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PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to the Remitly fourth quarter 2024 earnings conference call. (Operator Instructions) Please be advised that today's conference is being recorded. I would now like to hand the conference over to your first speaker today, Stephen Shulstein, Vice President of Investor Relations. Please go ahead.

Stephen Shulstein - Remitly Global Inc - Investor Relations

Thank you. Good afternoon, and thank you for joining us for Remitly's Fourth Quarter 2024 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'd like to remind you that we will be making forward-looking statements within the meaning of the 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 statements. Please refer to 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, acquisition, integration and restructuring, and other costs and foreign exchange gain or loss. Beginning in Q1 2025, we will also be excluding from adjusted EBITDA, the payroll taxes related to stock-based compensation. For context, we recorded approximately \$6.4 million of payroll taxes related to stock-based compensation in 2024. We plan to reflect this change on a go-forward basis and will update our historical periods for consistency. Starting this year, we will be making our pledge 1% contribution in quarterly increments rather than all in the third quarter, which was our prior practice. This will result in the corresponding expense being recognized in each quarter rather than in Q3 alone.

For a reconciliation of non-GAAP financial measures to the most directly comparable GAAP metrics, please see the earnings release and the appendix to the earnings presentation, which are available on the IR section of our website. And now I will 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 today. I am thrilled to share that Q4 was an exceptional quarter, and we ended 2024 on a strong note, as you can see on Slide 4. With record revenue and adjusted EBITDA exceeding \$40 million for the second consecutive quarter, we are surpassing our own high expectations. These results demonstrate customer loyalty and increasing scale across the business. We are redefining the future of cross-border financial services.

We are not merely strengthening our position, we are setting new industry standards. We have saved customers hundreds of millions of dollars by disrupting the traditional remittance industry with a digital-first approach, transparent fee structure, and customer-centric innovation. These innovations have allowed Remitly to challenge long-established players in the \$2 trillion market while empowering global citizens around the globe. We serve almost 8 million quarterly active customers in over 170 countries and across more than 5,100 corridors. In 2024, our customers sent more than \$50 billion to their families and friends in a much easier, reliable, and cost-effective way using Remitly. The impact will just get larger as we scale, delivering more savings and a better customer experience for our customers while delivering durable growth and sustainable profitability for our shareholders. Turning to Slide 5. Our audacious vision to transform lives with trusted financial services that transcend borders creates significant value for our customers, communities, and shareholders.

There are three building blocks to our vision that I will unpack. First, transform lives; second, trusted financial services; third, transcending borders. Let me start with how our services help transform lives with a customer example. Jigasa moved to the US from India as a student in 2018. She wanted to send money from the US

to India to her parents and was looking for a convenient and fast solution. She found out about Remitly from her friends who had great experiences. Initially, she started sending small amounts for birthdays and special occasions. Over time, as she experienced seamless and fast transfer with Remitly, she started sending larger amounts to show her gratitude and bring joy and happiness to her family. As she became more financially independent, she had the need to hold funds in both the US and India, and she used Remitly to diversify her savings between those accounts.

Her story is one of millions that illustrates how we improve the experience one customer at a time. We are obsessed with making every part of the customer experience as easy, reliable, and frictionless as possible. Customers prefer a digital experience where they can complete a transaction in a few clicks rather than the hassle of visiting a physical store. From the moment a customer signs in to the time the transaction is initiated and ultimate completion, our systems are built to prioritize speed, convenience, and reliability. Customers don't have to enter their payment or recipient details every time they initiate a transaction. And not only that, they get a promised delivery date and time. In Q4, a record percentage of transactions were dispersed in less than an hour and proceeded without a customer support contact.

These were just some of the ways that we dramatically innovated the customer experience in 2024, as you can see on Slide 6. Moving to the second building block of our vision, let me share how we create trusted financial services and drive efficiencies across our business, which allows us to deliver significant value for our customers and shareholders. With customer centricity as our core value, we work tirelessly to improve customer experience and build trust. With higher trust, customers use our services consistently, share their positive experiences with others, and increase repeat behavior. We earn trust one customer at a time, now with over 3 million reviews and a 4.9-star rating on the iOS App Store and nearly 1 million reviews and a 4.8-star rating on the Google Play Store. These are category-leading customer ratings that create word of mouth for others to learn about and try Remitly. In 2024, deeper customer loyalty led to strong retention, a higher frequency of transactions, driving LTV to CAC to approximately 6x and helping the payback period remain well below 12 months. This was also evident in the fourth quarter where marketing expense per quarterly active customer decreased nearly 16% year-over-year.

And at the same time, we added a record number of new customers. A significant majority of 2024 revenue and revenue less transaction expense or RLTE, was from customers who have completed their first transaction in prior years. As transaction volumes grow, economies of scale and network effects strengthen. Scale benefits every aspect from our business. We were able to secure better terms with both pay-in and payout partners and source foreign exchange with more advantageous terms as we drove more volume through our network. This allows us to consistently offer better prices and a great experience. Similarly, our investments in our product improvements and AI virtual assistant have helped reduce customer support and operations costs as a percentage of revenue from over 10% in 2022 to 6.5% in 2024. AI and machine learning models have enabled us to reduce

transaction losses in the fourth quarter to the lowest transaction loss as a percentage of send volume in all of 2024 while also improving our customer experience.

This operational excellence allows us to reinvest aggressively in growth while continuing to expand our profitability. Let me talk about the third building block of our vision, how we transcend borders with our world-class service and network. As a digital-first company, we generate valuable data and insights, which allow us to expand geographically, innovate, and invest into new offerings. We apply the same customer-centric approach to these offerings as we did with our first corridor. Our corridor expansion playbook, which allows us to enter new regions more efficiently as we grow, has enabled us to deliver an 80% revenue CAGR since 2020 in the rest of the world outside of the US and Canada. As you can see on Slide 7, along with rapid geographic expansion, we have increased the pay-in and pay-out options with direct integrations with key local payment partners. We now have more than 5,100 corridors enable us to send funds to 5 billion mobile wallets and bank accounts and approximately 470,000 cash pickup options.

Direct integrations with partners have allowed us to provide high availability, low exception rates, fast delivery, and full control of the experience. This is critically important to our customers who are often sending money for immediate needs. As an example, deeper partnerships and integrations with local pay-out partners, especially with mobile wallets, has enabled our strong growth in African receiving countries. In Q4 specifically, we expanded our reach by enabling access to mobile wallets like Wave in Senegal, and TMoney in Togo. Additionally, we strengthened direct partnerships with key players such as Wafacash and Cash Plus in Morocco, and Tigo Pesa in Tanzania, allowing us to move more volume efficiently while enhancing speed and reliability. Expanding the number and quality of pay-in options is a key part of making our product more attractive, versatile, and cost-efficient for our customers. For example, in Australia, we launched PayTo, which provides an instant alternative to the existing bank account funding method that currently takes three days to process. We also launched Klarna in Germany, providing another convenient pay-in option.

We continue to make progress on faster bank-linked payments in the US. This provides more convenience at a lower cost, especially for customers looking to send large transactions. These direct integrations with pay-in and pay-out partners allow for faster speeds and more visibility of the customer funds journey, allowing for a much more seamless customer experience and broader service selection for our customers. The ability to create seamless pay-in and pay-out experiences at scale is an enduring competitive advantage that differentiates us from other players in the space. As we look ahead to 2025, we remain steadfast in executing on our vision.

We are a growth company with no shortage of growth opportunities. We will unlock value for new customer use cases, including seafarers, micro-businesses, and high-amount senders, all of whom have distinct needs that we are uniquely positioned to serve. We can serve additional use cases with minimal incremental investment given the strength of our platform. The response thus far has been tremendous. More and more seafarers can securely send money home from the ship, business owners can go global and have a fast and reliable option to transfer money abroad.

High-amount senders can transact seamlessly enabled by personalized risk assessments. Based on our ever-improving risk management system, we are able to raise send limits, further reducing customer friction. Each new corridor, use case and service increases our TAM, differentiates us from the competition, and creates new revenue streams, driving even more growth. 2025 is going to be a big year. We are looking forward to our first \$1 billion RLTE year, our first full year of GAAP net income profitability and we will not be looking back.

We have a really exciting road map for this year. We are making several product bets that are focused on setting us up for longer-term success. As we often say here, we are just getting started and I could not be more optimistic about the opportunities in 2025 and beyond. I am grateful to everyone who is on this journey with us. Now over to Vikas.

Vikas Mehta - Remitly Global Inc - Chief Financial Officer

Thank you, Matt, and good afternoon everyone. We delivered another strong quarter and full year with both revenue and adjusted EBITDA ahead of our expectations. Fourth quarter revenue was \$351.9 million, up 33% year-over-year, and adjusted EBITDA was \$43.7 million, driving over 12% adjusted EBITDA margin. Full-year revenue was \$1.26 billion, up 34%, and adjusted EBITDA was \$135 million, delivering nearly 11% adjusted EBITDA margin, as you can see on Slide 9. We drove profitable growth with revenue more than \$25 million above and adjusted EBITDA more than \$50 million above the midpoint of our initial 2024 guidance. I will begin with an overview of our fourth quarter results and then share our outlook for the full year and first quarter of 2025. In the fourth quarter, active customers increased 32% year-over-year to 7.8 million.

Driving the strong quarterly active customer growth was continued retention and once again, a record number of new customers acquired in the quarter. Send volume per active customer increased 5.5%, a 3-year high, and continued the trend we saw in the last quarter. This was driven by a record number of transactions per active customer. Send volume grew 39% to \$15.4 billion and again outpaced revenue growth. Gross take rate was 2.28%, in line with our expectations.

As Matt highlighted earlier, our business continues to diversify while also delivering strong growth across geographies. During Q4, US revenue grew 33% and the rest of the world's revenue grew 41% year-over-year. During the full year 2024, the rest of the world contributed nearly 24% of revenue compared to 21% in 2023. On the receipt side, we further diversified as more than 60% of new customers acquired in the fourth quarter were sending to countries outside of Mexico, the Philippines, and India. Turning to our focus on driving profitable growth on Slide 10. Transaction expenses this quarter were \$118.4 million and as a percentage of revenue were 33.6%, consistent with the fourth quarter of 2023.

Excluding provision of transaction losses, other transaction expenses were \$104.5 million. We continue to see improvements relating to increasing volume, both in pay-in and disbursement partners. The mix of digital receive transactions increased year-over-year by more than 350 basis points, continuing a trend that has been positive for our business and customers. Provision for transaction losses was \$13.9 million and as a percentage of spend volume was nine basis points, down sequentially and year-over-year. This was better than our expectations as we improved machine learning risk models and at the same time, minimized unnecessary friction for our customers. As we shared last quarter, our LTE expansion is an indicator of long-term business model success.

RLT as a percentage of revenue this quarter was 66.4%, improving sequentially and year-over-year. RLTE dollars grew 33% to \$233.5 million, reflecting market share gains and economies of scale. We are focused on driving long-term RLTE dollars as we continue to attract new customers and scale. With that, let me walk you through the specific non-GAAP expense categories. Marketing spend was \$79.3 million and decelerated to 11.1% growth year-over-year, the slowest growth since the first quarter of 2023. As a percentage of revenue, it was 22.5%, improving more than 440 basis points year-over-year.

This improvement was a result of the focus on marginal ROI on marketing spend to drive both durable growth and improving profitability. Marketing spend per quarterly active customer was \$10.2 in Q4 and decreased 15.6% year-over-year. As our product experience continues to improve and differentiate and as we build our brand globally, we expect more word of mouth. Customer support and operations expense was \$21.7 million and as a percentage of revenue was 6.2%, improving 120 basis points year-over-year, continuing a trend that we have seen over the past couple of years even as we lap tougher comps. Our AI-based virtual assistant and product improvements have enabled lower agent contact rates while improving customer satisfaction rates. Technology and development expense was \$48.1 million and as a percentage of revenue improved by more than 90 basis points year-over-year. Technology investments have enabled improved customer experience and have also allowed us to rapidly innovate and serve new customer use cases.

G&A expense was \$40.7 million and as a percentage of revenue improved more than 270 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 efficiencies. Strong revenue growth, combined with efficiency and discipline across all operating expense categories led to adjusted EBITDA of \$43.7 million. Net loss this quarter was \$5.7 million, a material improvement compared to a \$35 million net loss in the fourth quarter of 2023. Stock-based compensation was \$41.6 million and as a percentage of revenue was 11.8%, approximately 180 basis points lower than the fourth quarter of 2023. Before moving to our FY 25 outlook, I'd like to spend a couple of minutes discussing our compensation philosophy and disciplined equity management. Our compensation philosophy is aligned to long-term shareholder interest. Equity compensation is a significant portion of total compensation.

Aligning with long-term investor interest, vesting schedules for new employees are over a 4-year period and back-end loaded. We cap base salaries and do not provide annual cash bonuses nor maintain nonequity incentive compensation plans. We encourage employees to think like owners and incentivize them to do so. At the same time, we are committed to a disciplined approach for managing equity compensation. We have made significant strides in managing stock dilution.

As you can see on Slide 11, stock-based compensation as a percentage of revenue decreased from 14.5% in 2023 to 12% in 2024, a 250 basis point improvement. Specific actions, including disciplined hiring, giving cash in lieu of equity for new hires, and our CEO declining new equity awards

for the past three years have helped reduce stock dilution and net burn rate. Also on Slide 11, you can see that stock dilution declined from 8.8% in 2023 down to 6.4% in 2024, and the net burn rate reduced from 5.6% in 2023 to 4.9% in 2024. We will be disciplined and expect the net burn rate trend to continue downward. These measures reflect Remitly's commitment to safeguarding shareholder value while aligning with long-term growth objectives and maintaining competitive employee incentives. Now moving to our outlook on Slide 12. Consistent with the last quarter, we are providing quarterly and annual guidance.

This should help reduce volatility around quarterly results, especially related to seasonality. It's important to note that this does not assume any large macroeconomic, geopolitical, or regulatory changes. For the first quarter of 2025, we expect revenue of \$345 million to \$348 million or 28% to 29% growth. Customers in the first quarter are seasonally less active than the fourth quarter as there are fewer major holidays. In addition, the first quarter of 2025 is lapping a leap year, which impacts year-over-year and sequential comparisons. If we unpack the revenue growth expectations further, we expect quarterly active customers to grow in line with Q1 revenue growth.

Growth in send volume for quarterly active customers is expected to increase modestly, driven by higher frequency of transactions. Consistent with recent trends, we also expect send volume growth to outpace revenue growth for both Q1 and FY 2025. For the full year, we expect revenue between \$1.565 billion and \$1.58 billion, reflecting a growth rate of 24% to 25%. This outlook reflects the confidence we have in the durable customer behavior. Shifting to our adjusted EBITDA outlook. We expect Q1 adjusted EBITDA to be between \$36 million and \$40 million.

This outlook reflects the seasonality of revenue in the first quarter that I just discussed. As we shared last quarter, in FY 2025, we are lapping the benefit from key payment processing partnerships that we realized in 2024. As a result, we expect Q1 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. Our marketing investments in Q1 will continue to deliver strong ROI as we expect marketing expense per quarterly active customer to decline modestly on a year-over-year basis. As a reminder, our marketing investments drive returns for many years beyond our initial investment given repeat behavior and the resilience of remittances. For the full year, we expect adjusted EBITDA to be between \$180 million and \$200 million, representing an adjusted EBITDA margin range of 12% to 13%. We expect adjusted EBITDA dollars to ramp sequentially throughout the year as we improve adjusted EBITDA as well as manage dilution, net burn rate, and stock-based compensation expense, effectively, we expect to generate positive GAAP net income starting the third quarter of 2025.

We also expect to deliver positive GAAP net income for the full year. This outlook provides us with the flexibility to make key growth investments while at the same time, delivering efficiencies across our operating expense base. Earlier, Matt shared in detail our vision. Let me briefly share one structural reason why we believe we will be successful in achieving this audacious vision. Our vision is powered by a flywheel framework, which touches every aspect of our business. Just like a physical flywheel, momentum starts slowly but builds rapidly.

Each rotation amplifies performance. You can see on Slide 13 how the Remitly flywheel drives durable growth and sustainable profitability. In essence, delightful customer experiences drive more customer actions. This leads to increasing volumes, which lower the cost structure. We pass some of this on to customers with better prices and reinvest the rest in innovation.

Innovation improves service selection, driving additional engagement. And this, along with better prices, improves customer experience, further making it a virtuous cycle. Everything we do from improving ease of use, providing fair pricing and faster remittances keeps the Remitly flywheel spinning. We introduced you to our flywheel in our first earnings call as a public company. Thanks to the flywheel effect since our IPO in 2021, we have more than doubled our annual revenue and more than tripled our LTE dollars.

We see this flywheel framework as a long-term competitive advantage.

In closing, we are pleased that we delivered both higher-than-expected revenue and adjusted EBITDA. We are making targeted investments for the long term to execute on our vision to transform lives with trusted financial services that transcend borders.

Our focus on customers and the resilience of cross-border payments through economic cycles has positioned us to deliver sustainable long-term results.

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

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question comes from the line of Andrew Schmidt of Citigroup.

Andrew Schmidt - Citi - Analyst

Congrats on the results and the first full year of GAAP profitability here. I wanted to ask on marketing spend. So good leverage in the fourth quarter, obviously, comping high levels in the prior year. But maybe going back to something you said, you commented that, obviously, organic ads should help the profile there. Are you seeing that in the quarter?

Are you seeing a higher level of organic ads versus paid? And then as we think about 25, I caught the comment in terms of the first quarter marketing spend per quarter active, but how should we expect that to trend for the full year?

Vikas Mehta - Remitly Global Inc - Chief Financial Officer

Thanks, Andrew. First of all, I'd say that we are really pleased with our results, and I want to start with a big gratitude to the Remitly team for an outstanding performance. As I think about marketing specifically, I would say that we have received benefits from all the work we have done on product improvements that reduce friction for our customers and drive word of mouth. And that goes back to the comment on improving the organic results in a way that improves our ROI. This was clearly reflected in our results, as you saw, with Q4 leveraging 440 basis points and the marketing spend per QAU declining 16% and all the while being able to drive record new customer acquisitions.

So overall, the marketing ROI has been excellent because of the work on product experience as well as the great work on driving the right campaigns and landing in a way that drives ROI. Matt, anything you would add?

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

Yes. I'd first agree with everything you said, Vikas. And Andrew, the only points that I'd add strategically are, one, to your point on organic, I am incredibly excited about how as a foundation, customers love using our products and increasingly, including the customer example that I shared today, Jigasa, they found out about Remitly from someone else who loved and trusted their experience. And if you look at some of the numbers I shared around app reviews as an example, 3 million iOS reviews, over 1 million or about 1 million Google Play reviews, so 4 million total at 4.9 million and 4.8 stars, respectively. That's 4 million customers that have proactively given us a review. And you think about the inorganic of just folks in their communities talking about their great experience that they have with Remitly, that is foundational, and that is part of why our flywheel is spinning.

And then the second point I'll make is we then fuel that with a very sophisticated and integrated marketing approach. And I'd like to give our marketing team and Rina Hahn, our CMO, deep gratitude for marketing campaigns that we executed in Q4. One example of that is our campaign in the Philippines, where we partnered with everything from the Filipino channel, TFC to do really great creative and really customer-centric marketing, combined with middle and lower funnel all with the same campaign, all with Aligned creative, and that just fuels that flywheel even further. So excited overall about both the efficiency on growth, both the growth side, and the efficiency we're seeing when it comes to marketing.

Vikas Mehta - Remitly Global Inc - Chief Financial Officer

And I'll add with one last point here. Your question around FY 25 Q1 as well as full year. I'd say that given the strength we have seen and the focus on marginal ROI, we would expect the leverage to continue both in Q1 as well as the full year.

Operator

Our next question comes from the line of Andrew Bauch of Wells Fargo.

Unidentified Participant

It's Griffin on for Andrew. It looks like the volume per customer was much stronger than expected in the quarter. Can you just expand on some of the drivers of that? What's driving maybe the greater transaction frequency and how we should think about where that can ultimately go from here given the modest increases you expect throughout the year?

Vikas Mehta - Remitly Global Inc - Chief Financial Officer

Thank you. I'd say that you picked the right metric there. And if you look at our revenue growth, for Q4, it grew 33%. If you dissect it further, it's just a function of growth, the send per active growth, and the gross take rate. And what we saw in Q4 was that QAU grew 32%.

But most importantly, as you pointed out, we saw send per active growth of 5.5%, and this was the highest that we have seen in the last three years, continuing a trend that we also saw in Q3. And what is really driving this strength is the quality of engagement that we are able to drive with customers, which is increasing the frequency of transactions. For example, in this quarter, we had a record number of transactions per active customer. So clearly, we feel that the strength of the platform is resonating with our customers and the simplicity, convenience, reliability that we offer is building trust as well as loyalty.

Operator

Our next question comes from the line of Ramsey El-Assal of Barclays.

Allison Gelman - Barclays - Analyst

Allison on for Ramsey. So I understood that the guidance for the full year doesn't include any changes in the macro or any regulatory changes. So just in that context, would you be able to share your most up-to-date view on how you guys are currently viewing the political environment when it comes to immigration specifically?

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

Yes. Thanks, Allison. Great question. As I zoom out over the last decade-plus, our business has been really resilient through various macro-political regulatory changes. And so, that, combined with our increasing diversification, our customer profile, additional use cases that I talked about on the call, all provide significant opportunities for growth and give me a lot of confidence.

So happy to unpack any of those areas for you, but we feel good about the visibility of our 2025 revenue and monitor it closely. But overall, I feel really confident about where we're headed.

Vikas Mehta - Remitly Global Inc - Chief Financial Officer

And I'd just add that what gives us a lot of confidence is that as we have shared before, a significant majority of FY 24 revenue, for example, was from prior period customers. So the strength of the cohort gives us confidence on the durability and the strength of our guide. At the same time, as you pointed, this does not include large changes that could come in the regulatory environment, macro or geopolitical.

Operator

Our next question comes from the line of David Scharf of Citizens.

Unidentified Participant

This is Zach on for David. I want to drill down a little bit into the margin piece of the business. So first wanted to see if there is a sense of where the ceiling for the margin could be. And then also wanted to kind of get a sense of what's driving the margin guide for 25 that's below 2H 24.

Vikas Mehta - Remitly Global Inc - Chief Financial Officer

Yes. Thanks, Zach. First of all, I'd say that really pleased with the strong performance. And most importantly, the focus on growth and profitability. As you highlighted, we have seen that in spades.

And if you think about just Q4, we were able to exceed our revenue guidance by \$12 million and our EBITDA guidance by \$25 million. So overall, really very happy with the progress that we have seen on the growth plus profitability equation. As you think about FY 25, I'll just call out a few things from an assumption perspective. The first highlight I'd share is that from an RLTE as a percentage of revenue, we believe that we are comping against tough comps, especially because we are lapping against big benefits we had from a partnership throughout FY 24. So it would remain in line with the revenue growth, RLT dollars growing in line with revenue growth. Secondly, as I shared earlier, we expect marketing to modestly leverage.

Beyond that, we will continue to invest in technology and development as we make long-term product bets. CSNO as well as G&A are areas that we have seen a lot of leverage over the past few years, and we feel we are up against tough comps there. So overall, we are really excited about the guide of at midpoint, \$190 million EBITDA, which translates to 12% plus margin. And that's a great foundation to start with where we are balancing growth, balancing profitability, and investing in the long term of the business.

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

Yes, I agree with all of that. And the only strategic point I'll add is when I look at the overall just margin potential of the business, what excites me is, one, how much of it is in our control in terms of how much we're marketing and focusing on efficiency as well as growth. And when I look at things like our overall OpEx as well as CS, one of the things in Q4 and into this year that I've been really excited by is leveraging AI. And an example of that is when I was -- I took a trip to the Philippines and as always, do customer calls and do side-by-sides with various agents and seeing how they are leveraging AI very actively to serve customers more efficiently, more effectively to get the highest and best use of their unique skills and time and to create ultimately a better customer experience is really exciting. So I think there are opportunities across the board there and excited about overall just the potential on the expense side.

Operator

Our next question comes from the line of Rufus Hone of BMO.

Rufus Hone - *BMO - Analyst*

I wanted to come back to the 2025 guidance. And curious if FX was a tailwind for you this quarter. And I guess I'm just curious how you're thinking about FX impacting 2025. And then maybe also asking about the EBITDA margin in a slightly different way. I'm just curious to hear your thoughts on whether the sort of 150 bps of annual expansion, is that a good pace for margin expansion over the medium term?

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

Yes. Rufus, thank you. Great question. As I think about FX, I'll just start with Q4 first, and that will help set the foundation for the 2025 guide. So in Q4, we saw both tailwinds as well as headwinds from FX perspective, which were essentially offsetting each other.

We saw strength in USD, which helped the US corridors. On the other hand, we saw both the Canadian dollar as well as rest of world currencies being weaker, which was a headwind. And overall, it was offsetting. So really, there was no net effect of that.

And that again goes back to what Matt shared earlier, which is the power of diversification as well as the power of portfolio that we have.

So as we think about FY 2025 guide, from a prudence perspective, we just don't know which way FX will go, and we think it is better for us not to assume FX movements. So this guide does not include any change in an FX stance. And of course, we'll keep you updated over the course of the year when we see any material movements that become part of the growth trajectory.

And on your second question on the EBITDA margin, I'd say that just going back to Matt's commentary, as we think about the overall size and shape of the market, we are less than 3% of a \$2 trillion market, and we see massive opportunities. And as Matt said earlier, there's no shortage of projects that we can sign up for. So with that setup, we want to make sure that we are investing wisely, both in marketing as well as tech and dev to set us up for long-term success.

Operator

Our next question comes from the line of Chris Kennedy of William Blair.

Cristopher Kennedy - *William Blair - Analyst*

Great results. Can you just give a little bit more color on the micro business opportunity? What's the current landscape today and how do you leverage your platform to capture that opportunity?

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

Yes. Thanks, Cris. It's always great to hear from you. And I'm glad that you asked about that. I think that the extensibility of the platform that we've built really excites me.

And I mentioned seafarers, I mentioned reducing friction for high-dollar senders. And then, as you mentioned, micro-businesses, not small, medium, large businesses, that's a well-served segment. But when you look at our cost to serve micro businesses and the unique platform we've built, I think there's an opportunity there. And there's one story that I'll kind of weave in, which is a customer, Mary, just to give you a sense of the type of customers that we serve. And Mary is a self-employed bookkeeping professional, who was born and raised in the Philippines.

She moved to California in 2001. With a background in accounting and a CPA license, Mary now runs her own bookkeeping company and specializes in helping US-based small businesses to manage their records. So, to scale our operations, she built a team of 10 contractors in the Philippines, who she trains and pays using Remitly. And she was drawn to Remitly because of the efficiency and effectiveness of our platform. And she shared

with us, I built my own team in the Philippines. I went there, trained them, their extension of my own hands, and she went on to talk about how Remitly has been a great solution for her.

She signed up in 2017, but we've adapted and improved the product to be able to serve customers like Mary more effectively. And I think there are a lot more customers out there like her.

So, it's one example of how I think there's a lot of extensibility in our platform with micro businesses, and we're excited about growing that opportunity in 25 and beyond.

Operator

Our next question comes from the line of Darrin Peller of Wolfe Research.

Darrin Peller - Wolfe Research - Analyst

Nice job on the quarter. Can you just give us a quick update on any progress you're making around broader financial services, family accounts via Remitly Circle, and just where that is? And then I just have a quick financial question follow-up. Maybe I'll ask it right now altogether, which is around gross margins. And I think you mentioned it would -- from a gross margin leverage standpoint, it would be about similar in 25.

In other words, it will grow in line with revenues, I guess. And so, I'm just curious why we couldn't see -- expect to see a little bit more than that just in the context of better risk management and AI. You guys have done a great job on that so far. So what could drive the upside to that?

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

Thanks, Darrin. Yes, I'll start with the first question, and then I'll turn it over to Vikas for the second. And I'm glad you asked. I think that I unpacked our vision in my pre-prepared remarks, but it really is around transforming lives with trusted financial services that transcend borders. And it's that intersection of customers' needs to live an international life when it comes to their financial services needs. That's where I think that we can win and add other features.

And I remain optimistic about that. I think that the platform that we've built, and I credit Ankur Sinha, who is our Chief Product and Technology Officer, who over the last couple of years, he and then obviously, our engineering team has really worked on platformizing our platform. And that enables us to roll out innovative new features and address new customers' use cases in a much more efficient and effective way. And so, we're going to remain disciplined and thoughtful, but we're excited about the opportunity to deepen relationships with our existing customers and leverage the platform, whether that is adding additional services to our existing customers and continuing to explore adjacencies all the way from helping them transact to store currencies to creating additional liquidity in a unique way as well as adding new customer types. I mentioned micro businesses, seafarers.

And I think all of that is a reflection of the platform we've built and excited about what's to come there.

Vikas Mehta - Remitly Global Inc - Chief Financial Officer

And let me follow up on your second question, which was around the RLTE as a percentage of revenue. So, the first thing I'd say is that just from a technical perspective, we are lapping against a partnership that we signed in the fourth quarter of FY '23. So, for most of last year, we had the benefit coming through that. So again, that's already in the base. The second thing I'd say is as we think about just the operational efficiencies of the business, we see some step changes happening over time, where if you just go back to FY '22, this was 60%.

We were 60% RLTE as a percentage of revenue. From there, we moved to 65%, and then for 24, we came in at 66%. So clearly, we have made a lot of progress in terms of driving efficiencies.

The last thing I would say here is that we are always very cognizant of how much we want to pass it back to our customers and how much we want to drive to the bottom line. This goes back to creating trust, creating a better pricing model, and making sure that we are winning with trust over here.

Operator

(Operator Instructions) Our next question comes from the line of Alex Markgraff of KBC.

Alexander Markgraff - *KeyBanc Capital Markets - Analyst*

Maybe, Vikas, just one on the 25 revenue outlook. I think modestly better than what you had guided to on a preliminary basis last call. I think gross adds or net adds or quarterly activities were pretty similar to how you had talked about them for the fourth quarter. So just maybe get your thoughts on the delta there between the updated 25 outlook and what you had shared last call. And if you could just fold some gross add expectations, and retention expectations for 25 into that, that would be helpful.

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

Thanks, Alex. That's a great question. Let me unpack that a little bit. So let me just start with the top line. So, from a revenue total perspective, as we guided, we are expecting \$1.565 billion to \$1.58 billion, which approximately comes to at midpoint 24.4% growth.

A key aspect I want to share is in terms of the shape of the year, we think that the growth will be moderating each quarter sequentially. So, starting our FY '21 Q1 guide, where we shared at midpoint 28.8% growth with ending the year with around that 24.4% guide. So that's one important factor. The second, going to the key of your question, again, if I unpack the equation, growth is QAU time spend per quarterly active user times the gross take rate. I'd say that in Q1 and beyond, we'll see similar trends to what we have seen in Q4. And those trends have been, first of all, QAU growth in line with revenue growth. Secondly, from a spend per QAU perspective, which I answered earlier, we remain very optimistic, and we feel there will be modest increase there, driven by increasing frequency of transactions. And finally, from a take rate perspective, continued volume growth outpacing revenue growth.

So that trend, we feel will endure through the year. The other aspect that's important, which I'm glad you asked because I wanted to help you understand and other analysts appreciate how we think behind the scenes, which is with regards to your question on the quarterly active users. One of the aspects is we strongly believe that net adds, the way they are calculated is not a good metric, especially on a quarterly basis. The reason is that there's a lot of noise due to spending patterns, which may not align with how these are measured. So, we definitely focus on QAUs, but looking at net add is I'd say, misleading. That also means that the key North success factor for us remains our LTE dollars, where we continue to focus on the expansion and growth of that.

So overall, very confident about the setup that we have for FY 25. We are off to a good start. And as Matt says, we are just getting started. So very excited.

Operator

This concludes the question-and-answer session. I would now like to turn it to Matt Oppenheimer for closing remarks.

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

Great. Thanks, operator. And just a few thank you first to all of the analysts for your thoughtful questions. We genuinely really appreciate them. All the investors on the line, we appreciate you being on this journey with us.

And then I want to thank the Remitly team, thousands of folks around the globe who are working tirelessly to deliver on our vision and to deliver the exceptional results that we had in Q4 as well as starting off 2025 on a really strong start. Heartfelt thank you for me. Lastly, thanks to Vikas for the amazing partnership. But most importantly, I want to thank our customers, and I'll thank Jigasa specifically, who said this about her experience with Remitly. She said, "I haven't used anything apart from Remitly.

It's very intuitive with no plus." And so, we thank her for her loyalty since 2018 and for trusting Remitly to get money home to her family and friends reliably and seamlessly.

We are excited about the opportunities ahead and look forward to sharing our progress as we continue to execute on our vision of transforming lives with trusted financial services that transcend borders.

Operator

Thank you for your participation in today's conference. This does conclude the program. You may now disconnect.

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