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PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to the Remitly Q1 2026 earnings 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, David Beckel. Please go ahead.

David Beckel - Remitly Global Inc - Investor Relations

Good afternoon, and thank you for joining us for Remitly's first-quarter 2026 earnings call. Joining me on the call today are Sebastian Gunningham, 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 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 can 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, adjusted EBITDA and free cash flow in this call. For a reconciliation of non-GAAP financial measures to the most directly comparable GAAP metric, please see the earnings press release in the appendix to the earnings presentation, which are available on the IR section of our website.

Now, I will turn the call over to Sebastian to begin.

Sebastian Gunningham - Remitly Global Inc - Chief Executive Officer

Thank you, everyone, for joining our first quarter 2026 earnings call. Q1 was another exceptional quarter for Remitly. We delivered record revenue and adjusted EBITDA, both above the high end of our guidance ranges and another quarter of record adjusted EBITDA margin and net income. And adjusted EBITDA exceeded \$100 million for the first time. These results reflect three durable characteristics of our business.

First, a resilient business model, which led to another quarter of share gains; second, growing contributions from new businesses and categories; and third, continued expense and capital allocation discipline. Each of these durable characteristics continue to compound, giving me great confidence in our ability to generate sustainable long-term growth in revenue, profits and free cash flow. That confidence was reflected in nearly a four-fold increase in the pace of share repurchased this quarter.

I want to use my time today to reflect on what I've learned in my first 90 days, discuss our evolving approach to delivering customer value through new products and offerings, and expand how we plan to use AI to drive growth and continued operating efficiencies.

In my first 90 days as CEO, I've been very focused on gaining a deeper understanding of the business. I traveled to a number of our global offices, spent time with teams on the ground, and conducted internal deep dives spanning product, engineering, marketing, finance, and operations. I also spent time talking directly with our customers to understand firsthand what they value most of our product.

It's been an intense 90 days. My goal was straightforward. Understand what is working, what can work better, and learn as much as I can about the people and the culture that built this great company. I've also made some important people, product, and operational changes that are quickly helping accelerate the trajectory of the business.

From this period of listening and learning, a clear set of operating priorities has emerged. I have already begun putting them into action. We rely on smaller teams to drive ownership and autonomy. We will distinguish clearly between our core remittance business and newer growth initiatives, allowing each to operate with the speed, focus and rigor as required by their stage of maturity.

We will adopt a disciplined approach to building products, starting with customer needs and working backwards. We will embed AI across everything we do, and we've designed the company so that speed is the default.

My time with employees and customers also reinforced three things I believed about Remitly before joining. First, the culture is genuinely distinctive. There is a missionary energy here and a sincere belief that moving money across borders should be reliable, fast and fair, especially for a community that has historically been overcharged and underserved.

What sustains that culture is the caliber of the people who carry it. Across every function and every country, I visited, I encounter talented, deeply committed individuals who bring real energy and care to this mission every day. That culture and those people are a real competitive asset, and I intend to protect and amplify both.

Second, our core strengths, trust, network breadth, and operating scale, put us in a strong position to continue gaining share and growing our offerings to better serve the cross-border needs of our customers. My conversations with customers reinforced that trust is the most consequential of these strengths. These are people sending money for life-changing events, supporting family members, covering medical bills, building a future from a distance.

For them, knowing the money will arrive reliably, quickly and fairly is paramount. And if things do go wrong, it is important that they know there is an instant 24/7 global structure in place to fix it.

As financial services become increasingly automated and digitized, trust becomes more valuable, not less. Our disbursement network, customer support excellence, and compliance capabilities create a trust and safety advantage, a durable, hard-to-replicate edge that protects our customers in every corner of the world and strengthens our global platform.

Third, I believe AI and stablecoins will accelerate our growth and not just incrementally. Companies like Remitly with trusted customer relationships, complex regulatory dependencies and a proprietary network infrastructure will be great beneficiaries of AI tailwinds.

The company now knows I'm somewhat obsessed with this newly found intelligence into our business. As I will explain, we are moving quickly to ensure we take full advantage of AI to move faster, lower costs, improve product quality, and compress product development timelines.

Stablecoins are a different kind of opportunity, not a universal solution, but a targeted one. In corridors where they offer a clear cost or speed advantage, stablecoins gives us another tool to reduce FX costs, improve settlement speed and efficiency, and deliver better outcomes for our customers.

With that as context, let me turn to how I'm thinking about the opportunity ahead and why I believe we are only beginning to scratch the surface.

When I joined Remitly, I was asked whether I plan to change Remitly's strategy as the new CEO. The answer is no. The vision, the customers we serve, the focus on cost, speed of delivery, and trust are right, and they will not change.

Where I differ is the pace with which we can achieve our vision and execute our strategy. I have full confidence Remitly will be a large, more diverse provider of cross-border financial services and the most important app for those that send or receive money internationally.

To explain why, let me share a framework I've used internally. I think about our opportunity as a four-by-four matrix. Four customer categories on one axis, and the four primary ways we can deliver value to those customers on the other.

The four categories are, one, our core senders at our established base who send money for critical non-discretionary reasons; two, highly valued senders, a fast-growing category with significant untapped share for Remitly; three, businesses, a massive and underserved carrier for which we are seeing rapid traction even with the very early feature set for this customer; and the fourth category is receivers, the 30-plus million people around the world who receive money through Remitly, most of whom are not senders today.

For each of these customers, we are grouping four categories of product offerings. Broadly defined around spending money, borrowing money, spending money and saving money. At the intersection of the four customer and product categories are many unique opportunities to serve our customers with products they need to live their cross-border financial lives. Each customer category and product offering reinforces the others, drawing on shared infrastructure and data to create compounding benefits as we scale.

[Core Send] comprises the vast majority of our revenue today and is the base from which all our offerings are built, leveraging 14 years of experience, network debt and optimized cost structure as well as a DNA of trust and speed that is difficult to replicate.

Everything outside of Core Send we think of as growth accelerators. Our borrow, spend, and save products fuel the flywheel around sending money by addressing a broad set of cross-border financial needs. A more complete financial services experience, in turn, drives improved loyalty, higher remittance volumes, and diversifies our revenue sources.

This matrix is not a change, but a refinement of the strategy we presented at Investor Day. It provides a blueprint for execution and a disciplined lens for prioritization. We will go deep where the opportunity is largest and where we have the clearest right to win. And when I look at where we stand today, we have honestly only just started addressing a handful of these opportunities.

I'll provide a brief update on recent progress and initiatives across each of our key near-term opportunities, starting with Core Send.

In Core Send, we improved our distribution through new or expanded integration with WhatsApp and ChatGPT and deepened our network reach across every region we serve, improving reliability, speed, and access for customers around the world.

On the receive side, in Latin America, we integrated Bre-B, Colombia Central Bank backed Instant Payment Rail and added Banco Bolivariano as a direct bank partner in Ecuador.

In Asia, we added KBZPay in Myanmar, Rocket in Bangladesh, and Coins.ph in the Philippines, extending our reach to 10s of millions of users with near-instant fiat and stablecoin wallet-based payouts. And in Africa and the Middle East. We launched new received markets, including the UAE, bringing total received countries to 170.

On the send side, we enabled Discover Card Acceptance and launched access to FedNow and RTP in the US, allowing customers to fund transactions instantly from bank accounts while lowering our costs.

Underpinning all of this, continued innovation in our payments and fraud systems drove record card acceptance and authorization rates globally in Q1, reinforcing network strength while improving speed, reliability and the customer experience.

In the near term, we are focused on using AI to deliver real-time, automated pricing across our 5,000-plus corridors, enabling regional leaders to capture incremental demand by delivering more customer value.

We will also apply AI across the Remitly experience to improve the moments that matter most to customers, how long that transfer takes to arrive, how they pay, and how we keep them coming back. And we will accelerate the pace of geographic expansion, bringing our leading digital remittance experience to some of the largest, fastest-growing send-and-receive countries in the world.

This quarter, we updated our definition of high-value senders to include only those who send \$5,000 or more in a single transaction, which better aligns our strategy, focus, and resources with the specific needs of these who send higher transaction amounts.

This customer needs a high-touch, certainty-first experience. And when we earn their trust, they generate substantially more value per customer than our Core Senders.

In Q1, we continue to remove friction and improve the experience for these customers by increasing send limits with network partners and simplifying the onboarding experience. Our near-term focus for this category is to streamline pay-in methods and improve our risk assessment process while better targeting and addressing the specific and diverse needs of customers within this category.

Our business offering continues to scale, growing volumes 30% quarter-over-quarter ahead of expectations. In Q1, we launched our business receiver product in five new countries, allowing freelancers and contractors in parts of Latin America and Asia to request and receive payments from clients in 26 countries around the world.

We also launched a new feature that allows businesses to initiate the payment process by sending a link to the recipient's e-mail or phone, eliminating cumbersome data management and trust issues that often cause friction for small businesses.

Our near-term focus for our business offering is continued improvements on the onboarding experience, geographic expansion, and a steady drumbeat of features that appeal uniquely to small and medium-sized businesses sending money internationally.

Our receiver strategy targets the more than 100 million people in the world who receive money in one currency and spend in another. Last month, we recorded our first receiver transaction following the launch of our receiver and request product in six countries, creating a new source of cross-border volume in countries where we already have a strong send presence.

With this launch, we also introduced a wallet that enables receivers to hold funds in USD or USDC stablecoins and withdrawals to local bank accounts, mobile wallets or cash pickup locations. Our near-term focus for receivers is country expansion and enabling widespread access to stablecoin across our wallet offerings.

Moving to Borrow, Spend and Save. Last year, we announced a range of products aimed at supporting these use cases, send now pay later for our customers' liquidity needs and wallet and card for sending, spending and saving money with benefits.

We have seen strong traction with these offerings as we continue to build, test and iterate with revenue more than doubling year-over-year. Building on these learnings and experience. This quarter, we will expand our offering for customers who have a need to send out pay later, spend and save.

For a low monthly fee plan, these customers will receive access to a global debit card to spend, a wallet to save, a short-term line of credit offered by a bank partner for remittances and benefits to reward loyalty, remittance use and the timely payment of credit balances.

We believe there is a strong preference among customers with short-term liquidity needs for a card-based experience where loyalty and rewards are a central feature. This will be the first of our Remitly card offerings that target specific use cases, addressing the unique needs of a broad cross-section of our customers.

We have a long list of ideas for our card platform beyond send now, pay later that we plan to execute over the coming quarters. Our goal is to make the Remitly card the most versatile and best debit card in the world for the 300 million international migrants and 80-plus million small businesses worldwide.

Our strategy is simple, expand the value and capabilities we deliver to the broad range of people and businesses sending money globally. Investors should expect a meaningful acceleration in the pace of product enhancements as we expand our offerings. Guided by the operating principles we have put in place around clear ownership, distributed accountability, and a bias for speed.

Finally, I want to touch on the benefits we expect to derive from AI. Over the past several months, many of our peers have reported significant AI-driven gains in productivity and cost efficiencies. The pace of AI advancement is real and the impact is substantial. Remitly is fully part of the shift and I will lead that effort aggressively. We have organized our thinking around three types of AI benefits.

The first is the cost benefit, which drives greater operating efficiency and long-term cost savings. We've gone methodically through the organization function by function to identify where we can use AI going forward to drive efficiency gains while maintaining or improving productivity.

Through this process, we have identified opportunities to streamline our organization, building on the more than 250 headcount reductions and over 50 roles redeployed through efficiency gains year-to-date. That is a deliberate choice, grounded in our confidence that the AI-driven efficiencies can allow us to do the same work, and in most cases more work, with the leaner organization.

The second benefit of AI is speed, which helps unlock a faster operating cycle. Throughout our product and engineering teams, a new profile of skill set is emerging that combines product design, engineering depth, and AI fluency in one person. We are calling them knowledge development engineers, and they are helping us disrupt the decades-long bottlenecks of product ideation, building, testing, and launching from months and years to days.

I would note that eliminating one bottleneck quickly reveals the next. So as a company, we are actively rethinking every step in the process to deliver products that move seamlessly from idea to customer value to deliver exceptional products and services. The speed AI benefit is harder to quantify than the cost benefit, but we believe its potential compounding effect on our ability to build ship and iterate will be an enormous structural tailwind.

The third and most consequential benefit of AI in the long run is the trust benefit. For our customers, trust means safety and comfort, speed and fair pricing. And a high-quality person to talk to when things go wrong. AI can improve our ability to deliver it on all three.

Take localization at scale. With AI giving us a broader and deeper understanding of our customers, we can now tailor the experience across every corridor with a level of personalization that wasn't previously possible. That relevance builds trust, and trust underpins everything we do.

Three to four years from now, I believe this company will generate significantly more revenue with roughly the same number of people. The AI benefits is how I believe we will generate investment capacity to get there, and we intend to put a large portion of that capacity back into growth.

Let me close with this. Q1 was an exceptional start of the year, record results above guidance, and a business that continues to demonstrate its resilience and its upside. But what energizes me most is not what is behind us. It is what lies ahead. We have a core business that is growing and improving. We have a strong portfolio of growth accelerators that are at the very early stages of what they can become.

The early benefits of AI are beginning to create real, measurable capacity for investment. And we have a team and a culture, I believe, is among the most mission-driven I have encountered in my career.

I want to thank every member of the Remitly team. The execution, the energy, and the commitment to our customers that shows up every day are what makes these results possible. And I want to thank our investors for their continued confidence and trust in this company.

With that, I will turn the call over to Vikas.

Vikas Mehta - Remitly Global Inc - Chief Financial Officer

Thank you, Sebastian, and good afternoon, everyone. We delivered another quarter of profitable growth and strong free cash flow, reflecting continued share gains and solid execution. First quarter revenue was \$453 million, up 25% year-over-year and \$16 million above the midpoint of our guidance.

Revenue outperformance this quarter was driven by a number of factors. Recent regulatory changes in the United States drove an increase in customers' use of digital remittances, resulting in record new customer acquisitions.

We also benefited from elevated demand associated with higher tax refunds in the US and favorable market conditions in key corridors. Adjusted EBITDA was \$102 million, \$19 million above the midpoint of our guidance. Adjusted EBITDA outperformance was driven by higher-than-expected revenue, lower-than-expected transaction losses. And short-term falls in hiring following in-quarter headcount reductions.

Now, let me share an overview of our first quarter results and then provide our outlook for the second quarter of 2026 and our updated guidance for the full year. Unpacking revenue growth drivers for Q1, send volume grew 37% to \$22.1 billion, supporting this strong volume growth.

Send volume per active customer increased to nearly \$2,300 or 14% year-over-year growth, a record on both an absolute and percentage growth basis. This was driven by growth in both transactions per active customers and record growth in average transaction size as we continue to win share and gain traction with high-value senders and business customers.

Quarterly active customers grew 20% year-over-year to over 9.6 million ahead of our expectations. QAU growth accelerated quarter-over-quarter, reflecting the shift in offline-to-online conversions associated with recent regulatory changes in the United States.

Our Skip the Line campaign, highlighting the lower cost and convenience of digital remittances, has been effective in attracting new customers seeking alternatives to traditional cash-based remittance methods. QAU growth was further supported by improved retention, reflecting enhancements in the core product to improve speed, reliability, and the overall customer experience.

As expected, volume and revenue exceeded QAU growth, as we saw a greater mix of send volume from high-value senders and businesses. Our peak rate this quarter was 2.05%, in line with expectations. The year-over-year change was driven primarily by growth in volume from high-value senders and business customers. As well as a higher digital payout mix, which improved by more than 250 basis points year-over-year.

As I have discussed in previous quarters, take rate is heavily influenced by mix, so it is not a great metric for analyzing our underlying business performance. We believe RLTE dollar growth and RLTE per active user are more indicative of our success than take rate when analyzing our performance.

Now let me dive deeper into our revenue performance from a geographic and new products perspective. From a send perspective, US revenue grew 25%, driven by continued share gains. The rest of the world grew 31% year-over-year, showcasing the geographic diversification of our business.

Our broad footprint means no single corridor disproportionately dictates our outcomes. Notable highlights from the rest of the world this quarter include continued strength in the UAE, where we saw meaningful increase in activity.

Send volumes in the UAE rose over 150% year-over-year, due in part to a short-term surge in volumes during a period of heightened regional uncertainty.

On the received side, revenue from transactions to regions outside of India, the Philippines and Mexico grew faster than the overall revenue growth and now comprise over half of our revenue mix, further diversifying our business.

I'll now move to discuss the performance of our growth accelerators. As a reminder, growth accelerators include all customer categories and offerings outside of Core Send.

Now let me dive deeper into a few notable highlights for Q1. As Sebastian shared earlier this quarter, we are simplifying our structure for defining customers based on average transaction size. High-value senders are now those who spend a transaction of \$5,000 or more. This change reflects a refined focus on customer whose needs are specific to larger transaction amounts.

In Q1, high-value standards volume grew 73% year-over-year, reflecting a 220-basis point year-over-year increase in mix. We continue to see outsized growth from high-value senders as we improve the customer experience and expand and refine our targeting of this customer category, and we will continue to build on this momentum with product enhancements that further reduce friction and cater to the specific needs of these senders.

Remitly business continues to scale ahead of expectations. We ended Q1 with over 20,000 Remitly business users and more than 30% quarter-over-quarter growth in business send volume. Send volume and RLT contribution for business customer was more than two times higher than our core during the quarter.

We launched our receiver product this quarter, enabling direct access to the more than 30 million individuals and businesses who receive funds today from Remitly senders, but are not yet themselves Remitly customers. While nascent, we are very optimistic about this new offering.

Now moving to borrow, spend and sales initiatives. Revenue from these offerings more than doubled in Q1. This quarter, we are expanding our send now, pay later offering, the comprehensive and simpler card-based experience for customers who have a need to send now, pay later, spend and save.

This evolved offering will provide customers with a global debit card, a wallet, a short-term credit line for remittances funded by a banking partner, and rewards for timely payments, all for a low monthly plan fee.

As with prior send now, pay later offerings, this product will be made available only to existing Remitly customers with demonstrated repayment behavior. Unit economics for this product are expected to be strong as it will generate plan and interchange fees and float income.

The short-term loans will be issued by a bank partner and the lines of credit tend to perform better than non-recourse advances.

Moving forward, we expect the majority of growth in our send now, pay later borrowing solution to come from this card-based format. Continue to expect revenues from new products as we previously defined to more than double this year.

High-value spenders are expected to be additive to prior expected growth ranges associated with new products. Now including high-value senders, revenue from all growth accelerators is expected to be around 5% of total revenue in 2026 and exceed 10% of total revenue by 2028. These growth accelerators address customer needs that are adjacent to core senders, providing an efficient means of diversifying our business revenue base while driving cost synergies from the shared use of our technology.

Turning to our focus on driving profitable growth on slide 13. As I noted earlier, revenue-less transaction expenses, or RLTE, is a useful indicator of our business model's long-term success. RLTE dollars grew 28% to \$308 million, outpacing revenue growth and reflecting strong customer activity, improved partner economics, routing optimization and economies of scale.

RLTE as a percentage of revenue this quarter was 68%, improving 156 basis points year-over-year. We remain focused on long-term RLTE dollar growth as we continue to attract new customers, innovate with new products and scale.

Transaction expenses this quarter were \$145 million and as a percentage of revenue was 32%. Excluding provisions for transaction losses, other transaction expenses were \$124 million, improving 114 basis points year-over-year as a percentage of revenue and reflecting improved network economics.

Provisions for transaction losses was \$21 million or 9.3 basis points as a percentage of send volume better than our expectations as we continue to benefit from efficiencies afforded by the AI-driven fraud prevention and detection model we deployed late last year.

With that, let me walk you through the specific non-GAAP expense categories. Notably, we delivered leverage across all expense categories once again in Q1. In Q1, we reduced our corporate workforce by more than 10% as a part of a broader effort to sharpen our organizational focus and drive efficiencies across the business.

These were not easy decisions, but were necessary to ensure we continue driving operating efficiencies as we scale our growth accelerators.

Marketing investments remain disciplined and growth-focused. We spent \$82 million on marketing in Q1, up 20.7% year-over-year. As a percentage of revenue, marketing expense was 18.2%, improving more than 67 basis points year-over-year due to continued efficiencies.

Marketing spend per active customer was \$8.56, up 0.7% year-over-year, in line with our expectations. This quarter, we launched a Skip the Line campaign, a strategic initiative targeting offline senders in the US who historically relied on in-person cash agents to send money to Latin America.

By meeting these customers where they already are, whether on WhatsApp or on billboards in their neighborhoods, we were able to drive meaningful growth in new customer acquisition from a category that is difficult to reach. Campaign results across our targets show strong lift in Remitly awareness, consideration and intent to try.

Our lifetime value to customer acquisition cost ratio was about six times, while our payback period remained under 12 months. Continued efficiencies reflect growth in customer acquisition through unpaid channels and word of mouth. As a reminder, our marketing investments drive returns for many years beyond our initial investment, given our growing days of repeat users.

Customer support and operations expense was \$25 million and as a percentage of revenue was 5.5%, improving 69 basis points year-over-year and continuing a multi-year trend of steady operating leverage.

Today, over 97% of transactions are completed without any agent contact, a remarkable milestone that reflects both the reliability of our service and the sophistication of our AI-driven support capabilities. Where customers do need help, our AI-based assistance are meaningfully reducing the need for human intervention, and early customer satisfaction scores tell an encouraging story with AI-led interactions performing as well as human-agent interactions.

Technology and development expense was \$58 million and as a percentage of revenue was 12.7%, improving by 127 basis points year-over-year. Technology and development expenses grew 14% year-over-year, meaningfully below the pace of our revenue growth. We are beginning to see the benefits from embedding agentic AI deeply into our engineering and product development teams.

Our engineers are using AI-assisted code generation and automated testing to compress development cycles, ship faster and reduce the cost per feature delivered. We are still in the early innings and expect AI to be a durable contributor to technology-related operating leverage going forward.

G&A expense was \$41 million, growing only 2% year-over-year, our lowest growth rate if ever as a public company. We delivered significant leverage, 209 basis points as a percentage of revenue year-over-year, reflecting deliberate and disciplined attention to our cost structure.

In total, expense efficiencies this quarter reflect both benefits of operating leverage and a pause in hiring as we optimize our organization to better enable Sebastian's operating principles.

Moving forward, we expect AI benefits to contribute significantly to the funding of our growth accelerators. Strong revenue growth, combined with efficiency and discipline, led to adjusted EBITDA of \$102 million. We also delivered \$49 million of GAAP net income, more than 300% growth compared to \$11 million of net income in the first quarter of 2025.

As we noted at Investor Day, our North Star is driving free cash flow growth while managing dilution, and Q1 demonstrated continued progress on both fronts. Free cash flow grew to over \$70 million in Q1. The difference between adjusted EBITDA and free cash flow is explained by working capital expenditure and restructuring payments.

Outstanding shares were 210 million down quarter-over-quarter for the first time in our company's history, reflecting our disciplined approach to dilution management, including an elevated base of share repurchase activity. Stock-based compensation was down 23% year-over-year coming in at 6.1% of revenue, approximately 382 basis points lower than the first quarter of 2025. This benefit was partially aided by four features associated with headcount reductions in Q1.

For all of 2026, we expect stock-based compensation to increase in absolute terms year-over-year. But decreased as a percentage of revenue as grants associated with recent leadership changes are partially offset by higher forfeitures.

Q2 stock-based compensation will be elevated, reflecting both hiring activity that shifted out of Q1 and challenging year-over-year comparisons as forfeitures in prior year were concentrated low.

We were meaningfully more active in repurchase of shares in Q1, opportunistically buying back \$44 million or 2.8 million shares, nearly double the shares we repurchased since launching the program in the second-half of last year. This reflects conviction in our long-term growth opportunities and a view that share repurchases are an attractive use of capital. We'll continue to be disciplined and opportunistic in how we deploy capital toward buybacks.

We ended the quarter with around \$650 million of cash. As a reminder, cash and access to liquidity are strategic assets in scaled global money movement businesses like ours. This quarter, cash on hand, along with our revolving credit facility were optimally used to fund customer transactions and satisfy regulatory safeguarding requirements across thousands of corridors and regulatory jurisdictions.

Our top priority for free cash flow after inorganic investments and customer pre-funding requirements remains the repurchase of shares. With that, I'll move to our outlook.

For the second quarter of 2026, we expect revenue of \$483 million to \$485 million, or 17% to 18% growth. Second quarter growth reflects the shifting in timing of Ramadan and Easter to earlier in the year, elevated US tax refunds, benefiting send volumes in Q1 and increase in volumes late in Q1 associated with geopolitical events and tougher bonds.

We continue to see strong momentum in our core, and we expect a continued shift towards digital remittances, share gains and the scaling of our growth accelerators to contribute to total company revenue growth of around 20% in the second-half of the year, an increase relative to prior expectations.

Breaking down our revenue growth expectations, in Q2, we anticipate send volume growth to exceed revenue growth and revenue growth to be in line with quarterly active customer growth. Send volume per active customer is expected to grow in the mid to high-single-digit range, supported by a shift in mix toward high-value centers and businesses.

For the full year, we expect revenue between \$1.96 billion and \$1.975 billion, reflecting a growth rate of 20% to 21%. As noted, we expect growth to accelerate in the second-half of the year, reflecting strong demand in our core and additional contributions from our growth accelerators.

Now, let us pivot to profitability and expense guidance, starting with RLTE, we expect Q2 RLTE margins to be modestly higher year-over-year, driven primarily by normalization of transaction losses. As a reminder, Q2 of last year was impacted by an outsized transaction loss stemming from a sophisticated fraud back in May. For the full year, we expect RLTE margins to be broadly in line with 2025 on a normalized basis.

As always, transaction loss rate may fluctuate quarter-to-quarter, and we remain disciplined about optimizing customer lifetime value while rigorously managing risks across our platform.

Shifting to marketing, we expect continued marketing efficiencies in 2026 as we prioritized high ROI marketing opportunities. For Q2, we expect marketing spend per QAU to be slightly higher year-over-year as we engage customers around the timing of the World Cup, expanding our Skip the Line campaign to select countries and launch brand marketing in the UAE.

Putting this all together, we expect Q2 adjusted EBITDA to be between \$86 million and \$88 million, translating to an adjusted EBITDA margin around 18%, an expansion of around 250 basis points year-over-year.

For the full year, we expect adjusted EBITDA to be between \$370 million and \$385 million, representing an adjusted EBITDA margin of around 19%, also an expansion of around 250 basis points year-over-year. This improved EBITDA outlook reflects a more favorable outlook of revenue and our commitment and ability to balance growth and profitability, leveraging the benefits of AI, and we continue to invest in driving top-line growth.

Our outlook also assumes normal levels of transaction losses for the remainder of the year. We expect to generate positive GAAP net income each quarter of this year and strong year-over-year growth in GAAP net income and free cash flows.

To summarize, in Q1, we delivered another quarter of exceptional results across our key financial metrics, achieving 25% revenue growth and 22% adjusted EBITDA margins. We also delivered record GAAP profitability and strong free cash flow, underscoring the power and scalability of our business model.

With that, Sebastian 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 Chase & Co - Analyst

Hi, thanks a lot. Nice results here. I want to -- if you don't mind, because I know you went through this in the guidance, but maybe can drill down a little bit more in the upside factors in the quarter, the thinking for the second quarter and the balance of the year. There's a lot of moving pieces with the tax refunds being higher and the remittance tax, and you talked about some of the geopolitical, the favorable market conditions and whatnot.

So how does this impact your thinking on seasonal trending for the second quarter and second-half, what new risk might there be here versus upside opportunity that may have been different than, say, 90 days ago?

Vikas Mehta - Remitly Global Inc - Chief Financial Officer

First of all, thank you for the question. And as I shared on the call, Q1 was an exceptional quarter. Really strong highlights across the board, all the way from record new customer acquisition to record send per quarterly active users.

Some of the highlights in the quarter included just the positive impact that we got from remittance tax and the shift from offline to online customers that aided our record new customer acquisitions. In addition to that, the higher US tax refunds as we have seen, especially in the core sender segment, this is a really positive impact that we saw. Again, a lot of it is art and science, but clearly there was some correlation there, especially in the late March timeframe.

Beyond that, as we highlighted holiday timing, both Easter as well as Ramadan moved up a couple of weeks earlier in the year, which gave us a positive overall Q1 shape.

Finally, as we noted, the global uncertainty with regards to geopolitics, especially in the Middle East corridors, created an upside on the UAE volumes, which grew north of 150%. So overall, really strong quarter. And as Q1 becomes the foundation for full year. And with the record new customer acquisition, that creates a nice follow-through in our quarters.

As we highlighted, the full year guidance is north of 20%, which means that in second half of the year, there is a re-acceleration that happens. And especially this is driven by both the strength in our core business as well as propelled by the growth accelerators Sebastian talked about.

So overall, we remain very confident as we start the year and just the overall business model that we have, which drives predictability, resilience, as well as diversification, gives us more and more confidence.

Operator

Ramsey El-Assal, Cantor Fitzgerald.

Ramsey El-Assal - *Cantor Fitzgerald LP - Analyst*

Hi, thanks so much for taking my question tonight. I wanted to ask about your M&A approach. It seems like in the last several quarters, the kind of growth vectors in your business have just exploded just in terms of product proliferation, monetizable services. Is that changing the way you're looking at M&A to so many more opportunities to sort of accelerate these different growth paths through M&A?

And then also, if you could just clarify one point, the cost on Tien-Tsin's last question, how should we think about that 1% cash remittance impact, which has been positive, trending through the rest of the year. Is it something that you guys are counting on or is it something that you're seeing now or you're not sure you'll continue to see? Just a finer point on that, too.

Sebastian Gunningham - *Remitly Global Inc - Chief Executive Officer*

So let me take the acquisition question. Clearly as we see all the growth in these new customer categories, the high-value senders, the business senders and the receivers, the volume, we are starting to analyze acquisitions a little bit different. As we have not been a very acquisitive company. We are starting the process to understand what does it mean to have this kind of growth in these categories and where can we accelerate that.

On the core business, as of right now, standing here today, I don't see anything obvious on the horizon. But we're building up the muscle to learn how to do this, and I anticipate that sometime in the future we will probably be able to answer this question more specifically.

On the 1%, we don't have any science behind the 1%. We've got a lot of anecdotes, and we saw this in Q1. I suspect it's probably going to continue for the remainder of the year. It's hard to tell whether we captured a lot of it now or a lot of it is coming. There still is a fairly large group of people that transact in cash. I think it's inevitable that this will continue. Maybe it will take a couple of years. Maybe it will take the remainder of this year.

But as I said, we take it as an article of faith that it was one of the tailwinds to our business, and we expect it to continue for the rest of the year.

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

And just to add a point or two to Sebastian's thoughts, we'll continue to invest in the Skip the Line campaign. We have seen a lot of success coming through that.

And secondly, the product enhancements, we want to meet where the customers are. As we shared earlier in the quarter, we came out with enhancements to WhatsApp. We launched a ChatGPT integration. So we feel that by creating strong product enhancements, we can continue to drive the offline to online shift.

Operator

Darrin Peller, Wolfe Research.

Darrin Peller - *Wolfe Research LLC - Equity Analyst*

All right. Hey, guys. Thanks. Look, I want to back out. If we take out of the equation, the, let's call it the remittance tax, the Mideast impact, or the even tax refund, just anything that might be shorter term and not a business model opportunity for you guys. When I think of the sustainable drivers of upside, the growth accelerators effectively, help us understand where they came in versus your prior expectations. I mean, if you looked at high-value centers or business or receivers or even some of the borrow and spend and save areas, I'm curious to know where they're trending versus what you initially thought.

And then maybe a little more on go-to-market around high-value centers and business, just because it seems like such a great -- I mean, it's really contributing to the volume growth rate. And I know it's an area of real focus for you guys. So I'm curious where you see that going from here in terms of your ability to invest in it and ensure that it stays a key contributor?

Sebastian Gunningham - *Remitly Global Inc - Chief Executive Officer*

Yeah, so I'll make the comment that, first of all, these are not segments that we invented. As we looked at all the data and we looked at the customers coming to Remitly, we started to see this high value, greater than \$5,000 transactions, \$10,000, \$50,000.

And so it was customers finding us and starting to use the platform. And so we've done, this is not, we have a lot of ideas to make the product that much better. So without much investment, we started, we see a lot of growth in this area and it's overachieved all our plans so far.

As of right now, we've now dedicated a full team. We have a full engineering team, so we're launching new features for that customer daily at this point. The business, the same thing happened. We started to see small businesses using the middle infrastructure. As if you're a small business in the U.S, it's very painful to move money across the world.

And so we've done the same thing. That business continues to overachieve our plans. We've now dedicated a team. We have a full engineering team. We have a new that's a different go-to-market model. We have more partnerships. So we are also seeing week-to-week improvements. And as that's a very large market. We don't you don't need to be you don't need to win that much to make it a pretty big business.

I was in Manila last week and I was talking to a group of freelancers and this is a very active group of people who are requesting money to be paid from the US, the virtual assistants, virtual salespeople and this is happening all over the world, so we see a lot of traction there.

And then the final category is a little bit more unknown, that's these 30 million customers around the world who receive money from Remitly, we've launched our first set of products. It's very early days. It's not contributing much yet.

We think it's a big opportunity, but that we have to navigate our way through that, see what the right products are. So over achievement in high-value senders, and we're doubling down on that. Over achievement on the business side, and we're doubling down with that. And on the receiver side, seems a very exciting market, TBD.

Operator

Chris Kennedy, William Blair.

Cristopher Kennedy - *William Blair Capital Partners - Equity Analyst*

Good afternoon. Thanks for taking the question. Just wanted to follow-up on the Remitly, the business initiative. Clearly, it's outperforming your expectations. Is there any way to frame kind of how that business is ramping relative to the high-value send initiative that was launched maybe 18 months ago? Thanks for taking the question.

Sebastian Gunningham - *Remitly Global Inc - Chief Executive Officer*

Yeah, I think the high-value sender is an extension of our core sender market. So if you look at the product needs of that sender, it's a close cousin to all the needs of the core sender. The business send is different, has different requirements, they need bulk send, they need

different integrations to their ERPs and payment systems, so it's a bit of a different customer, so it's a little bit of an unfair comparison because the go-to-market is going to be different and we've seen the over achievement without much go-to-market investment yet.

And so I'd say that if you were to look at the numbers, it's probably pretty -- it's a pretty similar ramp of growth between the high-value senders and the business senders, but quite different potential as to what we need to do to continue to accelerate that growth.

Operator

Aditya Buddhavarapu.

Aditya Buddhavarapu - Bofa Merrill Lynch Asset Holdings Inc - Equity Analyst

Can you just give me an update on the rollout of the bullet card? The US was a close-class market, but any -- and maybe the rollout into other markets during 2026.

And also maybe somewhat related to that, the [Vashtan] plan focusing on the card as the main channel for the send-out product, what did you see which maybe you take that route?

Sebastian Gunningham - Remitly Global Inc - Chief Executive Officer

Yes, well, first I'll start, but for the last year, we've been experimenting with this send now, pay later idea, which is a short-term liquidity loan, and we've had a very strong signal. So this is a killer idea, we think, and we're going to customers have told us that the use of a card is extremely valuable, so we're wrapping up a number of ideas under this card construct which obviously are going to help the economics and allows us to really simplify how we go to market with this.

Remember that the send now, pay later is an invite only, the customers already sent once on Remitly, we know some stuff, so we think it's a very interesting product, the signals of all the testing of last year are very good. And so we see that launch as quite a lot of potential. We've obviously got a long list of things that we're going to add to a card to make it to make customers use it and loyalty and you can imagine all the things that we can add to a card.

It is US-focused first, we're doing it with the bank partnership, but our ambition is to make this global. But as of right now, we're going to go for the next few quarters with a US launch only.

Operator

David Scharf, Citizens Capital Markets.

Unidentified Participant

Hi, this is Zach on for David. Thanks for taking our questions and congratulations on another strong quarter. I wanted to dig in a little bit on the mix with the high-value senders. So, obviously, as it's ramping up, it sounds like over 10% of revenue by 2028. I want to see if there's any kind of commentary or anything to kind of highlight in terms of how that shift will impact any kind of geographic mix or concentration or any expectations for loss rates versus the kind of core senders book?

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

Yeah, thank you for the question. As we highlighted, we're very excited about the high-value standards customer category. And as we highlighted, this used to be part of just our Core Send, but we are increasing our focus, putting a dedicated organizational structure and muscle behind it, putting a product thought process as well as marketing focus around it and as we do that, we see the potential is massive, right? So we're super excited for the potential here.

Even as we do that, in parallel, we are seeing very strong performance. As you saw this quarter, the high-value senders volume grew 73%. And as we look at a lot of product enhancements, increasing our send limits. We feel that the volume, especially on the, call it 10,000 plus, 25,000 plus, 50,000 plus, a lot of those are really big greenfield opportunities for us where we can start attracting more and more customers.

If you even think about our marketing message, that is more generic and as we try to make it more targeted and focused towards these customers. We feel the awareness as well as the overall service that we provide should resonate really well.

So very excited about it. The availability is across the globe, same as what our core center availability is. So from a mix, from targeting the customers, we believe that it should be a global adoption and global growth, and that makes it even more exciting for us.

Operator

[Zoe Din], KeyBank Capital Markets.

Zoe Din - *KeyBanc Capital Markets Inc - Analyst*

Hi, this is Zoe on behalf of Alex Markgraff. Thank you for taking my question. And I was wondering if you could provide more context on Remitly in ChatGPT, any financial consideration in it? And also a question on WhatsApp expansion. How can we assume Remitly to expand on this? Obviously, there's more geo coverage, but since there's also an opportunity on the receipt side partnership as well.

Sebastian Gunningham - *Remitly Global Inc - Chief Executive Officer*

Yes, thank you. Good question. So no financial interchange with ChatGPT. These are early days. We're clearly entering a time where customers are probably going to interface with all their financial services with different interfaces and be it WhatsApp and WeChat and ChatGPT, all the LLMs and the chats and eventually agents also.

So we have a lot of experiments going on. We've announced WhatsApp integration, which allows customers to interact directly with Remitly through WhatsApp.

ChatGPT is an early experiment. We see some use there and it's growing day by day. I follow that every day. And we have a long list of ideas to make sure that all the Remitly infrastructure and all the benefits of the cost efficiencies, the speed and the service behind moving money is available and relevant if these evolutions in how people interface with money movement changes.

So early days, good signal so far, and we'll keep you posted on what the next set of ideas are.

Operator

Thank you. This concludes the question-and-answer session. Thank you for participating in today's conference (inaudible) You may now disconnect.

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