

# Call Participants

## EXECUTIVES

**Jason Wilk**

*Co-Founder, CEO, President & Chairman*

**Kyle Beilman**

*COO, CFO & Secretary*

## ANALYSTS

**Devin Patrick Ryan**

*Citizens JMP Securities, LLC, Research Division*

**Gary Frank Prestopino**

*Barrington, Research Division*

**Harold Lee Goetsch**

*B. Riley Securities, Inc., Research Division*

**Jacob Michael Stephan**

*Lake Street Capital Markets, Research Division*

**Jeffrey Brian Cantwell**

*Seaport Research Partners*

**Mark Anthony Palmer**

*The Benchmark Company, LLC, Research Division*

**Pallav Saini**

*Canaccord Genuity Corp., Research Division*

**Zachary G. Gunn**

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## Operator

Good morning, everyone, and thank you for participating in today's conference call to discuss Dave's Financial Results for the Third Quarter Ended September 30, 2025.

Joining us today are Dave's CEO, Mr. Jason Wilk; and the company's CFO and COO, Mr. Kyle Beilman. By now, everyone should have access to the third quarter 2025 earnings press release, which was issued this morning. The release is available in the Investor Relations section of Dave's website at [investors.dave.com](https://investors.dave.com). In addition, this call will be available for webcast replay on the company's website. Following management remarks, we'll open the call to answer your questions.

Certain comments made during this conference call and webcast are considered forward-looking statements under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to certain known and unknown risks and uncertainties as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. These forward-looking statements are also subject to other risks and uncertainties that are described from time to time in the company's filings with the SEC. Do not place undue reliance on any forward-looking statements, which are being made only as of the date of this call. Except as required by law, the company undertakes no obligation to revise or update any forward-looking statements.

The company's presentation also includes certain non-GAAP financial measures, included adjusted EBITDA, adjusted net income, non-GAAP gross profit, non-GAAP gross margin and compensation expense, excluding stock-based compensation as supplemental measures of performance of our business. All non-GAAP measures have been reconciled to the most directly comparable GAAP measures in accordance with SEC rules. You'll find reconciliation tables and other important information in the earnings press release and Form 8-K furnished to the SEC.

I would now like to turn the call over to Dave's CEO, Mr. Jason Wilk. Please begin.

## Jason Wilk

*Co-Founder, CEO, President & Chairman*

Good morning, and thank you for joining. Q3 was another record quarter, and I want to thank our team for their dedication to delivering outstanding value for our members and shareholders. We grew revenue 63% year-over-year to \$150.8 million, accelerated growth in monthly transacting members 17% to 2.77 million, expanded ARPU by nearly 40% and generated \$58.7 million of adjusted EBITDA, all in service of our strategy to maximize gross profit dollars across the platform. Given our strong performance and clear momentum in the business, we are pleased to once again raise our 2025 revenue and adjusted EBITDA guidance, which Kyle will touch on shortly.

Before reviewing our strategic growth pillars, I'd like to make a few quick points I want every investor to take away from the call today. First, the importance of net credit revenue. Following last quarter's record results, we received a number of questions around delinquency metrics and loss provision trends. I want to clarify how we think about those dynamics. To fully understand our economics, we are laser-focused on the net monetization rate per ExtraCash transaction, calculated as gross yield less 121-day losses and net revenue per transaction. On those measures, we achieved record performance in Q2 and built upon that momentum with new all-time highs in Q3. These are the metrics that drive gross profit and cash flow and led us to another quarter of record profits.

Second, our new pricing is driving better credit economics despite controlled slightly higher loss rates. Early this year, we made a significant change in our pricing model, moving customers from an optional fee model to a mandatory one. The result was greater credit revenue retention as customers stay on our platform, resulting in better portfolio spreads. The larger and more predictable monetization rates gave us an opportunity to increase approval limits for new and existing customers, which helps with both conversion and monetization. These higher limits led to a controlled step-up in loss rates as the impact was far outweighed by the gains we achieved in incremental gross spreads. The net result is better net monetization per transaction, higher member lifetime value and stronger economics for the company while supporting better offers for our customers, a win-win.

Third, CashAI v5.5 has started to deliver. We expect continued improvements in credit performance as a result of the rollout of CashAI v5.5 in late Q3. CashAI v5.5, the latest evolution of our proprietary underwriting engine was trained on our new fee structure and leverages nearly twice as many AI-driven features as the prior version. v5.5 has driven stronger conversion, higher approval amounts and improved credit outcomes in September and thus far in Q4, positioning us for further expansion in ExtraCash gross profit and revenue net of losses. Lastly, we'll be adding a section on our IR site, highlighting how Dave thinks about credit performance, which will hopefully provide clarity for our stakeholders moving forward.

Now to turn to a few highlights from our strategic pillars. Starting with our first strategic growth pillar of efficient member acquisition. While CAC per new member remained stable quarter-over-quarter at \$19, CAC per new MTM declined given the improvements we've made to new member conversion. We are increasingly optimizing our marketing investments by device and channel, prioritizing investments that yield the highest gross profit returns rather than the lowest CAC. The higher LTVs we are generating out of the new fee and subscription model have further accelerated our gross profit payback period by nearly a month year-over-year, now under 4 months.

Moving to our second strategic pillar of further strengthening engagement with our members through credit. ExtraCash originations grew 49% year-over-year, surpassing \$2 billion for the first time as a result of MTM growth and a 20% growth in average origination size. The growth in origination size reflects a modest impact from v5.5, which enables us to offer higher approval amounts. In September, which captured most of the v5.5 impact, the average ExtraCash size was \$213, which we believe positions us well for continued origination growth and monetization gains in Q4 and beyond.

The third strategic pillar of our strategy is deepening engagement and monetization through Dave Card. In Q3, total card spend grew 25% year-over-year to \$510 million, reflecting growth in MTMs and increases in card spend per active banking customer. High-margin subscription revenue grew 57% year-over-year as we completed the rollout of a \$3 monthly subscription fee for new members in late Q2. We expect the incremental subscription revenue to flow entirely to the bottom line with little to no impact on member conversion or retention. Existing MTMs remain grandfathered for now, and we expect subscription revenue to become an increasing contributor in the quarters ahead as more MTMs are acquired under the new monthly pricing structure.

Lastly, I'd like to provide 2 operational updates. First, on Coastal Community Bank, which is assuming bank sponsorship for Dave's ExtraCash and banking products from our existing provider. In early Q3, we began onboarding new members on to Coastal and reached full onboarding for all new members in early Q4. Over the coming months, we'll begin migrating existing members to Coastal as well.

That brings me to our second update. We're thrilled to welcome Parker Barrile as our Chief Product Officer. Parker will lead the next chapter of our product strategy, focused on deepening member engagement through new product developments and strengthening our AI and credit capabilities.

To wrap things up before passing to Kyle, this was another incredible quarter for us. We are really excited and optimistic about our future and what we can deliver in the years ahead.

Over to you, Kyle.

**Kyle Beilman**  
*COO, CFO & Secretary*

Thanks, Jason, and good morning, everyone. Today, I'm going to focus on the core drivers of this quarter's performance, a concise overview of credit and our updated outlook. For a more detailed review and discussion of our KPIs, please refer to our earnings supplement available on our IR site.

Let's get started with the key trends and achievements that shaped our results. Our growth algorithm continues to strengthen. We accelerated MTM growth through successful product and marketing initiatives that drove higher conversion rates and member reactivation, while retention has remained consistent. On the ARPU side of the equation, underwriting improvements, combined with a new pricing model to drive higher ExtraCash offers, consistent growth of

Dave Card spending volume as well as the growing population of members on our new subscription price point were the key factors driving growth. Combined, we grew revenue by more than 60% for the second consecutive quarter and with our growing operating leverage, achieved nearly 40% EBITDA margins, exceeding the Rule of 100 for the second consecutive quarter.

As Jason previously alluded to, our credit performance demonstrates the strong fundamentals underlying our growth. We've set new high watermarks across unit level net monetization rates, total unit dollar net monetization and portfolio net revenue. Importantly, we achieved these improvements while growing originations by nearly 50% in the quarter, demonstrating our improved unit economics and volume growth are working in concert to drive gross profit expansion. The key driver of this growth is the new pricing model and underwriting paradigm that we transitioned to earlier this year.

This new model generates significantly higher gross spreads and broader approval sizes for members. This change increases credit losses relative to our prior approach. However, the incremental gross spread more than offsets these losses, delivering superior net monetization per transaction, which was the intended outcome of this strategic shift. To put the impact in perspective, year-over-year, the total monetization rate net of losses and net revenue per ExtraCash transaction net of losses are up 45 basis points and 32%, respectively.

In terms of delinquency rate, our Q3 28-day delinquency rate improved 7 basis points sequentially to 2.33%. In September, our 28-day delinquency rate was 2.19% reflecting the initial benefits from our new underwriting model, CashAI v5.5. As a reminder, the 28-day delinquency rate measures the percentage of the calendar months originations that remain outstanding 28 days after the month ends, not necessarily those that are delinquent. As currently defined, the 28-day delinquency rate can be noisy, particularly when the portfolio composition shifts. This recently happened as part of the v5.5 model change where we intentionally increased limits for members on monthly income cycles, such as social security recipients.

To provide a clear picture that controls for these duration dynamics, we are introducing a 28-day days past due or DPD metric. For now, we will continue to publish both metrics to track early indicators of the loss outcomes of each of our quarterly vintages. In Q3, the 28-day DPD improved 11 basis points sequentially to 2.15%. And in September, following the CashAI v5.5 rollout, the DPD rate improved to 2.04% with further improvements to net revenue per transaction and monetization rate net of losses. These signals reinforce our confidence in the upgrades from the new model and support our expectation for further improvements in credit performance during Q4.

Another important point to call out is around the provision. In addition to growth in the originations and the sequential improvement in credit performance, a portion of the change in the Q3 provision was attributable to quarter end timing. Q3 ended on a Tuesday, which is the high point of intra-week receivables, definitionally increasing the reserve calculation and thereby increasing the provision.

Had Q3 ended on a Monday, consistent with last quarter, the provision would have been roughly \$2 million lower. This timing effect is separate from the improvements in economics we're seeing, which, as I previously described, are very strong. Looking ahead, we expect the provision expense as a percentage of originations to improve in Q4, supported by both continued improvement in credit performance and a more favorable quarter end calendar with Q4 closing on a Wednesday.

Working down the P&L a bit. We grew non-GAAP gross profit by 62% year-over-year to \$104.2 million. Non-GAAP gross margin came in at 69% for Q3, consistent with our target range of high 60s to low 70s for periods outside of the Q1 tax season. With respect to expenses, as we previewed on the Q2 call, we increased marketing spend to take advantage of the favorable LTV to CAC that we're generating from our media spend to drive additional growth. We expect to sustain the rough magnitude of the Q3 spend through year-end.

On the fixed cost base, there are also a few noteworthy items to call out. Compensation-related expenses declined 18% year-over-year, driven primarily by lower stock-based compensation. In Q3 of last year, there was elevated stock-based compensation tied to performance-based restricted stock units linked to adjusted EBITDA targets that were achieved. Excluding stock-based compensation, compensation-related expenses grew by roughly 3% year-over-year. Other operating expenses increased 5% year-over-year, excluding the impact of nonrecurring legal settlement charges. Also, a \$4.5 million legal settlement charge this quarter has been excluded from adjusted EBITDA.

Taking all this together, GAAP net income increased to \$92 million, up \$91.5 million year-over-year. This increase includes a \$33.6 million income tax benefit, primarily related to the release of a valuation allowance on our deferred tax assets. Adjusted net income, which excludes nonrecurring items, stock-based compensation and noncash fair value adjustments increased 193% year-over-year to \$61.6 million. Similarly, adjusted EBITDA reached \$58.7 million, growing 137% year-over-year with 85% flow-through from gross profit.

One other brief update before turning to guidance. Regarding our new funding arrangement with Coastal Community Bank, we remain on track to begin transitioning ExtraCash receivables under the new off-balance sheet structure in early 2026. This change is expected to meaningfully reduce our direct funding obligations, lower our cost of capital and unlock substantial liquidity to pursue capital allocation opportunities. It will also allow us to fully retire our existing warehouse debt facility by mid-2026.

With that, let's turn to the guidance. Based on our Q3 results and favorable outlook, we are once again raising our 2025 outlook. We expect revenue to range from \$544 million to \$547 million and adjusted EBITDA to range from \$215 million to \$218 million.

This revised outlook reflects not only the tailwinds from the new fee model and underwriting improvements we've achieved, which significantly increased net monetization per transaction, but also the fact that all aspects of our growth strategy are performing exceptionally well. Monthly transacting members are accelerating, ARPU is rising and overall market demand and conditions are favorable, all key building blocks supporting our optimistic outlook.

And with that, we'll conclude our prepared remarks. Operator, please open the line for questions.

# Question and Answer

## Operator

[Operator Instructions] Our first question will come from Jacob Stephan from Lake Street Capital Markets.

### Jacob Michael Stephan

*Lake Street Capital Markets, LLC, Research Division*

Great quarter here. Maybe you could kind of start off talking a little bit about delinquency rates. Obviously, we saw 28-day delinquencies drop. What is it specifically kind of about CashAI 5.5 either qualitative or quantitatively that you guys are able to kind of outperform in this category?

### Jason Wilk

*Co-Founder, CEO, President & Chairman*

So with CashAI, as we've talked about extensively, the amount of inputs we have in that model that stem from our customers' cash flow data is just a massive data set we have. And when you factor in CashAI v5.5, which has 200 more variables input in there, and we marry that with the super short duration cycles that we're able to learn from, that leads to just superior credit performance and gives us a lot of confidence that credit is an input to our model, not an output, and the company is very in control over loss rates.

### Jacob Michael Stephan

*Lake Street Capital Markets, LLC, Research Division*

Got it. And maybe you could just kind of touch on some of the broader consumer trends. Obviously, you guys have a pretty significant lead on several other loan providers. But maybe you could just kind of talk to the shortness of -- the duration and the short duration of your book and what trends are you seeing in consumers currently?

### Jason Wilk

*Co-Founder, CEO, President & Chairman*

Well, we do track a proprietary index we built using the cash flow data we have access to. And for all intents and purposes, we're seeing normalcy across spend, income, merchant types. The consumer at this end of the spectrum on the K curve looks very healthy in our opinion. And I think where you can see a lot of that show up is just in the stableness of our CAC at \$19, which is flat sequentially. But importantly, it's down if you look at it on an MTM basis, which we're able to leverage better conversion as a result of new improvements in CashAI to get better approvals for customers as they enter in the front door, which is a great trade-off for us. But I think we're seeing everything being very healthy for the business.

### Jacob Michael Stephan

*Lake Street Capital Markets, LLC, Research Division*

Okay. And maybe just kind of one last one. As we look at Q4 here, help us think through kind of customer acquisition cost. Do you kind of expect it to remain stable? Or do you have higher spend in Q4 to take advantage of some of these consumers?

**Kyle Beilman**

*COO, CFO & Secretary*

Jacob, it's Kyle. So in terms of CAC and spend, we largely expect things to look pretty consistent in Q4 as we did in Q3. Q4 is more of a peak season from an overall market spend perspective. So CPMs do rise, and we try to sort of match our spend to the most opportunistic points of the calendar where we can really optimize that spend from a CPM perspective. But by and large, I would expect CAC and overall levels of media spend to be pretty consistent in Q4.

**Operator**

And the next question will come from Hal Goetsch from B. Riley Securities.

**Harold Lee Goetsch**

*B. Riley Securities, Inc., Research Division*

Great quarter guys. It's terrific execution. I wanted to ask about the transition with Coastal on the balance sheet. When do you think it will be like a complete transition and the balance sheet will look very different?

And the second part would be, could you tell us a little bit about the deliverables for your new executive hire and product?

**Kyle Beilman**

*COO, CFO & Secretary*

So just to start with the balance sheet question, Hal. We are in the process of the Coastal migration. I think as we talked about on the call, all new customers are now onboarding under the bank, and we're going to begin the process of transitioning existing customers here imminently and would expect that to be completed in early 2026. And the transition of the balance sheet will be a fast follow to that. So targeting end of first quarter, early second quarter, I think, is a good time line for us to make that full migration of the funding arrangement with Coastal.

But yes, we're looking forward to that. We think it's going to be a super attractive outcome for us as we've talked about and free up a lot of cash for us to pursue more strategic capital allocation opportunities.

But Jason, do you want to take the question about Parker?

**Jason Wilk**

*Co-Founder, CEO, President & Chairman*

Sorry. What was the question about Parker, Hal?

**Harold Lee Goetsch**

*B. Riley Securities, Inc., Research Division*

Yes. What are the deliverables for Parker in the first 24 to 36 months at Dave that we could just -- for our own edification.

**Jason Wilk***Co-Founder, CEO, President & Chairman*

Well, I'd say we're excited to have Parker come in and accelerate product velocity. He's seen some of the best companies in the world at scale, and we think we can benefit from some of these new opportunities we have coming out such as the buy now, pay later product we've talked quite a bit about, excited just to get him in seat. He's got a fantastic executive presence, and we're excited about his ability to deliver on long-term product road map, credit performance as well as just bring in a high-performing team as well.

**Operator**

And the next question will come from Devin Ryan from Citizens Bank.

**Devin Patrick Ryan***Citizens JMP Securities, LLC, Research Division*

Great quarter. Just want to touch on operating leverage and just where you guys are right now, obviously, putting up tremendous results and tremendous kind of operating leverage in the business model here at roughly 40% EBITDA margin. So as you think about kind of where this model can go, I appreciate you're going to be going into some new product areas and there is some growth investment and at the same time, you can kind of toggle marketing. But how do you think about where this company can be over the next few years as you expand? Is there more room from here? Or is this kind of the right place to be where you can balance both that growth investment and growth really?

**Kyle Beilman***COO, CFO & Secretary*

I think by and large, we like where we're at from an overall margin perspective -- from an EBITDA margin perspective specifically. We think this is a sort of nice balance between delivering significant profitability, but also giving us the opportunity to invest in some more R&D to deliver these new products that Jason was alluding to that Parker will be obviously a very critical component of delivering. But yes, look, I think we are excited about these new opportunities, and that is going to come along with a little bit more investment in resources to make sure that we can fully execute on those opportunities. So we're super excited about that.

But yes, I mean, just to answer the question, I think the margin profile here is something that we're quite happy with and would like to make further investments to set the company up for its next phase of growth.

**Devin Patrick Ryan***Citizens JMP Securities, LLC, Research Division*

Got it. And a follow-up on the buy now, pay later opportunity. I appreciate we're still kind of early days there. But -- how much does kind of your existing business model and ExtraCash product and just the data you have on your customers give you an advantage, do you feel like in the marketplace, meaning you have the opportunity to potentially provide this product to customers that are already using a buy now, pay later product, but you have an informational advantage as well there relative to some of the other products out there. Just curious kind of like how you're thinking about it.

And then also, if you have a sense of how many of your current customers are using some type of buy now, pay later product already?

**Jason Wilk***Co-Founder, CEO, President & Chairman*

Yes. Thanks a lot, Devin. So I'd say there's 3 points. So to answer your last question, we do see in our transaction data, which is a huge advantage that roughly 60% of our members are currently engaging in some form of a BNPL transaction today, which is a significant opportunity of which Dave has 0% market share in a space we feel like we have a very strong right to play in. Second, we feel like we can really differentiate with our cash flow and CashAI underwriting given

we are -- we will be the only BNPL company leveraging cash flow data. If you think about traditional BNPL, the merchant checkout, there'd be too much friction to try to get someone to connect a bank account there. And so most of these guys are still leveraging alternative bureau underwriting of which to assess the customer. And we feel like our ability to use CashAI to approve more people, increase limits is a real advantage for us.

And then lastly, we believe that letting people have the opportunity to BNPL whatever they want is a huge opportunity where we see a lot of friction with people having to select an e-commerce merchant and figure out who's going to be at checkout when you go shopping versus just paying to have the flexibility to shop and BNPL anywhere is a great opportunity and we think unique to the market.

**Operator**

And the next question will be from Joe Vafi from Canaccord.

**Pallav Saini**

*Canaccord Genuity Corp., Research Division*

This is Pallav Saini on for Joe. I have 2 quick ones here. First one, maybe on the Dave Card. How did adoption trend in Q3? And what percentage of your member base now has the Dave Card?

**Jason Wilk**

*Co-Founder, CEO, President & Chairman*

So we did see 25% growth in Q3, spend about \$510 million now, which we feel very good about the growth there. It continues to be a lot of synergy between ExtraCash origination growth and the growth of Dave Card, given people can access ExtraCash instantly and cheaper by using our card. As far as what percentage of our customers are using the Dave Card, it is a significant amount. We don't disclose that today, but we do disclose the total transaction volume, again, which is that \$510 million number.

I think it's important to point out, we don't need to win direct deposit for our business to work. We very much view the Dave Card to be incremental to customer retention and lifetime value. And we're going to continue to chip away at new product ideas to win more there. But we feel like the moat we've really developed is around CashAI and the underwriting and our road map is more heavily focused on credit expansion versus direct deposit penetration.

**Pallav Saini**

*Canaccord Genuity Corp., Research Division*

That's great. And one on the ExtraCash product. Did you disclose what the approval rate was in Q3 and how it is trending so far in Q4?

**Jason Wilk**

*Co-Founder, CEO, President & Chairman*

We don't discuss approval rates, but we did note that our approval rate is at all-time high, which is driving efficiencies in our total MTM conversion, which is why our CAC is stable at \$19, but we did allude to MTM CAC being down, not a number we do disclose, but an important health metric that allows us to be more scalable and leads to more profitability and also leads to faster paybacks with us hitting sub-4 months for the first time in probably the life of the business.

**Operator**

The next question is from Jeff Cantwell from Seaport Research.

**Jeffrey Brian Cantwell**  
*Seaport Research Partners*

On the updated 2025 guidance, when we look at the implied guide for Q4, you're raising the fourth quarter revenue guide up versus the prior. Do you mind talking about what motivated the increase in the guide? Maybe talk about what you're seeing with MTMs and ARPU or by product with ExtraCash, et cetera, that might have been different versus where things stood 3 months ago. Any extra details on what's motivating the change in the guidance for revenue would be great. And do you have any early thoughts on how the revenue might look for 2026? I'm curious if you could give us an early read on next year, if at all possible.

**Kyle Beilman**  
*COO, CFO & Secretary*

So in terms of the guidance, look, we have obviously 1 fewer quarter with the annual guide this period versus 2 last, obviously. But I think just taking a step back, as we talked about on the call, MTMs are accelerating. MTM growth is accelerating. ARPU is expanding. Basically, all aspects of the growth model are firing on all cylinders right now. And I think we have just a lot of optimism with the trajectory of the business. And I think you're seeing that reflected in the revised guidance. So I would say no major difference in terms of where we're at now necessarily versus last quarter.

It's just more of a continuation of the trends that we've been seeing over the last year plus now where, again, MTMs are trending very favorably and ARPU is expanding rapidly, and that's supporting the top line growth. As we've talked about, the unit economics are improving based on the new underwriting paradigm that we're in with the higher gross spreads and net yields that we're seeing within the portfolio, and all that's just flowing down through to the bottom line. So that's really what's showing up in the guide.

We have not provided or we will not be providing any specific color around 2026. I mean, overall, our view is just that this is a very, very big market that we're serving, and we'd like to think that we can continue to grow MTMs as we serve that market over time. And that from an ARPU perspective, we are very early on from what we ultimately want to ship to this customer from a product perspective, and that should lead to additional ARPU growth over time. So we view that the growth algorithm for the business is very durable and that there is still a lot of upside from here for us to drive growth over the next several years.

**Jeffrey Brian Cantwell**  
*Seaport Research Partners*

Got it. That's helpful. And then on your monthly transacting members, that's now 2.8 million this quarter. So that's up sequentially and versus last year. Do you mind digging in a little more in terms of where you're finding new MTMs right now? Walk us through where the new 200,000 MTMs are coming from? It would be great if you could help us understand that. And then also, when we compare MTMs versus your total members, that's at about 20%. That's been pretty consistent over the past several quarters.

I guess my question is, do you think there's opportunity to drive greater conversion of your total members to become monthly transactors? Or is that low 20-ish percent sort of the right way to think about it going forward? How do you see that playing out from here?

**Jason Wilk**  
*Co-Founder, CEO, President & Chairman*

I'd say that total conversion of our entire base, which is over 13 million now, we feel very good about that being a pool of which we can continue to fish from to convert more customers. The 2.77 million MTMs we just reported on are not the same 2.77 million every single quarter. It is people that come in and out of that total 13 million. So we're still continuing to drive more strategies to convert more people. And hopefully, we can increase that 20% penetration rate over time.

As far as the new MTMs, we're just continuing to see a lot of efficiencies in the existing marketing channels. Word of mouth is still very strong at 1/3 of our acquisition, and we're seeing a lot of pockets of growth within television, which we think is a very challenging channel to scale for most companies, and Dave has found a lot of ways to unlock that, which I

think is a real testament to our brand and the very strong message we can go to market with and the rest of our channels continue to perform well across social, digital streaming. It's sort of business as usual with no meaningful concentration in any one channel, which gives us a lot of confidence into 2026 and beyond.

And then as we talked about, I think, you mentioned conversion. We're just seeing much stronger conversion at the front door as a result of CashAI improvements, and that's another way for us to help insulate CAC sensitivities moving forward is just further improvements to conversion.

### **Operator**

The next question will be from Gary Prestopino from Barrington Research.

### **Gary Frank Prestopino**

*Barrington Research Associates, Inc., Research Division*

A couple of questions here. Just for my sake, just to be clear, this monthly subscription fee change for \$3, that's for new members who are accessing the ExtraCash Advance option. It's not just for new members who sign up.

### **Jason Wilk**

*Co-Founder, CEO, President & Chairman*

That's correct. So it's actually for new MTMs that we convert. That's how to think about that number and existing members at the \$1 have been grandfathered in. Still hope to be able to convert more of those people to higher subscription revenue over time, but we didn't want to rock the boat on retention or conversion. So we just focused on the new customers, which will continue to grow.

### **Gary Frank Prestopino**

*Barrington Research Associates, Inc., Research Division*

Okay. And then could you -- some other question alluded to this with the ExtraCash Advance in the Dave Card. Could you -- if you don't give that conversion publicly, could you talk about how that has changed over the last year in terms of members putting their ExtraCash Advance on the Dave Card?

### **Jason Wilk**

*Co-Founder, CEO, President & Chairman*

We have said about 30% of total customers are sending ExtraCash to the Dave Card. That's been pretty consistent over time, looking for more ways to improve that. That's been a pretty steady-state conversion we've seen and are happy with this, again, we view the Dave Card as a way to drive incremental retention of our members, and it continues to trend nicely with ExtraCash origination growth.

### **Gary Frank Prestopino**

*Barrington Research Associates, Inc., Research Division*

Okay. That's great. And then in terms of new products, you've been talking about BNPL in particular. Are you -- have you developing that product? Do you have it in beta? Where are you? And what are your thoughts on introducing it into the market?

### **Jason Wilk**

*Co-Founder, CEO, President & Chairman*

We are with internal testing with a handful of employees as of now. And so excited to hit that milestone and expect to have customers start testing the product in the first quarter. And depending on what we see and like in the conversion and the loss rate performance will determine the pace at which we ramp that product next year.

**Operator**

The next question will be from Mark Palmer from Benchmark.

**Mark Anthony Palmer**

*The Benchmark Company, LLC, Research Division*

Yes. With regard to the average ExtraCash Advance size, it nudged up from \$206 to \$207 between the second quarter and the third quarter, and you noted that it increased to \$213 in September. Where could that figure go over time? What are you comfortable with in terms of the rate at which the average loan size increases? How do you see that increasing organically just with the evolution of the platform?

**Kyle Beilman**

*COO, CFO & Secretary*

Look, I think the -- we expect to continue to sort of chip away at that average origination size over time. I think if you rewind back to over the last year or 2, you've seen sort of steady progress against that metric. And we do see that to continue to be a source of ARPU expansion under the new pricing model moving forward. We saw a nice lift there in September as a result of the underwriting changes with v5.5, and there are certainly additional model optimizations that we're working on right now that we think will be additive to average origination size.

There is also a dynamic where in Q3, our proportion of new customers is larger than Q2, just by virtue of marketing spend and the conversion benefits that we've talked about. That creates a little bit of a short-term headwind on average origination sizes because as you can imagine, new customers' approval limits are lower than the average book. But sort of as that normalizes, I would expect that to also be just a source of average kind of limit increases as well.

And then in terms of just tailwinds as our base becomes more and more seasoned or average tenure of an MTM ticks up over time, that is also a source of origination size expansion. If you look at our average customer tenure of an MTM, it's close to 2 years at this point, which is up pretty significantly on a -- if you look back over the last couple of years. And so as we do better at retention and reactivation, that is also, again, a source of upside to the average origination number -- size number.

But look, I think it is a fair thing to say that that number can't continue to grow into perpetuity, and we want to get into other types of product categories to give our customers a little bit more flexibility around duration, hence, the BNPL offering that we're super excited about to support those additional credit use cases. But yes, and I'd say over the near to medium term, very optimistic that we can continue to chip away at that origination size number.

**Operator**

[Operator Instructions] The next question will be from Zachary Gunn from FT Partners.

**Zachary G. Gunn**

*Financial Technology Partners LP*

So I know this isn't disclosed specifically, but if I back out subscription revenue and really look at the processing revenue, the yield on that as a percentage of origination volume has been steadily going up, and it continued to do so this quarter. Can you just talk about what's driving that increase in the yield? And should we expect that to settle, continue to kind of increase? Just what's driving that?

**Kyle Beilman**

*COO, CFO & Secretary*

Largely, the changes to the gross revenue yield, if you want to think about it as a sort of service revenue as a percentage of overall originations has come from the pricing model change. Now that, that's more or less worked its way through the system, I would expect that to stabilize around the number that you're seeing today. But yes, I'd say that increase over the last couple of quarters is really a result of the pricing evolution that we undertook in Q1.

**Zachary G. Gunn**

*Financial Technology Partners LP*

Got it. Okay. That's helpful. And then just as a follow-up, when you have loans off balance sheet, can you just remind us, walk us through the economics, what the moving pieces will be in terms of accounting for credit losses or anything else we should be aware of?

**Kyle Beilman**

*COO, CFO & Secretary*

Yes. So basically, how it's going to work is our receivables or a large portion of our receivables are going to sit with the bank at Coastal. And so, the funding obligations from us will be drastically reduced. We will still have full economic exposure to the underlying assets. We're just going to basically be paying the bank for access to their balance sheet. So, from a provision and overall accounting perspective on the P&L, in particular, there won't be any real change. It should be very consistent. We'll continue to report on the same metrics that we do currently.

It's really just the fact that our balance sheet will reflect the fact that our receivables will be sitting at the bank and that we won't have any debt obligations on the balance sheet with respect to the credit facility there. So, from a net cash perspective, net cash should go up significantly as we make that transition.

**Operator**

And ladies and gentlemen, this concludes today's question-and-answer session and thus concludes today's call. We thank you for joining Dave Inc.'s third quarter results conference call. At this time, you may disconnect your lines. Take care.