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PRESENTATION

Operator

Hello, and thank you for standing by, and welcome to Remitly's Second Quarter 2022 Earnings Call. (Operator Instructions) Please be advised that today's conference may be recorded. I would now like to hand the conference over to your speaker today, Stephen Shulstein, Vice President of Investor Relations. Please go ahead.

Stephen M. Shulstein - *Remitly Global, Inc. - VP of IR*

Thank you. Good afternoon, and thank you for joining us for Remitly's Second Quarter 2022 Earnings Call. Joining me on the call today are Matt Oppenheimer, Co-Founder and Chief Executive Officer of Remitly; and Hemanth Munipalli, our Chief Financial Officer.

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

Before we start, I would like to remind you that we will be making forward-looking statements within the meaning of federal securities laws, including, but not limited to, statements regarding Remitly's future financial results and management's expectations and plans. These statements are neither promises nor guarantees and involve risks and uncertainties that may cause actual results to vary materially from those presented here. You should not place undue reliance on any forward-looking statements. Please refer to our earnings release and SEC filings for more information regarding the risk factors that may affect our 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. For a reconciliation of each of these non-GAAP financial measures to the most directly comparable GAAP metric, please see our earnings press release, which is available on the IR section of our website.

Now I will turn the call over to Matt to begin.

Matthew B. Oppenheimer - *Remitly Global, Inc. - Co-Founder, CEO, President & Director*

Thank you, Stephen, and thank you all for joining us to discuss our strong second quarter, which is our fourth quarter as a public company and the fourth quarter in a row in which we delivered strong results that beat expectations.

To start, I'd like to turn to our vision, as seen on Slide 4, to transform the lives of immigrants and their families by providing the most trusted financial services on the planet.

We are proud of the continued progress we are making towards achieving this vision and our ability to support immigrants that do so much for their families and communities back home. To execute on this vision, let me introduce Hemanth Munipalli, our new CFO, who joined us last month. We are excited to welcome Hemanth to the team. His experience with scaling technology companies and global organizations, including Expedia and General Motors, will be invaluable to Remitly as we execute against our vision. Hemanth has 20-plus years experience as a dynamic finance leader. The strategic insight he brings will help drive our growth and deliver long-term value to shareholders.

I'll begin with a brief overview of our second quarter results, and then I'll discuss how our customers continue to prioritize sending money back home to their families in a volatile macroeconomic environment. I'll then review the progress we are making on our growth investments and the progress we are making in driving even more efficiencies across our growth investment priorities to reflect the current market environment and the increasing cost of capital.

Now let's turn to our results for the second quarter. We delivered exceptional results in the quarter, as you can see on Slide 5. Our active customer base increased by 43% year-over-year to more than $3.4 million. Revenue increased 42% year-over-year to $157 million. This strong growth was driven by a combination of active customer growth and repeat transactions from loyal customers. These new and repeat customers will have a significant impact on revenue for the balance of 2022 and beyond.

As a result of this strong performance, we are increasing our revenue outlook for 2022. Our adjusted EBITDA performance in the quarter was also above expectation. This outperformance was driven by efficiencies in our marketing investments and strong active customer growth. As a result, we are also raising the midpoint of our 2022 adjusted EBITDA outlook.

I'm very pleased with how our team has executed this quarter, and I'm confident that we will continue to deliver on our promises to customers and shareholders.

We are gaining significant market share in remittances. The reason for this is simple, as you can see on Slide 6. We are building an enduring preference for Remitly with our excessive focus on delivering a trusted experience and peace of mind for our customers. Our customers have not typically had a good experience with legacy financial services providers. Once they use our solution and have a great experience, they tend to remain loyal customers for many years to come. This is evidenced by our high revenue retention rate of over 90%. Our oldest customers have transacted with us for almost 10 years.

Our geographic footprint is expanding quickly, allowing us to serve even more customers while our network expansion allows customers' families to receive funds any way they choose. Our service is fast and convenient and we are now even more localized in the languages our customers speak. Our prices are fair and driven by many factors across corridors. They reflect the value we deliver to customers by combining an easy-to-use experience with our vast global network.

As we look around at the volatile macro environment, what we know is that remittance has historically performed relatively well across economic cycles, as you can see on Slide 7. Remittances are vital to our customers and their families. Even as inflation, war and recession fears are top of mind, the World Bank estimates the remittances to low- and middle-income countries, our serviceable addressable market will grow 4% to $630 billion in 2022. This compares with our projected annual revenue growth rate of 36% to 37% in 2022, as we will continue to significantly outperform industry remittance growth. In addition to a growing overall remittance market, we benefit from customers continuing to switch to digital remittances.

During the second quarter, we did not notice a material impact on customer behavior from rising inflation or fears of a recession as remittances are not a discretionary item from a customer's point of view. We regularly survey our customers about their intention to send money based on a variety of factors. And in our most recent customer survey, our customers indicated that recent economic conditions were not impacting their propensity to send. And a majority of tenders indicated they expect to send the same or more money in 2022 versus 2021.

We have also observed a positive impact on customer behavior for customer sending from the United States as a result of the strong U.S. dollar. As strong -- as the U.S. dollar strengthened, we saw some customers take advantage of the U.S. dollar strength. Over the long term, customer behavior tends to normalize.

We remain focused on investing in 4 areas as you can see on Slide 8. New customer acquisition and highly attractive unit economics, growing our global -- our geographic footprint, enhancing our remittance product technology, which we can do uniquely well with our digital-first strategy and scale. And finally, our vision of serving our customers with complementary new products which is critical in creating an even more valuable and enduring long-term relationships with our customers.

As we continue to invest across these 4 areas, we are maintaining our disciplined focus to ensure our investments have high long-term returns, consistent with our history of making investments at very strong unit economics.

As the cost of capital has increased, we have increased our hurdle rates around our investment priorities. To this end, we were able to improve the efficiency of our marketing investments in the second quarter while acquiring nearly as many new customers in the second quarter than in all of 2019.

Our geographic expansion is becoming more efficient as we scale, allowing us to rapidly expand into new corridors with repeatable processes and limited financial investment. Our remittance product investments are driving customer loyalty and will help reduce cost over time, particularly in customer support.

Finally, our investments in complementary new products will allow us to differentiate our remittance offering, develop a deeper relationship with our customers, driving retention and customer stickiness while at the same time, allowing for additional efficiencies in customer acquisition.

Our marketing investments have historically generated robust returns, as you can see on Slide 9. We use geographic and channel specific metrics and targets to optimize the customer acquisition cost of the new customer and customer lifetime value. The LTVs are different across various acquisition channels as well as the more than 3,200 corridors we serve. We have the scale, data and strategy to understand this. Then we aim to match the customer acquisition cost we're willing to pay based on the lifetime value.

Our marketing investments are consistently breakeven within 1 year of customer acquisition and recent cohorts have seen even higher returns. Because breakeven is within 1 year, adding healthy cohorts of new customers, especially in later quarters in the year will decrease company level profitability in the quarter and in the year, but will accelerate it after the initial approximate 1-year payback period.

In Q2, we also saw opportunities to take our already strong unit economics and invest in new customer acquisition at an even higher return, as you can see on Slide 10. While adding a record number of new customers in the quarter, we were able to lower customer acquisition costs by 11% sequentially. The improved marketing efficiency was primarily driven by a disciplined focus on payback, continued elasticity testing given the changing and potentially favorable advertising environment, improved brand awareness driven by scale and brand awareness marketing, and an improved referral experience.

We are continuing to invest in geographic expansion and our global network, as seen on Slide 11. At the end of the second quarter, we served customers in more than 170 countries and territories around the world. We now serve more than 3,200 corridors, and we added approximately 900 corridors in the second quarter, a record quarterly geographic expansion for us. We are able to do this because we have invested in the technology, processes and compliance, allowing us to rapidly add new markets with the appropriate localization around payment acceptance, customer support, and partner integration to attract new customers. These investments have enabled us to deploy capital more efficiently and drive geographic expansion and customer acquisition.

Our speed and effectiveness in launching corridors has improved as we were able to add 13 received markets in the second quarter of this year compared to 7 in the second quarter of 2021. There remains a large opportunity to expand within our existing corridors as well as enter new corridors. There are large end markets where we don't have a presence, including some in the Middle East and Asia. We will execute our corridor expansion in the same way we have built the current infrastructure, by focusing on unit economics and localization at scale to ensure a differentiated value proposition for our customers.

Our disbursement options within our global network continue to grow and remains an important driver of customer loyalty. Our growing network of banks, mobile wallets and cash pickup locations allows our customers to choose what works best for them and their recipients and the quality of our network maintains a competitive differentiator.

Our investments in products and technology continue to drive superior customer experience enabled by our intuitive mobile-first interface, risk and fraud management infrastructure, security and customer support, as you can see on Slide 12. For example, in the second quarter, we enabled live support for our customers in 7 additional languages. We now support 15 languages with a combination of native speakers and real-time chat translation. This helps our customers solve problems quickly in their native language and build loyalty.

As a result of our remittance product investment, we maintained a 4.9 star rating in the iOS app store and a 4.8-star rating in the Google Play store. All of these outcomes are only achievable with scale and being a scaled digital first player allows us to make these investments and benefit from a flywheel effect of more transactions flowing through our network.

Turning to our vision for complementary new products on Slide 13. In the past few years, we scaled our remittance business to one of the biggest and best globally, rapidly adding new corridors, reducing friction in the customer experience and winning and retaining millions of customers. We have also talked about our strategy to add new products in addition to remittances.

Passbook has been our flag shift product in this space, which showed increased engagement in Q2. Building on lessons learned from Passbook, we are narrowing our focus to complementary new products to deepen the relationships with customers.

We are more convinced than ever that introducing complementary new products tied to our remittance product is the right strategy. This focus will allow us to deepen the long-term relationship with our customers. We believe driving towards a relationship-based value proposition with our customers will allow us to differentiate our remittance product even further. All of this creates a significant moat around our remittance product by adding more value to our customers.

Looking ahead on Slide 14, our focus will remain on serving our customers and driving long-term value for our shareholders. Our investments in a portfolio of high ROI opportunities will allow us to drive long-term double-digit growth and the scale to build a profitable and sustainable business as we continue to lean in on driving higher returns across our investments and opportunities to drive leverage across our expense category.

Our marketing investments and strong unit economics will continue to drive our growth in the near term and beyond. We will see increasing returns from our investments in geographic expansion and remittance product enhancements in 2023 and beyond. Our long-term vision of complementary New products is expected to drive sustainable returns in 2024 and beyond as we will benefit from a deeper relationship with our customers.

With that, I will turn the call to Hemanth to provide more details on our financial results and outlook.

Hemanth Munipalli - *Remitly Global, Inc. - CFO*

Thank you, Matt. I'd like to start by discussing why I joined Remitly. The core business is strong as evidenced by continued strong quarterly growth and with immense opportunities to deepen our relationship with our customers with complementary financial products and services and scale efficiently. By executing well, we expect to deliver sustainable, long-term profitable growth for our shareholders. I believe Remitly is just getting started, and I'm excited about its future. I also look forward to driving continuous improvement across the finance function at Remitly, and I'm excited to meet with the analyst and investor community over the coming months.

Now let's start with the details of our second quarter results. To reiterate Matt's comments, our momentum continued this year, and we delivered very strong second quarter results across all metrics. This strong performance and our expectations for continued growth, even while setting more aggressive investment return thresholds enables us to raise the midpoint of our revenue and adjusted EBITDA outlook for full year 2022.

I'll begin by reviewing the drivers of our second quarter financial performance, and then we'll provide more detail on our outlook for 2022. As a reminder, I will discuss non-GAAP operating expenses and adjusted EBITDA in my remarks. These metrics exclude noncash items, such as stock-based compensation in all periods. Reconciliations to GAAP results are included in the earnings release.

Beginning on Slide 16. Active customers grew by 43% year-over-year to more than $3.4 million. Send volume grew 40% year-over-year to approximately $7 billion all resulting in revenue growth of 42% year-over-year totaled $157 million, which was above our expectations.

As you can see on Slide 17, a number of factors drove the 43% active customer growth, including acquiring a record number of new customers in the quarter and a high retention of existing customers who, in many cases, continue to transact with us over many years. We believe strength in the U.S. dollar helped drive some incremental new customers to Remitly. We also saw continued growth in our new customer acquisition across corridors, which helps us broaden our portfolio and create more revenue and operating leverage opportunities over time.

Our unit economics and new customer acquisitions remain highly compelling as we drive marketing efficiencies resulting in lower CAC, as Matt discussed. Our unit economics also benefited from our increasing leverage on transaction costs, which I will detail later. On average, customers continue to send multiple transactions per month, and our pricing, which is influenced by multiple factors, such as speed, method of payment, mix of fee and foreign exchange spread and local competition continues to deliver value for customers.

The consistency in our customers' sending behavior once we acquire them as an active customer translates into a predictable revenue stream and minimal revenue churn.

Turning to Slide 18. Strong growth in active customers and higher retention drove the 42% year-over-year revenue growth that we delivered in the quarter as we continue our multiyear track record of healthy double-digit revenue growth at scale.

Turning to costs on Slide 19. We continue to benefit from increasing scale and improvements in our fraud and risk systems. The benefits of this are most visible on the transaction expense line. Transaction expense was $61 million or 39% of revenue, an improvement of over 300 basis points from 42% of revenue in Q2 of last year. Our teams have worked hard to make this happen through more direct partner integrations, better terms with payment processing partners driven by increasing scale and advanced risk and fraud management systems, which drive down transaction loss rates while at the same time improving the customer experience.

We expect to continue to benefit from increasing scale and improved precision on fraud losses although we expect some variability in transaction expense from quarter-to-quarter.

Now I'll turn over to our non-GAAP operating expenses on Slide 20, which reflects the investments we are making to allow us to scale our remittance business and execute on our long-term vision of serving immigrants and their families with the most trusted financial services on the planet. Our largest operating expense is marketing, which represented $41 million in the quarter or 40% of total operating expenses.

The vast majority of marketing expense is related to new customer acquisition efforts. This marketing investment delivered a record number of new customers acquired at 11% lower CAC compared to the first quarter as our teams identify efficiencies and by raising our investment thresholds. To be clear, we could have grown active customers even more at strong unit economics when we made the decision to drive even higher returns. We continue to monitor our marketing spend actively in light of our focus to drive higher returns while driving strong customer growth.

Customer support and operations expense was $70 million in the second quarter or 16% of total operating expenses and was flat year-over-year on a percentage of revenue basis. As we scale, we expect to continue to benefit from increased automation and efficiencies. Our customer support cost are also influenced by the level of new customer adds in a quarter as new customers tend to have higher initial support contacts. Over time, as we scale, we expect new customers to be a smaller proportion of active customers, which should help drive leverage in customer support costs.

In addition, our remittance product investments in ensuring the frictionless customer experience will also drive leverage in customer support costs over time as our customers will need to contact us less often. We believe our continued investments in technology and development are critical to ensure a trusted customer experience and deepen our relationships with them through complementary products.

Technology and development expense was $22 million in the quarter as we've been making investments to enhance our products, continue to build our platform capabilities and improve security. Our investments also allow us to localize at scale much faster as we add new corridors, payment methods and disbursement options at a more rapid pace, allowing us to capture more market share. For example, in the second quarter, we were able to add approximately 900 corridors, the most we have added in a quarter, a level of growth that would not have been possible without the scaling investments we're making in our technology platform.

As we mentioned on our last call, we expect technology and development expense to increase as a percentage of revenue in 2022 compared with 2021 as we prioritize product investments, new product development and corridor additions. G&A expense was $22 million in the second quarter or 22% of total operating expenses. This includes an investment in our human resources, finance and legal teams and additional public company operating costs, which will allow us to effectively scale to support our growth initiatives. We expect the year-over-year growth in G&A expense to moderate as we begin to anniversary public company costs in the fourth quarter of 2022, and we expect to see leverage in G&A later this year.

Turning to Slide 21. Adjusted EBITDA, which excludes stock-based compensation expense, was negative $5.3 million in the second quarter of 2022. Our adjusted EBITDA performance was better than we expected, primarily due to higher-than-expected revenue and improving returns on our customer acquisition investments.

Before turning to bottom line results, I would like to summarize that our growing revenue base, strong unit economics and high ROI on marketing provides a significant opportunity to accelerate scaling across other expense categories as we head into our first anniversary as a public company. I look forward to sharing additional thoughts and progress as we shape our profitability trajectory.

Now turning to the bottom line. Second quarter GAAP net loss was $38 million compared to a $1 million net loss in the second quarter of 2021. The increase in net loss was primarily due to a $30 million of incremental stock-based compensation expense driven by hiring top-tier talent to execute on our strategic priorities. Additionally, we recognized a $6 million adjustment related to prior periods. We expect quarterly stock compensation expense in the remaining quarters of 2022 to be relatively consistent with the amount we recognized in the second quarter, excluding the $6 million of prior period adjustments we recognized in the second quarter.

Turning to our balance sheet. Working capital at the end of the quarter was approximately $452 million and reflects cash on our balance sheet of $430 million. Working capital is an important liquidity metric for us and a good proxy for operating cash. In that, it removes the impact of customer funds that are included in our balance sheet within cash and cash equivalents and disbursement prefunding, which has not yet been dispersed at the end of the period.

Our balance sheet provides us significant flexibility to execute on our main growth drivers of acquiring new customers at highly attractive unit economics, expanding corridors in new geographies, enabling a world-class remittance experience and building complementary new products for immigrants and their families.

Moving to our 2022 outlook on Slide 22. We expect revenue to be between $625 million and $630 million. This is a $12.5 million increase at the midpoint from our prior outlook and implies a year-over-year growth rate of 36% to 37%. We're increasing our outlook to reflect the strong performance we delivered in the second quarter.

In the near and midterm, we expect increased transactions from new customers to benefit us through the rest of 2022 and beyond.

As a result of our better-than-expected performance in the second quarter, we are narrowing and raising the midpoint of our 2022 adjusted EBITDA outlook to be between negative $35 million and negative $30 million from our prior outlook of between negative $40 million and negative $30 million. Due to the seasonality of new customer acquisition, we expect the fourth quarter to have lower adjusted EBITDA than the third quarter.

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

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Ramsey El-Assal with Barclays.

Allison Sara Gelman - *Barclays Bank PLC, Research Division - Research Analyst*

This is Allison on for Ramsey. Welcome, Hemanth. Just on the competitive environment, how do you -- are you guys thinking about market share? So when you win a customer, where are they coming from? Or really, in other words, what is most common here that they were previously using brick-and-mortar? Were they using a different digital platform? Or are they just completely new to remittances? Some color there would be really helpful.

Matthew B. Oppenheimer - *Remitly Global, Inc. - Co-Founder, CEO, President & Director*

Great. Yes, happy to, Allison, and thanks for the question. I think that the -- if you look at the market share that we're gaining, as I mentioned in the opening remarks, guiding the 36%, 37% compared to an industry growth rate of 4%, we are growing much faster in the market.

In terms of where that is coming from, I think it's a mix of a lot of legacy and off-line players, given that the majority of remittances based on our data are still sent via legacy players as well as digital players where we have a superior solution. And the reason I think that we're gaining that much market share strategically or structurally is because the combination of being a digital-first player with scale enables us to invest more in our distribution network, invest more in our risk systems, invest more in the customer experience. All of that ultimately brings less friction to customers and more peace of mind which not only attracts record new customers, as we mentioned, but also maintains that long-term relationship, which we're continuing to see.

Operator

Our next question comes from Andrew Schmidt with Citi.

Andrew Garth Schmidt - *Citigroup Inc., Research Division - VP & Analyst*

Welcome, Hemanth. Good to have you on. First question on customer acquisition costs. I'm wondering if you just elaborate about delevering on the sustainability and good to see the step down. But maybe talk about the sustainability of lower levels of CAC.

And then over intermediate to longer term, perhaps you could just elaborate a little bit more on the strategy to create more organic customer adds versus paid. Any insight on those 2 would be helpful.

Matthew B. Oppenheimer - *Remitly Global, Inc. - Co-Founder, CEO, President & Director*

Yes. Thanks, Andrew. I think that what -- if you look at the reasons why we're seeing the 11% increase in -- or improvement in cash sequentially, it's due to a variety of factors. I think our team has never been stronger. When you look at our CMO that we promoted internally, Rina Hahn, if you look at the creative and brand execution cash sequentially, it's due to a variety of factors. I think our team has never been stronger. When you look at our CMO that we promoted internally, Rina Hahn. If you look at the creative and brand execution and velocity.

If you look at the external advertising environment, that's been favorable, I think, for us. And I think that ultimately, we have the ability -- when we think about CAC, we ultimately look at it from a return on investment standpoint. And we have a very good handle around payback guardrails and how we deploy marketing dollars to make sure that we're doing it efficiently.

And so I see the ability to continue to certainly have a lot of sustainability around our marketing investments. And because of those variables that I mentioned, we're really excited about not only customer acquisition costs that we're paying but the unit economics, meaning the lifetime value side of the equation, the payback period that we're seeing across the globe. So excited about Q2 and excited about the place that we're in overall.

Andrew Garth Schmidt - *Citigroup Inc., Research Division - VP & Analyst*

Very clear. Very helpful. And then, Hemanth, if you don't mind if I put you on the spot. Obviously, a big question we get from investors is path and timeline to profitability and don't expect any big announcements here. You've only -- you haven't been on for too long. But maybe you could just tell us just a framework for how you think about just investments and returns in the business and how you sort of think about balancing profitability versus growth? Any color there would be helpful.

Hemanth Munipalli - *Remitly Global, Inc. - CFO*

Yes. Thanks for the welcome. And I think thanks for the question, certainly on top of mind, I know for investors. I would say that, one, we certainly are long-term focused in terms of value creation. And there's a couple of things that we've started doing, I think we talked about a little bit here in terms of we're increasing our thresholds on our ROI, which was also reflective in the CAC improved performance in Q2 as well. So there's certain things here as we get a little bit more discipline on how we think about investments that will give us -- put us in a better place as we look forward in terms of our path to profitability.

From my perspective, obviously, very early days and getting to understand and learn the business and mode of share. We did talk about we're coming up a year in terms of our being a public company pretty soon, and there's opportunity for us as we get into our strategic and financial planning processes to look at certain areas in the business that we can probably get more efficient or start looking to scale. But again, there's early days yet, top of mind for us, and we'll have more to come on that topic.

Andrew Garth Schmidt - *Citigroup Inc., Research Division - VP & Analyst*

Very helpful. Thank you very much. Good quarter, guys.

Operator

Our next question comes from David Scharf with JMP Securities.

David Michael Scharf - *JMP Securities LLC, Research Division - MD & Equity Research Analyst*

Matt, I apologize if this is redundant, I wanted to just dig into CAC trends a little bit more. And specifically, I'm looking at my notes from last quarter, and I know there was a specific comment that you guys were experiencing more competition in most of the digital acquisition channels. it was putting a little bit of pressure there. And can you expand on whether or not some of the favorable CAC trends this quarter are purely sort of organic? Or is it also a result are you seeing some digital competitors actually step back in terms of their demand?

Matthew B. Oppenheimer - *Remitly Global, Inc. - Co-Founder, CEO, President & Director*

Yes. Thanks, David, and happy to go into more depth on the CAC side, especially as it pertains to Q1. I think that the comments and what we experienced in Q1, I think, was more specific to Q1. I think that if you look at Q2 and the general trend that we're seeing, we are able to both, as we mentioned, bring down customer acquisition costs while adding a record number of new customers.

If you look, as I mentioned in the opening remarks, we added as many new customers and -- nearly as many new customers in Q2 of '22 than we did the entire year of 2019. And I think the reason for that is a lot of variables that are within our control in terms of, as I mentioned, creative brand execution, rigorous focus on payback at both the channel -- marketing channel and geographic perspective.

I think that there's some advertising environment in terms of the digital channels being less competitive. But I think that we know how to leverage that and how to test elasticity in a way that is very effective. And so that may be why we stand out compared to others in the market. Hard to stay there, obviously. But I think we're really proud of our results.

We have a good handle, again, around the return on the investments that we're making and marketing is just one of those examples. And the good thing as well about new customer adds is that it also is kind of the leading indicator of revenue growth because you add these cohorts of new customers. But then, as I mentioned, it may cost us more in that first year, given that we have approximately a 1-year payback period. But when you look at the revenue growth that is in the quarters to come, it's a good bellwether for that. So really pleased with the customer acquisition, both numbers and cost and overall unit economics in Q2.

David Michael Scharf - *JMP Securities LLC, Research Division - MD & Equity Research Analyst*

Got it. That's very helpful. I appreciate the detail. And maybe just as a follow-up, sort of interested in getting a feel for sort of corridor mix and how that might impact -- impacted growth lately as well as maybe over the next few quarters, specifically, LatAm has been very strong performer for a lot of tradition -- even for all the traditional walk-in players. I know Mexico is kind of #3 of your big 3.

But is there any change -- general change in the mix of where remittances are going among Philippines, India and Mexico? And also, just as importantly, as you look at the nature of the customers that you've most recently added, is there anything about their likely geographic sense that then might alter the mix and impact growth?

Matthew B. Oppenheimer - *Remitly Global, Inc. - Co-Founder, CEO, President & Director*

Yes. Thanks, David. I think that the punch line would be that there's increasing geographic mix in terms of our customer base, both from a send perspective, meaning North America, Europe and Asia as well as receive perspective, meaning primarily Asia, Africa and Latin America. And we added 900 new corridors just last quarter, which is a lot of corridors in the context that we now send at well over 3,000 -- between -- well over 3,000 corridors.

So I think you're seeing that increased mix which is exciting from -- for a whole host of reasons, but most importantly, kind of sustainable long-term growth because the 900 corridors we launched last quarter, they are not going to materially contribute to revenue this quarter, next quarter. They're going to contribute to revenue in the years to come. And that's just like a year or 2 ago when we said the corridors that we launched at that point will not contribute to revenue until the quarters and years to come. And we're now benefiting from those really intentional launches. And that's, I think, a unique part of Remitly's strategy that's often, I think, underappreciated, is this really methodological process of rolling out new corridors and planting the seeds for future revenue growth.

And that's how we've gotten the kind of multiyear high double-digit compounding growth rate is that second investment area, which is geographic expansion. So Hopefully, that provides some context, David. And what I'd say is the punchline is increasing geographic expansion and planting the seeds for multiyear double-digit revenue growth.

Operator

Our next question comes from Bob Napoli with William Blair.

Noah Benjamin Katz - *William Blair & Company L.L.C., Research Division - Research Analyst*

This is Noah Katz on for Bob Napoli. Congrats on a great quarter. Thank you, guys, for telling us a little bit more about the Passbook initiative. But is there anything you can tell us about the Remitly for developer initiative? Previously, I think you gave us some sizing on it as a percent of revenue, but any color on that would be great, where it stands today.

Matthew B. Oppenheimer - *Remitly Global, Inc. - Co-Founder, CEO, President & Director*

Yes. Great to see you, Noah. And we are -- we continue to be excited about Remitly for developers. As you know, we've announced a couple of partnerships there in the crypto space. But if you look at the pipeline of companies that have a need to be able to disperse funds in emerging markets, it's a much broader pipeline than that.

And so excited about the types of companies that are interested, the size and scale of a lot of those companies. And excited about our unique value proposition, which includes both our disbursement network and a wide range of disbursement options as well as a lot of the fraud, risk management, FX pricing. Once businesses have actually looked at the complexity of remits is again a theme folks often under appreciate the complexity, including other businesses. Once they get a sense of the complexity of international payments we're seeing good uptick there.

So no specific new partnerships to announce but continuing to invest in a disciplined way in that area and seeing a lot of interest from a wide range of types of companies.

Noah Benjamin Katz - *William Blair & Company L.L.C., Research Division - Research Analyst*

Great. If I could fit one more in. I know you guys expanded into 5 new send markets last year throughout Europe. It might be too early, but do you guys have any initial observations from these newly entered markets and how they're comparing to your more stable markets that you guys are in?

Matthew B. Oppenheimer - *Remitly Global, Inc. - Co-Founder, CEO, President & Director*

Yes. I think that if you look at the new markets, we're continuing to roll out the same kind of corridor expansion playbook. And so the punch line is they might mirror other markets that we've launched when you look at some of the early active rates and other metrics that we look at to kind of estimate the lifetime value of customers and the behaviors.

But given that we're in so many markets now, we can look at those leading indicators and get a pretty good sense of the lifetime value of customers and then the amount we're willing to pay from a customer acquisition cost. And so it ties a bit to David's question earlier in terms of just planting those seeds for future growth, more similarities than differences.

And we're also just getting faster at rolling out new markets because the payment acceptance, the compliance experience and identity verification, all of those things, you start to get pattern matching, and there's only so many ways to do identity verification or collect payments. So there's still some optimization that needs to be done, but it gets faster with each incremental market. And so that would probably be the only notable thing in those 5 new send markets is that we're getting faster given the scale that we have and the pattern matching that we can do amongst different markets.

Operator

(Operator Instructions) Our next question comes from Mark Markgraff with KeyBanc.

Alexander Wexler Markgraff - *KeyBanc Capital Markets Inc., Research Division - Associate*

This is Alex Markgraff. Matt, nice to speak with you. Hemanth, nice to meet you. Just a couple of quick ones from me. First, thinking about the kind of implied second half based on guidance. Can you talk about what's assumed around some of the leverage and transaction expense? What should we kind of anticipate the benefit to be realized versus what was seen in the second quarter?

Hemanth Munipalli - *Remitly Global, Inc. - CFO*

Yes, thanks for the question, and thanks for the welcome as well. I'd say when we look at transaction expenses we called out, there is some level of variability around the margin piece. We are making continued improvements on the fraud side of things, using technology, et cetera. So current expectation is for the margins to be relatively at the same level for the balance of the year. And -- but continued progress around how we can make improvements. But the expectation that we built in is mostly stable.

Alexander Wexler Markgraff - *KeyBanc Capital Markets Inc., Research Division - Associate*

Great. I appreciate the extra detail there. And then, Matt, maybe one for you. Just around your comments about narrowing the focus on complementary products. I apologize if I missed some detail on that, but would you mind just kind of expanding in terms of how your thinking has perhaps change versus this time last year when we were speaking about Passbook?

Matthew B. Oppenheimer - *Remitly Global, Inc. - Co-Founder, CEO, President & Director*

Yes. Yes, absolutely. And I'm happy you picked up on the word complementary, which was used very intentionally. And I think that when you think about the broader products that we can offer our customers, the ones where we believe we can add the most value and they will increase and deepen the relationship, which should show up in the form of engagement and increase active customer rates, is via complementary products to remittances.

And so there's a store value aspect with Passbook in that, obviously, but you, I think, should expect us to think about that more broadly in terms of other problems that are adjacent to remittances to deepen the relationship with the now 3.4 million customers and rapidly growing remittance customers to establish that long-term relationship with them and looking forward to being able to share more in the future as we launch products in that space.

Operator

Our next question comes from Ramsey El-Assal with Barclays. If your line is on mute, please unmute.

I'd now like to turn the call back to Matt Oppenheimer for closing remarks.

Matthew B. Oppenheimer - *Remitly Global, Inc. - Co-Founder, CEO, President & Director*

Great. Thanks so much, operator. So -- and thank you all for the thoughtful questions and for joining today.

As we always do at Remitly, I'd like to end the call by highlighting another one of our amazing customers. This customer's name is Bibi. Bibi joined Remitly in May of 2022, one of the many new customers that we just added and sends money from the U.K. to family in Pakistan. A family member recommended -- and this is what Bibi said, a family member recommended Remitly to me. They shared that it was a reliable way to send money back home from the comfort of your home. I like many things about my experience using Remitly. The charges were clear to understand. I received updates every step of the way, and I really appreciated the message directly to me when the money was collected by the recipients. I recommend Remitly to all of my friends and family.

So we thank Bibi and her family for using Remitly and recommending Remitly to others. And we are very excited about 2022 and beyond and look forward to sharing our progress as we continue to execute on our very important vision.

Operator

Thank you. This concludes today's conference call. Thank you for participating. You may now disconnect.
