That was sort of our initial foray, but we've since expanded and are quite more diversified, I think, than maybe most people realize in all those areas. And a big global company, over 70% of our business is outside the U.S. and strong growth with good growing margins. Question And Answer

I know there are a lot of moving pieces, both from a geographic and vertical perspective. But given the ongoing regulatory volatility and some of the other t hings that could impact the business, maybe you can outline for us what you were pleased with and what surprised you last year and how that translated into 2025's initial outlook? Cosmin Pitigoi

A lot in there. But I'll say, first, last year, one of the things that we had to navigate was a very complicated macro environment. We are -- because part of our business is cross-border and that is education, especially with international students, we saw a pretty big impact from countries like Canada, where a restrictive student policy visa kind of impacted us. Even with that, obviously, we still ended the year growing revenue 24%, margins up over 500 bps. But yes, as we exited in Q4, we continue to see some of those pressures, especially in Canada, where we continue to see some of those pressures. So let me talk through some of the things that, I guess, surprised us and then some of the things that are kind of we're seeing positives there. So Canada, all of last year was down around 35% for us and that caused a pretty big impact both on our revenue, but also on the NRR metric. And what we saw exiting Q4, the assumption was that maybe that demand destruction that started sort of early in the year where Canada put caps in place, we obviously have a lot of cross-border business there, the student caps was starting to already sort of destroy demand and the rhetoric kind of from the government was such that you saw demand destruction happening exiting the year, that continued.

They canceled that program sort of middle, late in the quarter. And so as we're looking at that, which is obviously surprising that you would do that given that the education sector is under distress. And so that -- as it played out through January and February, that was sort of one surprise, I would say, negative s urprise that despite all of the pressures in the education sector in Canada, this adds even more pressure. So we saw that and we sort of -- it was part of the reason we were behind on revenue in Q4.

Australia, somewhat similar, I guess, in some ways, but different in others. In Australia, the conversations with the government were actually quite positive and balanced. So it seemed like the education sector and the government sort of had agreed that they're not going to put caps in place the same as Canada did.

And so that starts to then look a little bit like what was happening in Canada, which again, what I've tried to do, as I have taken over last year, I joined about a year ago, actually almost a year ago, taken over the guidance is really shift to a more just proactive approach to guidance, which is -- and also more transparent in terms of here's all the assumptions we have in the guide. So taking Canada and Australia, last year, every single headline felt like it was a hit, a body blow almost. So I said like let's put Australia and Canada together around 15% of our business, assume both this year will be down about 30%. So that alone, obviously, even in a stable environment, that would not be pressure on our guide, but we decided to assume that in the guide, assume that it seems like these are pressures and other demand destruction will probably continue in those markets.

So those are some of the negatives. On the positive side, look, I mean, there's visa pressures in the U.S. There's visa pressure in Canada, but still we saw pretty good growth in the U.S., 13% up despite what looks like F1 visas pressures there. In the U.S., we're seeing the domestic cross-sell, which you hear us talk a lot about. That is very much resonating. So that is helping still grow. And U.K. is incredibly high growth for us. It's been a great success story. S o those are very positive.

And then look, we have the other verticals. So travel is now our second largest vertical, 13% of the business last year, growing over 50%. As you know, we started this travel business sort of just before COVID.

And so it was great to see the travel business perform so well. And that's, to some extent, the acquisition that we made was basically investing alongside th at strength in the travel business. And then of course, B2B, as you saw it, it's a small part of the business. I think of it as kind of our innovation lab, but that was growing almost at 70%. So really great.

It's a great area of us to find other industries that look like these sort of poorly digitized workflow industry. So seeing good progress there. So -- and then you look at it overall, the team was very resilient. We came out of last year even more resilient, more optimized and obviously continuing to expand margins despite that pressure. So feel good that with the guidance in place, we've at least been very transparent, and we're going to get through the macro environment, focus on what we can control and emerge stronger through this. But it's going to be obviously a bit bumpy in the middle, but I feel good about where we're starting the year. James Eugene Faucette

Chief Financial Officer I'll say if you look at the 30% decline for Canada this year, just over half of that is from that aspect. But you're right, as far as the ti ming of it, think of it as in terms of that 30% down for the year is probably a bit more in the first half of the year or less as you see some of that shift between -- and so it depends when people end up actually paying... James Eugene Faucette

But if I look at it from a payer standpoint, you're really kind of building in kind of 15-ish percent. You said sort of like half the decline in Canada. Am I thinking about that correctly?

The rest -- demand destruction continues. Even -- we continue seeing headlines even last week and now apparently a border agent can stop a student at the border and revoke their visas, which again, it's -- it just shows the level of demand destruction there continues. But at least this year, we've sort of tried to get ahead of some of those things in that.

So the thing is, for them, as you look at our business, we're in luxury travel, so smaller operators where we're solving, again, kind of a back office complexity. T hese are now the biggest brands in the world as far as hotels. So suddenly, we have a very different set of clients that were able to talk to.

So it's not something that you can build overnight, not capability and relationships you can build overnight. And they've done really great building that relationship. And the way to think about the business is it's about 70% software, 30% payments.

We have an opportunity to go further. So the gross margins on the business are actually closer to our corporate gross margins, so 60% or so, which is actually higher than our travel business. And they have actually pretty healthy EBITDA margins. And in terms of revenue, they've been growing kind of faster, more in line with our historical growth. And as you look ahead, there are sort of 4 different synergies that drive that revenue.

So that's another $50 million. So again, you look at all those, I think the business on its own in terms of revenue can sort of easily more than double over the next few years with, again, solid gross margins and increasing EBITDA. So we're quite excited about the business together with our travel business next year could be almost 1/4 of our...

Got it. So let's dig into some of the different dynamics that are impacting the business on the education side, on the political side. You talked about Canada and Australia.

You're as transparent as you can and you're very much data-driven. So the other markets besides Canada and Australia, where we know, clearly, those are n egative, even though we're continuing to retain clients, grow our portfolios there. The other 2 markets are U.S. and U.K. Where in the -- let's start with the U.S. So in the U.S., for us, which you've heard us in terms of the guidance in the U.S., so last year, the U.S. education market for us or revenue was around

23% of our business, was up 13% despite looking at F1 visas in the U.S. were down. So there's a lot of sort of -- there's a big negative and then there's a big positive in many of these cases. In the case of the U.S., a big sort of 10% down because still a portion of our U.S. -- a good portion of our U.S. business is still international. So we're still adding more domestic cross-sells and the business is doing well. But you see going into the year, exiting last year, again, se eing visas down throughout the year, exiting the year, again, seeing new administration. It's been tough to actually pinpoint...

Yes. So you're seeing some negatives, but there's also a conflicting -- you're seeing some positives. So I think H1B visa is one of the reasons why people come to the U.S. And it's one of the reasons when people ask, like, how do you assess the macro environment?

Actually, U.K. even more so. In U.K., visas were down probably in the mid-teens year-over-year, and we grew multiples faster than our average in the U.K. And the EMEA business was up sort of 55% or so, and U.K. is a big component of that. Cosmin Pitigoi

Chief Financial Officer There's still a lot more doors and the existing doors have a lot of cross-sell opportunities with other products that we continue innovating around. So there's -- the cross-sell back into the existing is also there.

We have another one now. So all those things are building up into a really good pipeline that we've seen this year. We brought in a new sales leader, too, there in enterprise sales. So really good progress. I feel good.

So before we leave the education segment, and I do want to spend a little time on some of the other areas, but how should we be thinking about the playbook that you ran with WPM? And that seems to have been a really successful acquisition. But maybe touch on the strategic overlaps or at least the tactical approach that you can apply to the certified integration process. I mean WPM was the same, maybe with Invoiced and now with Sertifi is that software kind of capability that then allows us to go monetize the payment volume. And so for us, in terms of the WPM acquisition was obviously very successful, helped with kind of the success you saw in the U.K. And it just kind of -- it resonates again at that intersection of software and payments that we are kind of -- it is our kind of -- now it's our M&A playbook is find the right software. It has some payment volume component to it that is currently not monetized.

Yes, it's a good question, lots of components, but maybe I'll start with gross profit, talk about EBITDA margins and then a little bit on profitability. But -- so on gross profit, what you've heard us talk about historically is B2B and travel structurally have lower gross margins because they are actually credit card funded. And so those -- the mix of those growing faster was -- continues to be the thing that kind of puts pressure on our gross margins that you hear us talk about over time. Now, of course, the acquisition of Sertifi for travel actually improved those margins -- gross margins a bit for the travel business, which is good to see. But still, those are going to be faster growing kind of verticals with kind of lower gross margins, while education and health care tend to have.

It's in our platform revenue. So that is higher gross margin. So again, that's on the gross margin. On the EBITDA margin side, think of the restructuring and the operational review that we have underway is those -- the savings from the restructuring, at least, we're going to invest about 10% of that in things like the faster-growing parts of the business, invest in growth, invest in continuing to accelerate growth in the parts of the business that we see the huge potential, not just travel, B2B, but certainly EMEA, Asia, our agent network and others that we expect to continue to see growth in. So it is -- it's about half of the, call it, mid-teens million savings for the year. We're going to reinvest and still expand EBITDA margins by about 300 bps there. So that's the way to think about it.

Also, you will see it not just from the restructuring, but in general, I think last year was sort of, as a percent of revenue, was at the peak and I expect that to start coming down. So as you think of than EBITDA and certainly GAAP net income profitability, expect to continue to see that strengthening going forward. So feel good about, again, profitability, cash flow and then EBITDA margins from that mix, including with the acquisition of Sertifi. James Eugene Faucette

Yes. So we exited -- actually, we exited the year last year profitable on a GAAP net income basis. Expect this year to also be profitable. Obviously, there's a bit less interest income in there. But from a sort of core operating sort of part of the business driving profitability with stock-based comp coming down and gross -- and our EBITDA margins coming up 300 bps at the midpoint. Now historically, we've gone above that. We continue to see a longer path to exp anding EBITDA margins. We've said that sort of range that we continue to expect to continue to grow the EBITDA margins. And as stock-based comp comes down, you can assume that basically profitability continues to improve just between those 2 drivers overall. Interest income and interest expense kind of -
- we'll see where that all lands given the Fed and other dynamics. But from an operating perspective, expect EBITDA margins plus stock-based comp coming d own as a percent of revenue to continue helping. James Eugene Faucette

Morgan Stanley, Research Division So in the last couple of minutes here, Cosmin, I just want to try to put a bit of a recap and a bow on it is that clearly, the political environment as it impacts the education business has been challenging in Canada and Australia, particularly, noise elsewhere, but you're still showing really good growth in these other geographies. You have -- in a lot of ways, I feel like the business is transforming very rapidly. You're adding profita bility very quickly. You are bringing down stock-based compensation.

And continuing -- we feel we are even more a strategic asset and a strategic business than we were a couple of weeks ago with the acquisition and with the diversification that we have in place. So we feel good that we're going to focus on the business, focus on what we know we can control and emerge out of this stronger and eventually, things hopefully start to normalize. But again, I don't -- we don't need them to be great.