year over year as we become more efficient in managing our spend while delivering product innovation.

G&A expense was $40.6 million and as a percentage of revenue improved 79 basis points year over year, as we maintained rigorous discipline on hiring and non-headcount spend. We also implemented additional automation and AI tools across functions to help drive even more efficiency.

Strong revenue growth combined with efficiency and discipline across all operating expense categories led to adjusted EBITDA of $58.4 million. We delivered our second positive GAAP net income quarter of $11.4 million, a material improvement, compared to a $21.1 million net loss in the first quarter of 2024.

Stock-based compensation was $35.8 million and as a percentage of revenue was at 9.9%, approximately 280 basis points lower than the first quarter of 2024. We continue to drive towards a lower burn rate in line with the philosophy I outlined last quarter.

Moving to our outlook on slide 14, while the economic and geopolitical environment remains uncertain, we are comforted by the resilience we have seen in our customers. It's important to note that our outlook does not assume any material macroeconomics, geopolitical or regulatory changes.

For the second quarter of 2025, we expect revenue of $383 million to $385 million or 25% to 26% growth. We have no shortage of growth opportunities, including taking share in our existing corridors, expanding to new corridors, and continued traction with new use cases like high-amount senders and SMB, which will power this growth.

If we unpack the revenue growth expectations further, we expect revenue to outgrow quarterly active customers due to continued strength in high-amount senders. Growth in send volume per quarterly active customer is expected to increase modestly, driven primarily by higher frequency of transactions and continued strength in higher-amount senders.

Consistent with recent trends, we also expect send volume growth to outpace revenue growth for both Q2 and FY 2025. Higher transaction sizes lead to higher send volume growth, driving RLTE dollars even with lower take rates. Given our traction with high-amount senders and SMB customers, we believe volume growth is a stronger indicator of our future growth potential in addition to quarterly active customers.

For the full year, we expect revenue between $1.574 billion and $1.587 billion, reflecting a growth rate of 25% to 26%. This outlook reflects our performance in Q1, the confidence we have in durable customer behavior and strong returns from our marketing investment.

Note, we will be lapping tougher coms in the second half of 2025 due to performance in the back half of 2024. Specifically, this is the toughest revenue comp of the year in Q3. Furthermore, the macro environment remains uncertain. As such, we believe our guidance is prudent given these variables.

Shifting to our adjusted EBITDA outlook, we expect Q2 adjusted EBITDA to be between $45 million and $47 million, translating to 12% margin. As we shared last quarter in FY 2025, we are lapping the benefits from key payment processing partnerships that we realized in 2024.

As a result, we expect Q2 transaction expenses as a percentage of revenue to be in line with the full year 2024. Also note, transaction losses can be volatile from quarter-to-quarter and we remain focused on optimizing customer lifetime value.

We expect our marketing investments in Q2 will continue to deliver strong ROI. Although we saw strong leverage from our marketing investments in a seasonally less active Q1, we intend to increase our marketing investments to drive growth in Q2 in second half of 2025, given the strong payback period well under 12 months.

As a reminder, our marketing investments drive returns for many years beyond our initial investment, given repeat behavior and the resilience of remittances. We plan to continue to balance our investments with efficiency and expect marketing per QAU declined modestly on a year-over-year basis in Q2.

Recall, we began delivering meaningful marketing per QAU efficiencies in second half of 2024. So as we lapped those improvements in the second half of 2025, we should expect marketing per QAU to be stable year over year.

For the full year, we expect adjusted EBITDA to be between $195 million and $210 million, representing an adjusted EBITDA margin range of 12% to 13%. We expect adjusted EBITDA dollars to ramp sequentially throughout the balance of the year.

Although we delivered GAAP profitability in Q1 that was two quarters ahead of our guidance last quarter, we continue to expect to generate positive GAAP net in terms in the third quarter of 2025, as we plan to make growth-enhancing investments, improve adjusted EBITDA, as well as manage dilution, net burn rate, and stock compensation expense effectively. In the second quarter, we expect stock-based compensation to increase sequentially from Q1, reflecting our annual performance cycle.

Overall, we continue to expect to deliver positive GAAP net income for the full year. This outlook provides us with flexibility to make key growth investments, while at the same time delivering efficiencies across our operating expense space.

In closing, we are pleased that we delivered both higher-than-expected revenue and adjusted EBITDA. Despite an uncertain and volatile macroeconomic environment, we have delivered consistent trusted experiences, driving increased customer activity.

The trust we have built with the customers also allows us to diversify the business across new use cases, new geographies and new partnerships, allowing us to deliver sustainable long-term results regardless of economic cycles.

With that, Matt and I will open up the call for your questions. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Tien-Tsin Huang, JPMorgan.

Tien-Tsin Huang - *JPMorgan - Analyst*

Thank you. Great results. I want to ask on the send volume being up per active, 9% high since 2021. I just wanted to be clear. Is it the higher send limits that's driving that, was there some pull-forward mix, maybe some business payments contributing? I liked your discussion on the treasury as an asset for you within FX, but just want to better understand this trend of higher send per active?

Vikas Mehta - *Remitly Global Inc - Chief Financial Officer*

Tien-Tsin, thank you for the question. We had a very strong quarter and a start to the year, as we shared, with a strong 34% growth. One of the key drivers of that growth, as you pointed out, was a very strong send per quarterly active user growth. We have seen a trend of strong quarterly growth in terms of send per active, and this was, I'd say, the best we have seen in a long time, and as you pointed, the highest growth since 2021.

A few drivers that have been helping us drive this important metric. First of all, this increased engagement that we have with our customers has been a really important driver of this, especially as we invest in frictionless experiences, building technology and innovations that support convenient, fast speed, easier transactions that play a critical role here.

In addition to that, over the last few quarters, we have been driving meaningful growth in our high-dollar, high-amount sender business. As we noted, over the last four quarters, the growth of volume in our high-amount senders has been greater than the total volume growth, and the same was the case this quarter with 45% plus growth there. So that has been a second big driver.

And the final, I'd say, is that as we diversify use cases and add segments like micro senders, these senders have fewer transactions, but per transaction, the amount that they send is pretty high, which helps us drive growth in the send per quarterly active user. So overall trend that we have seen is in this direction. Again, it's very aligned with our strategy, and we feel really good about the direction of the growth.

Matthew Oppenheimer - *Remitly Global Inc - Chairman of the Board, Chief Executive Officer*

Yeah. Tien-Tsin, the only elements I'd add from a product standpoint is, I think, our risk product team and our compliance teams have really leveraged the latest technology to be able to take a much more sophisticated approach to our overall send limits. And so, I mentioned that in my remarks, but I think that is part of the driver of enabling customers that want to send more to do it in a frictionless, easy way.

And then, the second is, as Vikas mentioned, it's early days, but I think that our micro business customers have a lot of potential. And as he said, they send less frequently, but higher dollar amounts and so excited about what's to come there.

Operator

Andrew Schmidt, Citi.

Andrew Schmidt - *Citi - Analyst*

Hey, Matt, Vikas, Stephen. Thank you for taking the question. Maybe I could just piggyback on the last question. So it sounds like a lot of the benefits that you're seeing are self-driven, first and environmental. Maybe you can comment on that, whether there's anything environmental in the numbers as well that are driving the higher send volume per average active there? And then, if you think about just the forward outlook, is there any reason why these benefits shouldn't sustain, because obviously, good result here, it doesn't look like you're fully flowing through the revenue beat. But clearly, it makes sense in the current environment, but would love to sort of get a better sense of those questions? Thank you so much.

Vikas Mehta - *Remitly Global Inc - Chief Financial Officer*

Andrew, thank you for the question. And we are really in a business where durability and visibility help us build a lot of confidence in our guidance. So as you think about our forward-looking guide, we have stated this before and I'll reiterate that majority of our revenue comes from prior quarter cohorts. And the retention of these cohorts really help us get very high visibility and confidence and durability of the revenue. So I think that's really important.

The second point is, as you think about Q2 and FY 2025, overall, the drivers tend to remain similar to what we have seen this quarter and even past quarter. So for example, revenue growth exceeding quarterly active user growth modestly, send volume growth greater than revenue growth, which shows in the take rate, and most importantly, as you pointed, the send per active continue to grow modestly.

So those drivers will continue to remain more or less similar to what we have seen this quarter. As you also pointed out that there are micro uncertainties and we want to be prudent, and that's the reason why we are taking a prudent stance when it comes to the guide for Q2, as well as 2025.

Operator

Chris Kennedy, William Blair.

Chris Kennedy - *William Blair - Analyst*

Good afternoon. Thanks for taking all the questions and for all the details. Can you just talk a little bit more about your direct partner integrations? It's been a journey. We've been hearing about it for years. Just where are you on that journey? And just remind us about the benefits that you get when you have a direct partner integration?

Matthew Oppenheimer - *Remitly Global Inc - Chairman of the Board, Chief Executive Officer*

Yeah. Thanks, Chris. It's always great to hear from you. I think that our ability at a strategic level to get customers funds the way that they want them quickly and efficiently is something that I think we have built over a decade and counting. And so, you saw that in some of our delivery stats in terms of what it gives us. But 93% plus of transactions are dispersed in under an hour, which is a stat that has come up from previous times that we've shared that.

And what do we get from those direct integrations is, as I mentioned, faster transactions, lower cost, more reliability, because if a customer enters the recipient's name incorrectly, then you don't have to go through three or four hops to adjust that. You've got a direct integration done to be able to amend that transaction much more frequently.

And there are many examples in that customer experience bucket. It could be additional compliance requirements that our partner needs to collect. Having a direct integration enables us to do that really efficiently and effectively, which is also why 95% plus of transactions are now completed without any sort of customer support contact.

So I mentioned a few of them. I mentioned match. I mentioned plan. I mentioned a few other integrations in my opening remarks. But I think our scale and size is another example of our flywheel. We're able to do more integrations every quarter. We're able to improve the customer experience, which drives more retention.

And in some markets, we're strategically saying, let's go directly into those banking rails, into the local payment rails, because of the fact that that's the most efficient way to provide reliable and low-cost transactions. That being said, not a silver bullet. Every market's different. What we're good at with our scale and size is getting to that last mile and thereby decreasing costs and increasing reliability and retention.

Operator

Will Nance, Goldman Sachs.

Will Nance - *Goldman Sachs - Analyst*

Hey, guys. Nice results. 34% in a seasonally slow quarter. So pretty solid. Matt, I wanted to ask just about the environment that you're seeing out there, particularly as it relates to some of the US-Mexico tensions. A lot of your talking points spoke about some of the benefits of the digital channel when it comes to cost benefits, both to you, as well as to the consumer and the consumer experience. And I'm wondering if you guys have seen evidence or any kind of interesting behavioral shifts over the past few months as it relates to customer willingness to transition to the digital channel and maybe set a different way. Is there anything that you guys look at internally around share gains kind of inflected in the relevant corridors as a result of some of the macro tensions that are out there? Thanks for taking the question.

Matthew Oppenheimer - *Remitly Global Inc - Chairman of the Board, Chief Executive Officer*

Yeah. Great question, Will. Glad you asked it. Let me focus first on Latin America and then I'm happy to answer any follow-up questions around the broader macro. But I would say that the -- actually, let me do the opposite. I'm going to start with broader macro. I think that it's obviously on a lot of folks' minds, immigration, tariffs, macroeconomic policies.

And the things that, first off, having run this business for 14 years and having read a lot of other World Bank and other reports over even a longer time period, our business specifically is resilient. Remittances are resilient through various macro, political and regulatory changes.

So I think diversification is part of that. I think customer profile is part of that, which is where I'll kind of weave in the Latin America part of your question. And I think that additional use cases are all part of that.

So on the diversification point, greater than 34% of our revenue now is coming from outside the US, and that's up from just 25% four years ago. And then on the receive side, our non-top three countries, meaning Mexico, India and the Philippines, grew 45% and accounted for the majority of our revenue in Q1.

The second bucket around customer profile, the vast majority of our customers have been here a long time and are sending money to loved ones on a consistent basis. And unlike cash-based remittance providers, most of our US customers fund their remittance transactions using a card linked to a bank account, which means they're able to pass bank KYC even before they get to our platform, where we obviously also go through a KYC process and that suggests a more established presence in the country.

And then last is just a huge market, 3% of $2 trillion sent every year. We have a lot of room to grow. And so now circling back to the Latin America part of your question, I think that we've seen strong both in Mexico and broader Latin America. I can share that Mexico grew faster than the overall 34% that we shared. And we're really proud and happy about that.

And I think it does tie to some of the customer profile dynamics that I mentioned. It ties to being a scaled digital player and the reliability and lower costs that we can provide. And so we feel good about the visibility of our 2025 revenue. The significant majority will come from our existing customers, and 2025 is going to be a big year for us and overall remain confident and optimistic about the future.

Operator

Ramsey El-Assal, Barclays.

Ramsey El-Assal - *Barclays - Analyst*

Hi. Thank you very much for taking my question. I wanted to ask about the high dollar senders and the micro business customers and just what your strategy is to kind of lean in there and attract those customers. Is it just shifting your marketing message a bit? Is it different channels? Is it product changes, partnerships? How do you kind of lean in there to find those folks and get them onto your platform?

Matthew Oppenheimer - *Remitly Global Inc - Chairman of the Board, Chief Executive Officer*

Yeah. Great question, Ramsey. I appreciate that. I think it varies depending on the two examples that you mentioned. I think high dollar senders tend to be specific to certain corridors and certain geographies.

And so there are ways to very much target and scale up that customer base, as well as just improve our marketing efficiency, because we're going to have a higher conversion funnel with customers in, call it, US, India that there's a segment we weren't able to serve very effectively until we took a more sophisticated approach to our sending limits. So I think that one, there's marketing channels and other things.

I think with micro business, the interesting thing is, the reason we started, we adjusted our KYC, your customer to a KYB automated process and we're still adding different types of business use cases, et cetera, to do that, is we have customers coming to our platform and saying, I want to use it for this, but having to call our customer support, go through a manual process.

And so with micro business, I see there already being demand, and it's about tailoring our products such that when those customers come in, who tend to be high lifetime value, we can serve them effectively. And I see that, we call it micro business, because I think it is that segment that is underserved, hence why they're already coming to our platform, wanting to use it and we're going to make it a lot easier for them to do so.

Vikas Mehta - *Remitly Global Inc - Chief Financial Officer*

And I'll just add to what Matt shared. One of the interesting characteristics about both these use cases is that, they are very much on top of our platform. They're extensible, and the incremental cost it takes to support these is, I'd say, incremental and marginal rather than a step up. So that, again, from a business model perspective, we feel really good about both these use cases.

Operator

Andrew Bauch, Wells Fargo.

Andrew Bauch - *Wells Fargo Securities, LLC - Analyst*

Hey, guys. It's a great quarter and thanks for letting me take the question. One partnership that I thought kind of got glossed over in the prepared remarks was your relationship with WhatsApp. I understand that the initial rollout will only be to a limited amount of location or send corridors predominantly in Latin America, but in the context of 2.6 billion monthly active users, it kind of views to me like a really exciting partnership. So what's the strategy in this partner channel and what do you think it could ultimately mean for the business longer term?

Matthew Oppenheimer - *Remitly Global Inc - Chairman of the Board, Chief Executive Officer*

Yeah. Thanks, Andrew. Appreciate you drawing out a little more detail on WhatsApp because, as I mentioned in my opening remarks, it's a product that I'm really excited about, and kudos to the team for rolling it out, really efficiently and effectively. I think foundationally the way they were able to do that is important context, which is we have our virtual AI agent that we're already using from a customer support standpoint, and so integrating that into our WhatsApp channel gave us the foundation to do that more effectively and efficiently.

Focus is the name of the game in terms of Remitly's approach and so that's why we are focused on Latin America, but I appreciate you saying the larger opportunity, Andrew, because combining that short-term focus in Latin America should not be confused with our really bold ambitions for how we can use that channel to both acquire new customers who are using the platform, where I think there are big opportunities, especially offline customers, as well as being able to serve existing customers better, and I think, we're very much in the early days of how we can leverage that platform to interact with customers.

Operator

David Scharf, Citizens Capital Markets.

David Scharf - *Citizens Capital Markets - Analyst*

Hi. Good afternoon. Thanks for taking my questions. They've mostly been addressed. I really at this point wanted to get a little more color on, once again with margins coming in so much stronger than anticipated, whether you, A, wanted to kind of call out any expense category in particular where you may view as sort of a one-time variance, maybe what the reason for that 16% margin was, and secondly, if there's something seasonally in the business we ought to be mindful of as we think about a lower guided margin structure in the second half?

Vikas Mehta - *Remitly Global Inc - Chief Financial Officer*

Thank you, David. And if you look at our Q1 results, I think on both sides, revenue growth, as well as margin, we really meet our own internal expectations, and as Matt shared earlier, got to Rule of 50 and beyond.

And if you unpack the expense side further, I'd say, the biggest area of efficiency we had was around marketing. And this is an area where we were very efficient. We saw great organic results from unpaid channels, as well as all the work that we have been doing on the product side, reducing the customer friction, showed up really well.

As you think about Q2 and beyond, and especially Q2, we know that Q1 was a seasonally slower quarter versus Q2 being a very important and crucial quarter where we plan to invest and invest for future growth of the company. So that is where I would say, we are going to invest more on the marketing side. At the same time, we will continue to see modest leverage within marketing as well.

The second area of investment for us is tech and dev. And we talked a lot about product innovation. We believe that the third pillar in addition to growth and profitability is investment. And we want to build more use cases, we want to create more diversification, and we want to create a portfolio which drives its own durability. And for that, we'll continue to invest in tech and dev. So we believe our outlook for Q2, as well as FY 2025 is balanced and we feel really optimistic about the long-term strength of our business.

Operator

Darrin Peller, Wolfe Research.

Darrin Peller - *Wolfe Research - Analyst*

Hey, guys. Thanks for the time. Just maybe a little more detail on any product development and updates for Circle. And just bigger picture, I mean, how you view the future efforts and distinct from how other neobanks are serving customers, similar financial profiles that might exist out there. And so, just maybe a little more updates on the progress and where we are?

Matthew Oppenheimer - *Remitly Global Inc - Chairman of the Board, Chief Executive Officer*

Yeah. Thanks, Darrin. I think that if you look first on kind of the unique segment and customer that we can serve, it goes back to our vision, actually, which is transform lives with trusted financial services that transcend borders. That's really important to take as a kind of holistic financial services that transcend borders.

And it's my belief and our team's belief that when you look at the 250 million folks that live and work outside the country they're born, there's a big opportunity to increase financial services for that segment. And I think we have a deep understanding of the needs of those customers. And so, our goal with new products is really to fortify the business and deepen relationships with existing customers.

And as I mentioned in my script, we continue to innovate and explore adjacencies around helping customers store funds, to access faster cross-border payments, to creating additional liquidity in unique ways. And so, we've made meaningful progress with our work on Circle, which continues to be really a powerful sandbox for innovation at Remitly.

It enables us to test new ideas in a low-risk environment outside of our core app, but then it enables us to then take some of the insights that we've gained, such as how storing funds with even faster disbursement aligns with real customer needs, and that can inform our innovation in terms of how we evolve the core Remitly experience. So excited about what's to come there.

And then, we talked about high-dollar senders. In addition to product value-added services that I put that first area we talked about in, I'm really excited about how we're continuing to add new segments, whether that's high-dollar senders, whether that's SMB. And so, I am really, really excited about how that area is going, about what's to come in 2025 and beyond.

Operator

Alex Markgraff, KBCM.

Alex Markgraff - *KeyBanc Capital Markets - Analyst*

Thank you and thanks for taking my question. Maybe just -- I know there's been a number on the sort of high-dollar senders, but just to ask it a different way, with the improvements in risk and fraud capabilities, is there any way to sort of quantify or describe for us what's been left out of the growth opportunity as you've had to sort of be more constrictive around limits in the past?

Matthew Oppenheimer - *Remitly Global Inc - Chairman of the Board, Chief Executive Officer*

Yeah. Alex, I'm happy to start on that. I think what's been left out is that it used to be that we would have just SIN limits that were based on dollar amounts, and then very kind of prescriptive documents and other things that we need to collect for what we called Tier 1, Tier 2, Tier 3. And those dollar amounts had certain limits for 30 days, 60 days, 90 days, 180 days.

And what our team has done, obviously, with the leveraging data, leveraging some machine learning, and leveraging just the scale and size that we have, is being able to take a much more risk-based approach, which is a win-win, because instead of that more rudimentary approach, we can actually be more prescriptive of where we need information from customers, in addition to what we collect as a baseline, at all SIN levels, not just those specific limits.

And that enables customers like Ajay, who I mentioned earlier, who has sent large dollars back to India to support his son, his daughter, his grandchildren, and historically, I think we made it more difficult to be able to send a large amount, where we've made it a lot easier for customers like that, and he's not alone.

Operator

Grace Wong, BMO Capital Markets.

Grace Wong - *BMO Capital Markets - Analyst*

Hey, guys. Thanks. Maybe coming back to a previous question on the marketing spend and the declining spend per QAU, are you seeing underlying improvements in the competitive environment for new customers? And I suppose related to that, what are you seeing in terms of word-of-mouth improvements as you keep gaining share in your $0.30 markets? Appreciate your thoughts. Thanks.

Vikas Mehta - *Remitly Global Inc - Chief Financial Officer*

On the marketing leverage overall, we have seen this trend over the last, I would say, three quarters, where just this overall experience that we have delivered from a product perspective, the targeted marketing campaigns that we have had, as well as early days, but leveraging AI and technology in order to just be much more data-driven in our approach, has been a strong trend for us.

If you take even this quarter, for example, from a campaign perspective, we had very focused and targeted campaigns around the month of Ramadan, targeting the specific corridor, specific countries, and that yielded really great results for us.

In addition to that, we had another marketing campaign, which was called Stay Close, for countries like Australia, the United Kingdom, targeting, sending to South Africa, Zimbabwe and other countries similarly. And those campaigns were very well thought out and got us a great ROI because of, one, again, the data-driven aspect, learning from the past and being very thoughtful.

In addition to that, as I shared earlier, just the word-of-mouth and unpaid channels, the organic channels like SEO have really been very helpful for our marketing ROI. So I'd say that's a consistent trend that we have seen over the last three quarters. We feel really good about our strength in marketing. We feel that that will continue. The comps will get harder in the second half, but strength in marketing will continue.

Operator

Zachary Gunn, FT Partners.

Zachary Gunn - *FT Partners - Analyst*

Hey, there. Thanks for taking my question. I appreciate all the detail on the KYC/AML processes. I was just curious. You mentioned earlier in the remarks that majority of your customers are funding through a bank-linked card. So could you just walk through, for the customers that aren't, what do those KYC/AML processes look like? Just any detail you can provide around that and just helping us think about what proportion of your customers do go through those bank-level KYC steps versus other steps that you might have? Thanks.

Matthew Oppenheimer - *Remitly Global Inc - Chairman of the Board, Chief Executive Officer*

Yeah, thanks. I'm happy to take that one. I think I could have been more clear to say that our customers do go through bank-level KYC. There might be a very, very small percentage of prepaid cards or something like that. But I think that overall, you can assume that it's the vast, vast majority of customers that go through a bank-level KYC.

Because if you take a step back and think about it, they're using a debit card or a bank account, meaning bank account and routing number in the US context, and they're linking that to be able to send money back home. And that is just very different than the risk profile, and the -- and yeah, the risk profile of a customer who's going up to a physical cash location and giving physical cash to an agent.

We don't have that. We don't plan to have that. It's -- I think the world is both becoming more digitized and it's a lower risk approach. And it's a signal that our customers have been in-country longer, which in today's macro environment is a customer segment that we're really excited to serve and really excited to continue to grow. So does that answer your question?

Operator

Gus Gala, Monness, Crespi, Hardt & Co.

Gus Gala - *Monness, Crespi, Hardt & Co. - Analyst*

Hey, Matt. Hi, Vikas. Thanks for taking my question. I wanted to dig in on the guidance philosophy around topline into second quarter. We're a decent portion of the way through. April data looks pretty good on MAUs. We're talking about a trend similar to March plus 30. How do we think of that gap to getting to the 25%, 26% rev growth? Seems like there's quite a bit of cushion there.

And then as we think about the QAU, the marketing for QAU in the back half, do we expect that to continue improving at a lesser rate, stay flat? Just any color on that would be incredibly helpful. Thanks for everything, guys.

Vikas Mehta - *Remitly Global Inc - Chief Financial Officer*

Gus, thank you for the question. Both very good questions. So let me unpack both of them. If you take the revenue guide for Q2 and broadly for the year, this is -- we again, based on our strong performance in Q1, increased our full year guide, which is reflected in the numbers.

And from a Q2 perspective, if you further dissect the drivers, they are more or less in line with what we have seen before, where the QAU growth, we believe will be revenue growth will outpace the QAU growth from a spend per QAU and we spend a lot of time talking about all the reasons why we are really optimistic about that and that trend should continue.

On the other hand, volume will outpace revenue growth, which is also a trend we have seen before. So if you combine all the three, we feel really good about the guide that we have shared with you.

Again, keep in mind that given the macro uncertainties, we are thinking from a prudent perspective as we provide the guide. And that said, for all the reasons Matt shared earlier and I highlighted, we retain majority revenue after first full year and just the durability of revenue gives us confidence in the guide.

As you think about the marketing per QAU, as you rightly pointed out, we are seeing great efficiencies there and the ROI on marketing spend is great. At the same time, the second half comps get tougher. We saw really very good leverage in the second half of last year. And that means that we will start seeing moderation in the marketing per QAU leverage and it should, in the second half, start stabilizing.

Operator

Thank you. I am showing no further questions in the queue at this time. I will now turn the call back over to Mr. Matt Oppenheimer for any closing remarks.

Matthew Oppenheimer - *Remitly Global Inc - Chairman of the Board, Chief Executive Officer*

Great. Thanks so much, Operator. Just a big thanks to everyone for the thoughtful questions. I want to thank, as we always do, a customer, Ajay, who I talked about earlier. He shared his experience with Remitly by saying, quote, I found Remitly to be perfect and quick.

And we thank him for his loyalty and for trusting Remitly to get money home to his family. We are talking about his son, his daughter, his grandchildren. Reliably and seamlessly, it is an honor to support customers like Ajay.

And thank you, everybody, for joining us. We appreciate your support. We are excited about the opportunities ahead, and we look forward to sharing progress as we continue to execute on our vision, which is to transform lives with trusted financial services that transcend borders.

Operator

This concludes today's conference call. Thank you for your participation, and you may now disconnect.
