

Flywire Corporation ([FLYW](#)) Q1 2026 Earnings Call May 5, 2026 5:00 PM EDT

Company Participants

Maria Kahn - Vice President of Investor Relations

Michael Massaro - CEO & Director

Rob Orgel - President & COO

Cosmin Pitigoi - Chief Financial Officer

Conference Call Participants

Kenneth Suchoski - Autonomous Research US LP

Tien-Tsin Huang - JPMorgan Chase & Co, Research Division

Daniel Perlin - RBC Capital Markets, Research Division

Cristopher Kennedy - William Blair & Company L.L.C., Research Division

Michael Infante - Morgan Stanley, Research Division

Jeffrey Cantwell - Seaport Research Partners

Christopher Svensson - Deutsche Bank AG, Research Division

Charles Nabhan - Stephens Inc., Research Division

Madison Suhr - Raymond James & Associates, Inc., Research Division

Patrick Ennis - UBS Investment Bank, Research Division

Presentation

Operator

Good day and welcome to Flywire's First Quarter 2026 Earnings Conference Call.

[Operator Instructions] Please note, this call is being recorded.

I would now like to turn the call over to Masha Kahn, Investor Relations. Please go ahead.

Maria Kahn

Vice President of Investor Relations

Thank you, and good afternoon. With us today are Mike Massaro, Chief Executive Officer; Rob Orgel, President and Chief Operating Officer; and Cosmin Pitigoi, Chief Financial Officer.

Our first quarter 2026 earnings press release, supplemental presentation and when filed, Form 10-Q are available at ir.flywire.com.

Today's call is being recorded and will be available for replay on our website.

During the call, we'll be discussing certain forward-looking information. Actual results could differ materially from those contemplated by these statements. In addition, unless otherwise indicated, all financial measures discussed on this conference call are

non-GAAP financial measures. Please refer to our press release and SEC filings for more information on the risks related to forward-looking statements and the required reconciliations of non-GAAP financial measures.

With that, I'll turn the call over to Mike.

Michael Massaro

CEO & Director

Thank you, Masha, and thanks to everyone for joining us here today. It was a great quarter with significant growth and a beat on both the top and bottom line, with broad-based outperformance across education, travel, healthcare and B2B. We are building for scale while driving efficiencies into our operations. Our product and tech organization continues to generate high-quality, high-value, differentiated products and services. And our go-to-market teams continue to sign meaningful enterprise deals, while also landing and expanding across our global client base.

We are executing against our multiyear strategy to deliver \$1 billion in revenue with impressive financial metrics, and I want to spend a moment on why those metrics keep improving. We go where others are unable or unwilling to go. Most companies are built for simplicity, ours is built for complexity. Multicurrency, multi-method, multi-rail, deeply integrated, sector-specific payments and software at scale. This is what Flywire is built for. Every new payment method, every new regulatory layer, every new integration only strengthens our differentiated position. The harder the workflow, the fewer companies can follow, and that is exactly where we specialize. This is what defines our moat.

We have proven the thesis and the execution continues to improve. We are signing larger clients, growing volumes and product attach rates within existing relationships. Our momentum is yet another proof point. When clients stay, expand and refer others to Flywire, the market is telling you clearly our model works.

And the total addressable market continues to expand. 3 years ago, Flywire is primarily a cross-border payments provider. Today, we serve the full suite of domestic and international payment flows across major geographies. And in education alone, that expansion has grown our addressable market, roughly tenfold.

Many of our existing clients are still cross-border only, moving them towards processing 100% of their payment volume through Flywire is a growth engine that lives within our installed base, independent of macro conditions.

Let me walk you through 4 priorities, each designed to build long-term value. First, optimizing and strengthening the core platform. The most important thing to understand about our platform is that it gets more efficient as it scales. As payment volume grows,

our routing intelligence improves, banking relationships deepen, cost per transaction declines. This is not static infrastructure. It is a network that becomes more valuable with every new corridor, every new client, and every new additional dollar of volume we process.

To put that in concrete terms, our payment platform today moves well over \$30 billion per year, adds value to clients in more than 50 countries and accepts payments from 240 countries and territories. That scale funds better banking relationships, better routing economics and better localized experiences than a smaller platform can replicate. More volume improves the network, a better network attracts more clients, more clients deepen the integrations and deeper integrations make us harder to displace. And every capability we build, whether in education, travel, B2B or healthcare, becomes part of our shared platform designed to compound across every vertical.

Our second priority is accelerating our revenue flywheel. We are seeing clear acceleration across our go-to-market motion. We are seeing bigger deals, more enterprise wins and time to signature is decreasing. Across every vertical, clients get more. More conversion, more AR visibility, more staff time on high-value work and less of everything that slows them down. Fewer payment failures, less reconciliation burden, less bad debt, less inbound questions. That ROI is what drives retention and retention drives expansion.

Our land and expand strategy drives gross profit growth and paired with very low revenue churn across education and travel, it reflects a platform that once adopted, becomes foundational infrastructure for our clients.

Our third priority is innovating to deepen our ownership of critical workflows. What keeps clients with us is not just the payment, it is everything Flywire does around it, the software, the workflow, the visibility, the operational efficiency. We are continuously expanding our software platform to reduce operational burden and strengthen revenue management for our clients. This quarter in education alone, we enhanced our solution capabilities to better automate student communications, improve due date visibility and scaled our U.S. loan disbursements for U.K. institutions. Similar innovation is happening across every vertical, in healthcare, travel, B2B, we are removing the complex workflows that our clients have managed manually for years. Clients trust Flywire with their most critical workflows and look to us to deliver new products, features, and payment methods.

One of our key moats is the network of integrations, compliance infrastructure and operational connections around the transactions, embedded into ERP systems, bank networks and systems of record in ways that are genuinely hard to displace. As payment complexity increases, our relevance grows because clients do not want to

solve orchestration, reconciliation and compliance themselves, they want a trusted platform that absorbs that and streamlines operations for them. That is exactly what Flywire does.

And our fourth and last priority, AI is an enabler for Flywire, not a threat. AI increases the value of whoever owns the workflow and the data. At Flywire, we own both. Generic AI solutions do not have our transactional data across education, healthcare, travel and B2B. They cannot replicate our deep ERP integrations and our regulatory licensing or the years of client-specific behavior data that underpin what we do. So as AI becomes more powerful as a category, we believe our position becomes more valuable to our clients, not less.

We are also already seeing internal AI benefits emerge in our cost structure, and the opportunity ahead is significant. We've seen approximately 40% of customer inquiries auto-resolved without human intervention, with 30% reduction in support handling time and cost per contact. We are also seeing faster onboarding, thanks to AI-assisted implementations and increased throughput without a linear increase to head count.

Across the business, the impact is broad. Engineering teams shipping code faster, product teams innovating more quickly and incorporating client feedback more rapidly. And a finance team automating routine analysis so they can focus on higher judgment work. These improvements are already happening even while we continue our enterprise-wide digital transformation. Rearchitecting not just our underlying operating systems and data, but also our organization, processes, and ways of working end to end with an agentic AI future in mind. The winners in an AI-driven world will be platforms that own the workflow, the data and the client relationships, delivering results and doing so more efficiently than ever. That is the future of Flywire.

So let me leave you with what defines Flywire. We run toward complexity. We operate a network of global and local payment methods, coupled with regulatory expertise all around the world. We manage the deep software integrations that most payment companies cannot build and most software companies cannot operate. We have built the capability, the team and the infrastructure to go exactly where others cannot or will not follow. We focus on underserved large industries, education, travel, healthcare and B2B, which have massive addressable markets with long-term structural growth tailwinds. These are not cyclical bets. They are durable expanding opportunities and Flywire is built to capture them at scale.

And we deliver innovative technology paired with exceptional client service, removing complexity for our clients so they can focus on their mission while fundamentally improving how they get paid. Flywire is uniquely positioned to do this, our industry-leading software, our global payments platform and our FlyMates, genuine

experts in the industries we serve, who execute every day to deliver real outcomes for our clients. That combination is rare. It is hard to replicate. It is what gives us confidence in where Flywire is headed.

Rob will now take you through the further evidence of what I've described, the wins, the go-lives and the client outcomes that are compounding into durable growth. Rob?

Rob Orgel

President & COO

Thanks, Mike. The pattern across our business is consistent. We go where payment workflows are fragmented and operationally intensive. We embed deeply and we expand as clients consolidate more of their financial operations onto our platform.

Let me walk you through 3 themes that define Q1: strategic vendor consolidation of these workflows, geographic diversification beyond traditional markets and accelerated software-led monetization across travel, B2B and beyond.

Let me start with vendor consolidation. Clients are choosing to consolidate fragmented financial workflows onto a single trusted platform. We are leveraging this dynamic across our verticals and the reason we win is that we are the only platform that can handle all the complex workflows they need. As an example, Cornell University has committed to a long-term agreement for our full student financial software suite. Cornell is a large institution, tens of thousands of students, significant international enrollment, multiple funding sources, including sponsor billing and loan disbursements and a collections operation that touches separate debt types simultaneously. They are consolidating their billing, payments, payment plans, refunds and collection processes onto a unified global platform that only Flywire can provide. This reduces the complexity and cost of managing multiple fragmented vendors while giving Cornell a simpler, more automated and uniform view of their student financial activity.

In the U.K., our SFS is delivering measurable results at institutions facing similar operational challenges. Kingston University reduced manual financial suspensions by over 30% this quarter through automated workflow management. We signed 3 additional U.K. SFS clients this quarter, all attracted by our ability to manage their unique operational needs. Separately, The University of Edinburgh, one of our largest U.K. cross-border clients, achieved approximately GBP 1 million in savings in under a year by consolidating their international tuition flows and doing reconciliation via our platform.

In healthcare, we expanded with Endeavor Health, where we are now managing their pre-service, point of service, and post-service patient payments, deeply integrated with Epic across this multisystem organization. Endeavor operates across multiple hospitals

and care sites, each with its own billing environment and requiring us to support a high degree of specialized workflows. Our certified integrations with Epic, Cerner and Oracle, combined with our regulatorily compliant vertical software workflows are barriers that keep most payment providers out of this market.

The second thing we are seeing clearly reaffirmed in 2026 is the demand for our solutions is truly global. Using education as an example, our solutions are proving themselves outside of our traditional big 4 markets, being the U.S., the U.K., Canada and Australia. Education revenue outside those markets grew over 40% year-over-year in Q1 and more than 60% of new education clients signed were from outside the Big 4.

In Europe, we are seeing momentum in Germany, Spain, Italy and other markets as international students continue to diversify destination markets. These are not simple markets to operate in. Each requires navigating local requirements, including integrations, translations, reconciliation requirements and payments infrastructure. Institutions need a platform that can absorb that layered complexity and that is what we provide.

In Asia, we are seeing the same strong demand. This quarter, we went live with a top global university in Singapore and now have the majority of the country's universities using Flywire. Singaporean institutions are managing multiple currencies, regional payment rails and local compliance requirements on top of international tuition flows. Having the majority of this market using our platform also creates compounding network effects, that shared corridor economics, deeper regional banking relationships and routing intelligence that improves with every additional dollar of volume we process there. We see lots of needs in Singapore and many other markets that are addressed by our software capabilities.

Wrapping up my comments on why we win in global education. In Canada, where the broader market remains under pressure, our revenue has turned positive as we continue to expand our installed base and win competitive RFPs. This quarter, for example, we started processing payments for University of Calgary, a major Canadian University with over 30,000 students, and we see continued opportunity to take share in that market.

Finally, our software-led approach has been a key catalyst for capturing and monetizing payment volume. In travel, our hospitality solutions, formerly branded, Sertifi, are continuing to grow well. Payment attachment is increasing and more volume is routing through Flywire as we replace legacy gateway processors with our solution. The complexity these clients face is specific to high-value hospitality, contracts involving multiple signatories, card-not-present fraud prevention, multicurrency deposits, refund and charge-back management across jurisdictions and reconciliation against property

management systems. All workflows a generic payment gateway was never designed to handle.

Unlike a gateway, we sit inside the contract workflow itself. Our sign and pay capability collapses the contract and payment into one moment. The client signs, the payment is captured, the booking is confirmed. For operators running high-value cross-border transactions, that reduces charge-back exposure at the point of transaction. A level of workflow ownership no generalist processor can replicate. We estimate there is still an additional \$2.5 billion of payment volume within our existing U.S. hospitality clients alone that we can capture. And we are investing also in an international rollout this year as we see the same fragmented workflows exist in other major travel and hospitality markets.

In luxury and experiential travel, Q1 was our second largest quarter for ARR signings with 15 deals over \$100,000. Carr Golf and Travelling The Fairways, both left large horizontal processors for Flywire, drawn by operational efficiencies and the ability to replace a separate invoicing tool with a single workflow. The reason we win in luxury travel has not changed, competitive rates, automated reconciliation and a level of service generalist processors cannot match.

Software-led monetization is also working well in our B2B business. Studycast, a cloud-based imaging workflow platform for healthcare came to us with unique invoicing scenarios across multiple markets. They were seeking to improve low cash flow visibility and improve an entirely manual AR process. We are giving them invoicing, payments and global settlement in one workflow, that means automated reconciliation, faster collections and better working capital visibility. CMC and Lula Life, 2 other clients that went live this quarter, are variations of the same story. Complex billing and operations that are perfectly suited for Flywire.

Across every vertical, the logic is the same. We go where others are unwilling or unable to go. We embed deeply and our platform becomes critical infrastructure once deployed. Cosmin will show you what it looks like in the numbers. And with that, I'll turn it over to Cosmin.

Cosmin Pitigoi

Chief Financial Officer

Thanks, Rob. I'll detail our financial performance for Q1 2026, discuss our margin dynamics and provide our updated full year outlook.

Q1 performance strength was broad-based and results exceeded expectations. Total revenue reached \$184 million, up 43% on a spot basis and 37% FX-neutral growth, including 7 points in organic contribution from Sertifi. Almost half of the 9-point

outperformance versus the midpoint on an FX-neutral basis was driven by a strong January education peak in some of our core markets, with the remaining beat coming from strength in our travel segment, specifically hospitality, in particular, Sertifi payments. In addition, we continued seeing stronger-than-expected payment processing volumes from Cleveland Clinic and invoice migration, which had approximately a mid-single-digit tailwind in Q1 and expect to be of similar magnitude in Q2.

Transaction revenue was \$155 million, up 43% year-over-year. This was driven by a 45% growth in transaction payment volume with continued contribution from education, both cross-border and domestic as well as travel. As a reminder, quarter-to-quarter blended yields can vary with mix, especially as domestic payments ramp up. Higher domestic volumes and greater credit card penetration carry different economics than cross-border flows. On a like-for-like basis, pricing remains stable and competitive behavior continues to be disciplined. Our spreads reflect the value we deliver, compliance, reconciliation, ERP integrations and enterprise-grade infrastructure, not commodity payment processing.

Platform and other revenues were \$29 million, up 40% year-over-year, primarily driven by growth in hospitality. Adjusted gross profit reached \$110.5 million increasing 34% year-over-year at spot, including 3 tailwinds. Approximately 8 points inorganic contribution from Sertifi, a mid-single-digit points from FX translation and a high single-digit benefit from stronger education performance in January. Importantly, this 34% gross profit dollar growth is successfully converting into adjusted EBITDA margin expansion, demonstrating real operating leverage. Adjusted EBITDA was \$39 million, resulting in a 21.4% margin expanding at 452 bps year-over-year, which was above the upper end of our guide. The strength in adjusted EBITDA reflects gross profit growth and continued operating leverage across every expense category as our non-GAAP operating expenses grew at a meaningfully slower rate than gross profit.

Our adjusted gross margin of 60.1% was down by approximately 400 basis points. Margin dynamics are driven by 3 factors: mix, FX and temporary large payment processing ramps, not competitive pressure. This quarter, the margin change was primarily driven by approximately 250 basis points from the mixed contribution of higher Cleveland Clinic and B2B invoice client payment revenues that began ramping in the second half of 2025. The balance of the margin change was due to continued vertical mix shifts. FX on settlement impact in Q1 was minimal on an absolute basis. But we did benefit from a favorable year-over-year comparison given the headwind we experienced in Q1 2025. Excluding the ramp activity, gross margin dynamics would be within our expected range. We emphasize that these ramp dynamics are temporary and will be largely complete by the end of 2026.

In Q1, we delivered GAAP net income of more than \$12 million. It is a direct result of the operating leverage we have been building into this business, and we remain on track to grow GAAP net income by approximately 3 to 4x on a full year basis.

Turning to capital allocation. Our balance sheet remains strong with approximately \$215 million in corporate cash, giving us significant financial flexibility while continuing to invest in the business. Today, we're announcing an accelerated share repurchase program of up to \$50 million under our existing share repurchase authorization, the single largest capital return action in Flywire's history as a public company.

The ASR program reflects our conviction in the intrinsic value of the business and our view that the current share price represents a compelling opportunity. This is not a change in our growth investment philosophy. We're acting on market dislocation. The company intends to fund the ASR with available cash on hand. The ultimate amount and timing of repurchases will be informed by prevailing market conditions and price levels ensuring alignment with our return thresholds and broader capital allocation priorities, including continued investment in organic growth and selective M&A. Since launching the repurchase program, we have now deployed \$128 million in total share buybacks, which represents the majority of free cash flow over that time period. A track record of consistent execution, not episodic activity.

Moving to guidance. We are raising both revenue and EBITDA guidance for the full year 2026. We now expect 18% to 24% FX-neutral revenue growth with approximately 3 to 4 points from payment processing ramps in B2B and healthcare, mostly benefiting the first half of the year. And roughly 1.5 points of inorganic contribution as we lap Sertifi. Adjusted gross profit is expected to grow just above the mid-teens year-over-year at spot. We expect approximately 175 to 375 basis points of full year EBITDA margin expansion, reaching approximately 22.8% at the midpoint. Stock-based compensation remains targeted at approximately 10% of revenue, while we continue managing growth and net dilution in a disciplined manner. And anticipates free cash flow conversion of 70% to 75% of adjusted EBITDA. Our Q1 outperformance flows through to upgraded full year 2026 guidance.

Before I walk through the details, I want to flag one shaping dynamic. Second half revenue growth is expected to decelerate relative to the first half, not because of any change in the underlying business, but because we are anniversary the Cleveland Clinic and invoice payment volume ramps from the second half of 2025. Gross profit growth is less affected given the margin profile of that revenue.

On macro, we are not changing our underlying assumptions. While Q1 benefited from a strong January education peak and favorable timing that we view as nonrecurring, we

continue to expect performance to normalize over the remainder of the year as we remain prudent and data dependent.

For Q2 2026, we expect FX-neutral revenue growth of 18% to 24%. As we indicated last quarter, growth will moderate from Q1 as Sertifi laps out. But underlying organic momentum remains solid. At current spot rates, we anticipate 1 point of FX tailwinds. Gross profit dollar growth is expected in the mid-teens range at spot rate including low single-digit estimated benefit from FX on settlement year-over-year dynamics. Adjusted EBITDA margin is expected to expand by approximately 75 basis points year-over-year at the midpoint of our guidance.

Following a very strong Q1 margin expansion, the Q2 expansion is modestly below our typical annual expansion rate, reflecting 2 dynamics. First, we're lapping the restructuring actions we took the first quarter of 2025, which created a more favorable cost base than the prior year period in Q2. And second, we're making deliberate investments in domestic expansion growth, data and AI infrastructure alongside scaling Sertifi beyond the historically U.S.-focused business into a global platform as part of our broader hospitality strategy, all high conviction long-term priorities. Note that Q2 is our seasonally lowest revenue and EBITDA quarter with margin expansion weighted to the back half of the year as revenue scales seasonally.

In closing, Q1 demonstrates the durability of our diversified platform, the scalability of our operating model and our continued commitment to disciplined capital allocation. As Mike described, we are actively embedding AI and automation across our operations. We structured AI governance at the executive level to accelerate adoption and rigor.

Having spent 2 decades believing in the power of data architecture and machine learning to empower people, today, that conviction is being supercharged by AI agents that are profoundly enhancing our human capabilities across the business. One of the core principles of the enterprise-wide digital transformation program is the concept of democratizing certified data, making accurate structured data available to everyone across the organization, both our people and AI agents working side by side. We are actively investing in the capabilities our teams need to thrive in an AI-augmented environment, and we are being equally deliberate about aligning our organizational structure.

The goal is an organization that is faster, more scalable and structurally better suited to the next phase of Flywire's growth. We're redesigning how work gets done from the ground up, not layering new tools on to old workflows. This is the hardest part of any transformation and where the greatest long-term efficiency and scalability gains will be realized. In sales and marketing, this will enable us to match the right product to the right client with greater precision and less resource strain and our sales reps to become

even more productive with more revenue per rep and shorter sales cycles. In R&D and product, it enables us to iterate and innovate faster for our clients. And in G&A, we see the longest runway ahead. We're rearchitecting these functions from the ground up to be agent-ready and we expect the productivity gains to be meaningful as that infrastructure matures.

As gross profit continues to grow faster than OpEx over time, the operating leverage is driving our EBITDA margin expansion, and we expect to continue as growth and profitability reinforce each other. By normalizing our foundation, embedding AI natively and rearchitecting our systems and how we operate, we are structurally lowering the cost of scale while expanding our capacity to grow. Q1 is evidence. The model is already working, and our digital transformation is how we make it more durable at scale.

I'll now turn it back to the operator for questions. Operator?

Question-and-Answer Session

Operator

[Operator Instructions] Our first question comes from Ken Suchoski with Autonomous Research.

Kenneth Suchoski

Autonomous Research US LP

Really good results here. I just wanted to dig into the success in the non-Big 4 education markets. I think I heard 40% revenue growth, 60% of new clients coming from these markets. So are these just less penetrated? Are you taking more share? Or maybe it's a smaller base, but any additional detail there would be great.

Rob Orgel

President & COO

Ken, it's Rob here, and I'm happy to take this one. You're right, we called out the success in the non-Big 4 markets. And really, it's the product of our strategy and our capabilities combined with a lot of market opportunity out there. So if you think about what we can bring to those markets, right, it's the distinctive software capabilities, all of the global payment network, the solution tailored for the industry. And in those markets, they don't tend to have somebody who looks like us can do the kinds of things we do. And so take that, combine it with a team that's local, a customer service capability that's local and suits them, and we really have a distinctively strong capability. I'd remind you that for even more of those places, we've expanded this capability. It's not just cross-border, it's domestic plus cross-border in a lot of the major markets. And so it's a set of markets that we're really excited about, especially as students overall diversify their destinations.

Kenneth Suchoski

Autonomous Research US LP

Okay. Great. That's really helpful. And then maybe just on Sertifi, I think you talked about scaling that business sort of outside the U.S. and taking that global. Maybe just give us an update there. What are the actions you're taking? I mean, which markets you're looking to prioritize and what the road map is there.

Michael Massaro

CEO & Director

Ken, this is Mike. So on the hospitality business, I mean, I think the synergies still are very clear as they were at the time of deal, right, which is monetize more payment volume that sits next to the hospitality software that Sertifi had and prepare the platform and take it global to hospitality clients all over the world. And so that second one is on track. A lot of great work done by the tech teams to kind of integrate travel capabilities from the core Flywire travel business as well as the hospitality side. And that team is being built out and super excited to continue that international expansion. Specifically, probably think of us as going to Europe, it's a big area for us, obviously, with our existing travel business in Southeast Asia, in particular, being our kind of 2 geographies that we'd expect most of that growth to be coming from in the short term, but it is a multiyear strategy.

Operator

Our next question comes from Tien-Tsin Huang with JPMorgan.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

Great results. Thinking about the second quarter margin variance, I know you talked about there a little bit, but I'm just curious, is that mostly discretionary on your part from an investing standpoint? What would drive you to go ahead and invest more? I'm sure that would translate into a pretty fast return if you did that. So I'm just trying to better understand the puts and takes around where you might land and what would drive that?

Cosmin Pitigoi

Chief Financial Officer

Yes. Thanks, Tien-Tsin. This is Cosmin. So following a very strong Q1, even in Q2, we were investing obviously modestly around some of the high conviction areas that we've seen. But as you've seen us for the rest of the year, we're expecting to see margins expand even more so and raise the full year outlook. And so feel good about the investments and the return of those. And so -- and plus, I would remind you just from last year, we're lapping some of those one-offs. But in general, Q2 is pretty small. So on

a very small base, overall, as you saw in my prepared remarks, in terms of the EBITDA number there.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

Got it. No, that makes sense. And then Mike and Rob, you both talked about enterprise wins and competing for larger deals. I know you're competing out Cleveland Clinic. Just in general, do you feel like there's some, I don't want to call them gorillas, but just larger deals like that in the pipeline that you're seeing, maybe that's a little bit different than maybe this time last year.

Rob Orgel

President & COO

So we're overall really pleased with the quality of pipeline growth. We're pleased with the size of deals. We called out the deal size growth here in Q1. Want to be careful making reference to clients like Cleveland Clinic and so on, like that's obviously -- I know exactly what animal you just referenced, but it's a very, very big animal. And so we don't sort of call that out as being the norm. But overall, we're very happy with the quality of pipeline, and we're pursuing a lot of great accounts.

Operator

Our next question comes from Dan Perlin with RBC Capital Markets.

Daniel Perlin

RBC Capital Markets, Research Division

Again, great results. Mike, I just want to go back to the original topics you're going to run through and the one that kind of stood out again is kind of vendor consolidation becoming more of a, I think, a consistent theme. I think you always thought that was going to be kind of the case, but it does feel like it's picked up some, I guess, velocity here over the past several quarters. And I'm wondering, is that a function of your go-to-market motion? Is it like the density in market and people are increasingly recognizing your capabilities, I guess, holistically. I'm just trying to get a sense of where that might help in itself going forward.

Michael Massaro

CEO & Director

Sure, Dan. Yes. I think it's a combination of things, I think, obviously, we sit in an area where we're dealing with lots of complexity. We're offloading that for our customers. And when you do that, they trust you to do more. And so I would say the more problems we solve, the more they come to us looking for other opportunities to leverage Flywire technology. I think that's probably the first one.

The other thing I would just say is in this age of AI, right, a lot of people talk about kind of disruption from AI, but like if you innovate, if you deliver value, leveraging this technology, customers see that value. They want to work with you more. And I think for us, our teams are moving faster. They're delivering better results. They're delivering great client experiences. When their payers have challenges, we're there to help. And I think all those things are just driving people to realize all the potential they have to work more with Flywire, and I think that's what you're likely to see, right? We're sitting there with the regulated infrastructure to process complex payments and we have industry-leading software, and we have an amazing team. And I think that combination is really powerful and hard to beat.

Daniel Perlin

RBC Capital Markets, Research Division

Yes. Totally makes sense. Just a quick one on travel. Understanding that you guys obviously tilt more towards affluent travelers. But have you seen any evidence that higher oil prices or jet fuel or any of those things are putting any kind of organic crimp. I mean, obviously, there's kind of some noncyclical overlays just given the pace of wins that you guys have in that business that would mask it. But like if you thought about it on a same-store basis, are you seeing anything creep in yet?

Michael Massaro

CEO & Director

Yes. So this is Mike again. I haven't seen anything creep in. Obviously, Q1 was good, as Cosmin mentioned in travel. I would say, I'd just point obviously something that causes us to continue to be prudent in how we talk about the year. It's early in the year. You started to hear a little bit of disruption around oil availability for airplane travel. It's something we're watching closely. Haven't seen any impacts yet. Again, you're exactly right. We're dealing typically with a luxury traveler. And if they've kind of committed to this once in a lifetime or big trip a year, if something changes in their logistics, they're probably going to figure out how to go a little earlier or adjust around some of those changes. And so that's our expectation. Our clients haven't seen any hit yet. But obviously the world is quite dynamic and we continue to be prudent in how we talk about the year.

Operator

Our next question comes from Chris Kennedy with William Blair.

Cristopher Kennedy

William Blair & Company L.L.C., Research Division

Cosmin, thanks for the comments on the data platform initiative. Is there a way to think about kind of where we are in that journey and when most of the benefits that you talked about will be fully realized?

Cosmin Pitigoi

Chief Financial Officer

Chris, thanks for the question. And certainly, as you can probably tell, a very exciting and passionate kind of area for me. So we're sort of, I would say, we're past the early innings. We're certainly deepened already in sort of the architecture and systems integration side. And we have a very ambitious -- one of the reasons you see G&A, that area kind of investments. This is where we're putting a lot of investments there. So already kind of lost to the races and expect as you get into next year, a lot of that platform around the data and the systems architecture and the capabilities will be built out, but we're actually seeing some early results even now we're doing some work around how we manage vendors internally, how we manage a lot of our processes. So you're seeing some of that already play out. But I would say exiting this year into next year, you'll see a lot more.

And I think with the launch of some of the new tools certainly Claude, as many of us here are using that on a daily, hourly basis. The sort of acceleration and amplification of the impact of what we're putting in place, we're even more excited about it. So certainly look forward to that.

Cristopher Kennedy

William Blair & Company L.L.C., Research Division

Great. And then it was great to see the Penn State win. Can you just talk about kind of the traction or the momentum that you guys have for SFS in the U.S.?

Rob Orgel

President & COO

Yes, I can take that. This is Rob. As you called out, we announced the go-live for Penn State. Just recently, we announced Cornell today, along with Flagler. We've announced a number of other wins over recent quarters here in the U.S. And I think there's a bunch of things going on that are helping us build this momentum, right? So there is this theme of vendor consolidation that is strong, and I referenced there's a strong push for modernization that's happening inside our client base, particularly inside U.S. EDU.

And I think the third thing that's happening that I'd call out is sort of our reference base of clients is growing. So sort of our reputation and our standing in the segment continues to improve as the premier provider of SFS and domestic type capabilities. That along with the skill of our team is all what's driving our momentum.

Operator

Our next question comes from Michael Infante with Morgan Stanley.

Michael Infante

Morgan Stanley, Research Division

Can you just break down what you're seeing with respect to payer retention at schools that are only using cross-border payments versus schools that have adopted domestic payments and SFS? Are you beginning to see evidence that SFS is improving payer retention just given the traction that you guys are seeing on the net new side?

Michael Massaro

CEO & Director

Yes. So this is Mike, and I'll let Cosmin make some comments, too, about the different cohorts of users as well, but I'll let him jump in on later. But I would just say, in general, remember, when you get SFS, you get all the volume, right? You're getting all the tuition dollars, whether they're coming in, be a cross-border, whether they're coming in domestically. And so for us the core strategy is to own that student account portal. And if you own that student account portal, you get full utilization. And so obviously, as you're dealing with just a cross-border solution, you're getting a percentage of that, Cosmin's spoken in the past about what that is. I'll let him comment.

Cosmin Pitigoi

Chief Financial Officer

Yes. So if you look -- because one of the questions we always get is around the U.S. in particular. So in the U.S., you can think of the U.S. revenues, for example, last year, about 1/3 each, 1/3 is first year, 1/3 is first years of international, about 1/3 that are sort of every other cohort, if you will, international and another 1/3 is domestic. So that 1/3 of first year and existing cohort of international students, we see, as Mike said, the continued retention from that comes from a few different sources.

One, we talk about the domestic expansion. So the more SFS, domestic full suite we have, the better that retention gets. Second, we obviously can improve user experience and as we work on that. So that is also the second thing. And then third is all of our banking partnerships in those source markets help us to improve that retention. Now we don't have a lot of that necessarily baked into guidance. We're taking a prudent approach with that. But we're seeing good trends around retention and overall, feel good about the mix of the different cohorts over time, even with, again, I'm sure the pressure on that first year part of it.

Michael Infante

Morgan Stanley, Research Division

That's helpful. And then maybe just on the macro side of the equation, obviously, you saw the reiterated assumptions on some of the visa trends. Can you just sort of level set

with us in terms of what you're seeing by market? It looks like the U.S. and Australia broadly tracking with those expectations, maybe the U.K. and Canada, a little bit soft. Just what are you sort of seeing with respect to things like deposit trends and your conversations with schools and agents?

Cosmin Pitigoi

Chief Financial Officer

Yes, I can start. So yes, our macro assumptions haven't changed. So for the U.S., while even last year, we didn't see much above sort of 20% as you're getting to the mid part of the year into September. For U.S., we've assumed visa is down 30%, which is quite prudent as we look into it. Look, we've looked at some of our data. And if you look at some of the application data, it's down sort of in the high single digits as we've mentioned before. So not yet, and again, you saw the performance in Q1 quite strong, but we're not counting on that for the rest of the year. We're taking a prudent approach as we think about the Q3 peak. So that's in the U.S.

And certainly, lots of headlines, lots of headlines everywhere technically, but we've taken a pretty prudent approach across the board. Canada, again, coming off several years of being down almost 60%, we've assumed down 10%. Again, lots of headlines there, too, but so far, we feel pretty good about our path to basically continuing to -- now that market actually growing again for us, which is great to see, and again, driven by a lot of our new client wins. And then U.K., Australia, roughly flat visas, again, some headlines there, but overall, both of those markets are growing faster than the visa trends, which is kind of what we normally watch for. So hopefully, that's helpful.

Operator

Our next question comes from Jeff Cantwell with Seaport Research.

Jeffrey Cantwell

Seaport Research Partners

I apologize if I missed this earlier. I want to see if you could elaborate maybe a little bit more on RLAS growth which grew faster than your TPV growth this quarter, that was by over 600 basis points. What are you seeing in terms of the underlying strength in RLAS analyst growth across your 4 businesses that are the biggest drivers of that? And could you maybe help us understand on your outlook for the remainder of the year? How durable is that spread between RLAS growth and volume growth? Or what are the main things to be thinking about?

Cosmin Pitigoi

Chief Financial Officer

Jeff, thanks for the question. Yes. So in general, when we look at the spreads, still pretty stable overall, as you saw in my prepared remarks, Q1 was a slight jump, but as you've

seen in the past, there's volatility from one quarter to another in that number. But overall, we feel pretty good about the -- it is not necessarily an impact of pricing, for competitive pricing specifically, but really it's a mix effect. So overall, spreads are pretty stable and feel good where we -- as we look ahead for the rest of the year.

Jeffrey Cantwell

Seaport Research Partners

Great. Okay. And then if I could just squeeze in a quick follow-up. On AI, I'm curious if you guys are thinking about that as an OpEx opportunity as well. We're seeing some of the payments companies, payment/software companies start to rationalize some of their OpEx lines in the spirit of we are finding efficiencies on the AI side of things. I'm just curious what your thoughts are there? And maybe if you're seeing some opportunities as you think out over the next, call it, a year or 2 years and so forth.

Michael Massaro

CEO & Director

Jeff, it's Mike. So I think there's huge opportunity for us internally and externally. So if you look at internally, imagine, we've all various teams inside Flywire leveraging it, whether it's product designs faster, whether it's development faster, whether it's -- we have some great stats on the call around customer support in ways we're leveraging it. So I think every company has to be looking at a world in which they're going to become more efficient. They're going to be able to do more with less as they grow their business over the next couple of years and that's how we're thinking about it here at Flywire.

So I'd say we're definitely thinking about it. I share Cosmin's excitement about the data and the transformation efforts we have at the system layer and being able to do that at a time when so much is emerging around AI, it's really -- it's a lot of fun running a company when you have all those different tools at your disposal.

Operator

Our next question comes from Nate Svensson with Deutsche Bank.

Christopher Svensson

Deutsche Bank AG, Research Division

I want to follow up on a couple of questions that have been asked earlier. First on SFS, obviously, nice to see all the new wins. I was hoping you could remind us on how long it takes for the SFS deals to ramp once you sign them. I think the typical SFS contract is something like a low single-digit million revenue contributor on an annual basis. Maybe that old commentary was U.K. specific. So you can correct me if I'm wrong there. But really just wondering how long it takes for these wins from 1Q to ramp and then fully flow through to the P&L for the year.

Rob Orgel

President & COO

Nate, it's Rob here. So from the time of a client go live, we would expect that ramp to essentially initiate right away, but to get to the full maturity, what we would call the target ARR in the way we look at these things, you'd expect that to take you well into the second year, right? You've kind of got the adoption and learning cycle that comes with the payment plans. You've got the full rollout of all the other capabilities that may follow the initial launch. So that's the -- that's kind of the range of time frame that we'd be focused on for achieving the significant majority of that would be the target ARR.

Christopher Svensson

Deutsche Bank AG, Research Division

Got it. Helpful. And then I did want to ask for a little more color on the January education outperformance. I think you had called out that it was some of your key markets. So I assume that's Big 4, but I was hoping for a little more specifics there. I know Canada returned to growth in 1Q, but I don't know if that was a driver of the outperformance relative to expectation or if there was better performance in some of the other markets, U.S., U.K., Australia that caused you to call out January specifically?

Cosmin Pitigoi

Chief Financial Officer

Yes. It's your latter. So it's actually -- it's U.S. and U.K. with a bit of Australia. We saw sort of strong from a destination market. And then -- and we saw that coming from across our main corridors that we usually see. We also saw some strong domestic performance within the U.K. where we continue seeing strong growth. So those are the markets, U.S., U.K., Australia with, again, kind of our main corridors and as far as the outperformance and a bit of the domestic performance in the U.K. And again, that's why we're also just being prudent. We're not flowing that through into the rest of the year, but feel good that we had that strong start to the year.

Operator

Our next question comes from Charles Nabhan with Stephens.

Charles Nabhan

Stephens Inc., Research Division

Congrats on the result. Good to see another strong quarter of bookings activity. I was hoping you could comment on the composition of those bookings as well as whether you're seeing any changes in the size of the new clients that you're bringing in?

Michael Massaro

CEO & Director

This is Mike. So we're actually seeing a whole bunch of positive trends. So we even time to signature being faster, but deal size being up and the number also being up from prior quarters. So again, back to that kind of 200 range that we had talked about in previous quarters. So we feel good about all those metrics. Again, I think, Rob mentioned a little bit earlier, just some of the reasons. Again, I think it's great execution by our go-to-market teams. I think you're seeing us continue to kind of cross-sell exceptionally well with that land and expand strategy, and I think that's what's driving it.

Charles Nabhan

Stephens Inc., Research Division

And as a follow-up, you've announced a number of new integrations over the -- in partnerships over the past few quarters. And it sounds like you have the key ones in place like Ellucian and Oracle, Workday. But Curious as we think about the medium- to long-term outlook of the business, how much opportunity is there to expand business through new integrations. If you could give us a sense for how we should think about that portion of the TAM, that would be helpful.

Rob Orgel

President & COO

Yes. This is Rob. I can jump on that one. So there's really 2 dimensions that get us excited about the partnership piece. So first is having coverage across the key partners that really matter in our verticals. And so the most recent one that we announced was the partnership with Workday, which we are indeed very excited about. But that builds on successful capabilities we have across the other major systems in education namely Ellucian and PeopleSoft for Oracle or the Oracle Suite but know that we have partnerships in a whole bunch of other parts of the world that are relevant for the work that we do there. And so we take a lot of pride in the work that's done by that integrations team and it's what helps make it possible for us to do things all around the world.

Operator

Our next question comes from Madison Suhr with Raymond James.

Madison Suhr

Raymond James & Associates, Inc., Research Division

I wanted to start on the payment processing ramps. So you raised the expected contribution from 2% to 3% to 4% for the year. Just how much of that increase was driven by existing signings that you already have in place that are maybe going live more quickly or seeing greater volume than you initially thought versus how much of that incremental 150 basis points was driven by new customer signings throughout the quarter?

Cosmin Pitigoi

Chief Financial Officer

Madison, thank you. Yes, it is all the existing signings and it's really the Cleveland Clinic. And some of the B2B invoice migration that we talked about -- so as those existing ramps. Just obviously, you saw a much stronger Q1 performance from those coming through and we expect that to continue into Q2 and then you sort of lap it as you get into the second half, but it's existing clients.

Madison Suhr

Raymond James & Associates, Inc., Research Division

Okay. Got it. And then just a follow-up here on incremental margins. So it looks like the updated guide implies like a low to mid-30% incremental for the year. I understand that there's some investments in 2Q, but it does seem like the second half will need to step up even from 1Q levels. So Cosmin, maybe can you just help bridge what gives you the confidence that incremental margin should accelerate in the second half?

Cosmin Pitigoi

Chief Financial Officer

Yes. Thank you. Yes, partially, it's a dynamic of lapping last year. So we had a number of investments even in the second half of last year. And so we're lapping that. So that's why we feel good that we're going to see that acceleration into the second half and also just on the investments start to pay off. So I feel good about the sort of mid-30s for the year with higher kind of leaning into second half. And then 24% to 25% EBITDA margins into next year certainly look like well within our sights then as we exit this year with that kind of strength.

Operator

Our next question comes from Patrick Ennis with UBS.

Patrick Ennis

UBS Investment Bank, Research Division

So on Cleveland Clinic, I know you talked about maybe some higher margin revenue coming online in Q2. Just wanted to confirm that's still the case and should be supportive of gross margins, all else equal.

Rob Orgel

President & COO

This is Rob. I can jump in there. You said that exactly right. So as we called out earlier in the explanation for the rollout plan for Cleveland Clinic, we went with the payment processing first and the software piece is what comes next. Still on track for Q2 launch.

And just as you say, that improves the margin of the overall Cleveland Clinic opportunity.

Patrick Ennis

UBS Investment Bank, Research Division

Okay. Awesome. And then just on the hospitality business, I mean, impressive TPV growth there. Could you talk about maybe the success you're having in cross-selling payments into Sertifi clients? And then maybe just talk more generically about what the net take rate looks like there compared to kind of maybe some of the more non-cross-border-related volume you have, so domestic education, B2B, healthcare payment processing?

Michael Massaro

CEO & Director

Yes. So this is Mike. I guess what I'll say is that was a core thesis when we acquired the Sertifi hospitality business, and I think the team is doing a great job executing, right? We knew that there was a lot of volume that was kind of going through that workflow in that software. And we knew with our kind of focus on our network, we could monetize more of that volume. And so the team is doing a great job doing it.

Plenty of room to go on that. It's a multiyear synergy that we've always talked about. And I would say you can think about that monetization as mostly being domestic. Remember, 20,000 hotel locations in the United States were the primary customer set of that. And as we go international, you can expect some of that to be a little more cross-border there. The U.S. volume does have some ACH and some card, but I think you can think about it kind of as domestic volume monetization initially with international expansion and expected more foreign exchange impacts potentially as we go international with that product.

Operator

Thank you. That's all the time we have for questions. This does conclude the question-and-answer session. You may now disconnect. Everyone, enjoy the rest of your day.