

Call Participants

EXECUTIVES

Jason Wilk

Co-Founder, CEO, President &
Chairman

Kyle Beilman

COO, CFO & Secretary

ANALYSTS

Andrew William Jeffrey

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

Devin Patrick Ryan

Citizens JMP Securities, LLC,
Research Division

Harold Lee Goetsch

B. Riley Securities, Inc., Research
Division

Jacob Michael Stephan

Lake Street Capital Markets, LLC,
Research Division

Jeffrey Brian Cantwell

Seaport Research Partners

Joseph Anthony Vafi

Canaccord Genuity Corp., Research
Division

Ryan John Tomasello

Keefe, Bruyette, & Woods, Inc.,
Research Division

Presentation

Operator

Good afternoon, everyone, and thank you for participating in today's conference call to discuss Dave's financial results for the first quarter ended March 31, 2026. 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 first quarter 2026 earnings press release, which was issued today after the market closed. The release is available in the Investor Relations section of Dave's website at investors.dave.com. This call will also be available for webcast replay on the company's website. Please be advised that today's conference is being recorded. [Operator Instructions].

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. The company undertakes no obligation to revise or update any forward-looking statements, except as required by law.

The company's presentation also includes certain non-GAAP financial measures, including adjusted EBITDA, adjusted EBITDA margin, adjusted net income, non-GAAP gross profit, non-GAAP gross margin, adjusted earnings per share 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 will find reconciliation tables and other important information in the earnings press release and Form 8-K furnished with the SEC.

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

Jason Wilk

Co-Founder, CEO, President & Chairman

Good afternoon, and thank you all for joining us. 2026 is off to a strong start at Dave. Revenue grew 47% year-over-year to \$158.4 million and adjusted EBITDA grew 57% to \$69.3 million at a 44% margin. On the strength of this trend and what we're seeing thus far in Q2, we are raising full year guidance across all 3 dimensions. There are 3 key takeaways I want every investor to take away from this call. The first is credit performance resulting from Cash AI V5.5 drove our lowest Q1 loss rate on record. Our 28 days past due metric, which we believe investors should use to assess true credit performance at Dave is down to 1.69%, marking a 1 basis point improvement year-on-year and down 85 basis points from 3 years ago. This result underscores how much control we have over our credit outcomes as a result of years of significant investment in training in our models.

The second is we once again demonstrated the durability of our growth algorithm to sustain mid-teens member growth and low double-digit ARPU growth. Despite the usual Q1 seasonal tax refund season and expanded refunds compared to years past, we were still able to grow ARPU 24% year-over-year and monthly transacting members by 18%. We now have a total of 2.99 million MTMs, which is still a small fraction of the overall 185 million customer TAM, and we believe we're still early in our journey to drive incremental ARPU. Lastly, we launched our new Pay in 4 credit product. We

officially put our newest product in the hands of a small group of members to trial. I want to congratulate the team on their hard work for reaching this milestone.

Turning to our growth pillars, starting with member acquisition. We added 695,000 new members in Q1, up 22% year-over-year at a customer acquisition cost of \$18. That CAC is flat year-over-year and improved 11% sequentially, which is better than expected given Q1 is typically our most challenging quarter for marketing efficiency due to tax refund dynamics reducing credit demand. Our gross profit payback period improved to nearly 3 months in Q1, which gives us increasing confidence to continue scaling member acquisition throughout 2026.

Moving to our second pillar, engagement through ExtraCash. Originations reached \$2.1 billion, up 37% year-over-year, driven by growth in MTMs and average origination size. MTMs grew 18% as a result of improving conversion and reactivation alongside strong retention rates. Average ExtraCash size increased 10% due largely to the impact from Cash AI V5.5, which was deployed in late Q3 of last year. Sequentially, origination size was modestly lower at \$212, reflecting the impact of higher tax refunds late in the quarter. That dynamic has already begun to reverse. Average size rebounded to \$214 in April. We expect origination sizes to improve with continued V5.5 model optimizations and the forthcoming V6 model that we expect to begin testing within the next couple of months.

Moving to our third pillar, deepening engagement. Dave debit card spend was \$534 million in Q1, up 9%. Growth here continues to be attributed to the natural synergy of ExtraCash and Dave Card as there have been no new initiatives aimed at debit volume growth while we focus our efforts on new credit products to drive deeper engagement.

Before turning it over to Kyle, I want to provide a few strategic updates. Starting off with our new Pay in 4 card product, which we're officially calling Dave Flex. Dave Flex is designed as a responsible alternative to traditional credit cards with balances paid back in up to 4 simple installments aligned with your paycheck date. No compound interest, no late fees and no credit check. We believe this product is competitively positioned against the predatory fees of subprime credit cards and the heavy friction associated with BNPL since Dave Flex can be used at any online or offline merchant without the need to reapply with each use.

Dave Flex supports each element of our growth pillars as we expect it to be a driver of customer acquisition, expand our credit capabilities and deepen engagement of existing members. Importantly, Dave Flex uses cash AI to power 100% of the underwriting, giving us a meaningful edge over incumbent credit card products that rely on FICO, which we believe will lead to greater customer access and superior credit performance. As promised, we began testing Dave Flex with existing members last month. Early engagement has been encouraging, and we plan to share more once we have more data on performance. We do not expect Dave Flex to contribute meaningful revenue in 2026, and it is not embedded in our guidance. Our focus this year is to test and learn and optimize member lifetime value before scaling in 2027.

We believe products like ExtraCash and Dave Flex, which leverage short duration credit to drive share of wallet is what really differentiates Dave from our scaled neobank competitors. The bulk of our road map is staffed on our responsible short duration credit initiatives, which we believe will further enable us to achieve our medium-term growth algorithm. As such, we have updated our strategic statement to better capture our focus, which is that Dave is a U.S. neobank pioneering innovative credit products for everyday Americans.

Next, regarding our partnership with Coastal Community Bank, which remain on track to begin transitioning ExtraCash receivables to the new off-balance sheet funding structure this summer, which will begin unlocking meaningful liquidity and reduce our cost of capital. Lastly, on the DOJ matter, we have no material update and continue to vigorously defend

our position. In closing, 2026 is off to a tremendous start. We are executing well against our stated growth algorithm and credit performance is excelling. I want to thank our team who make all of this possible.

With that, I will turn the call to Kyle.

Kyle Beilman

COO, CFO & Secretary

Thanks, Jason, and good afternoon, everyone. Q1 was a strong start to the year, marked by durable revenue growth, disciplined marketing investment and continued strong credit performance. Together, those factors drove another quarter of outsized adjusted EBITDA and EPS growth and support the guidance raise we are announcing today, our eighth consecutive quarter of increasing guidance on all metrics. Today, I will cover the key drivers underlying the quarter, credit and provision mechanics, an update on capital allocation and our revised outlook. For a more detailed review of our KPIs, please refer to the earnings supplement on our IR website. Revenue was \$158.4 million, representing 47% growth year-over-year. Growth was driven by 18% MTM growth and 24% ARPU expansion, both ahead of our medium-term growth algorithm.

Underneath those headline numbers, new member conversion, dormant member reactivation and retention all contributed and repeat originations from members with an average tenure of close to 2 years continue to anchor the book. For those newer to the Dave story, Q1 is seasonally our softest quarter, driven by tax refunds, which temporarily reduced demand for ExtraCash. As a result, the number of ExtraCash disbursements declined 5% sequentially, consistent with the range we have observed in every Q1 since 2021. This was the primary driver of the 3% sequential decline in revenue.

Average ExtraCash size was down modestly from \$214 to \$212 sequentially, reflecting higher-than-normal tax refunds per member. It's worth noting that Q1 of last year benefited from the step-up in ExtraCash approval limits we implemented as part of our fee model transition. Both average origination size and disbursement volume have rebounded in April, and we expect continued expansion in Q2 and beyond.

In terms of forward-looking color on top line drivers, in addition to the optimism we have about the potential impact of Cash AI V 6.0, we also have a series of initiatives aimed at improving average origination sizes, monetization rates and therefore, ARPU in the near term. The first is removing our \$15 fee cap for new members, which enables more members to achieve higher limits now that the risk is appropriately monetized. Second, we addressed a common member pain point, where if you hadn't utilized your entire ExtraCash limit, the additional amount wasn't accessible within that pay period. This new feature, which we are calling second draw, solves that problem and enables members more flexibility, which we believe should help with overall credit utilization and therefore, average origination size. Second draw is now available to all eligible members as of last month.

Now turning to credit and provision. As Jason noted, the underlying credit picture continued to improve meaningfully in the first quarter. Our 28-day past due rate of 1.69% was a Q1 record, improving both sequentially and year-over-year, even with originations up 37%. This was the first quarter we have seen DPD improve year-over-year since transitioning to the new fee model. When we moved to that structure, we deliberately expanded the credit box while Cash AI iterated. 3 quarters of optimization later, loss rates are back below where we started. That momentum has continued into Q2 and should expand upon rolling out Cash AI V6.0 over the coming months.

On provision for credit losses, the sequential increase was mechanical and calendar driven. The underlying book

performed 10% better than Q4 on a 28 DPD rate basis. The metrics that incorporate credit performance, DPD rate, net monetization rate and revenue per origination net of losses, all improved sequentially and year-over-year, which we believe is a more meaningful signal. Consistent with the expectation we set last quarter, Q1 ended on a Tuesday, typically the intra-week peak in outstanding receivables.

Higher ExtraCash balances at the measurement date mechanically drive a higher loss reserve even when the underlying loss content on those receivables is trending lower. Had Q1 ended on the prior Friday, the provision would have been approximately \$5 million lower and non-GAAP gross margin would have been approximately 75%. Importantly, because Q1 already absorbed the elevated reserve with that Tuesday watermark, we do not expect Q2 ending on a Tuesday to adversely impact provision in the same way it did in Q1. Furthermore, Q3 and Q4 ending on a Wednesday and Thursday, respectively, should provide a tailwind for loss provision as a percentage of originations and gross margin in those periods.

Non-GAAP gross profit was \$114.4 million, up 37% year-over-year. Non-GAAP gross margin was 72%, which is consistent with the low 70s framework we guided to in March, and we expect Q1 to represent the low point for the year. Given the improving DPD trend and more favorable calendar dynamics ahead, we now expect non-GAAP gross margin to expand into the mid-70s for the balance of the year.

In terms of marketing, Q1 was our seasonal low by design. We moderated investment given the typical softness in ExtraCash demand during tax refund season. For the balance of 2026, we plan to expand marketing spend above fourth quarter 2025 levels while maintaining our discipline on investment returns. On fixed costs, compensation expense grew 1% year-over-year and 11% sequentially. We typically see a modest bump in Q1 related to seasonally elevated payroll taxes. Additionally, we began making targeted investments in product development headcount as previously communicated. To size that investment, we expect to move from under 300 employees as of the end of last year to around 325 by the end of this year, representing an annualized incremental expense of approximately \$10 million.

We continue to run a highly efficient platform with what we believe is one of the strongest revenue per employee businesses in the industry. As revenue scales throughout the balance of the year, we expect operating leverage to continue to build thereafter. Pulling it all together, adjusted EBITDA was \$69.3 million, up 57% year-over-year at a 44% margin. That is approximately 300 basis points of year-over-year margin expansion and consistent with our commitment to deliver ongoing annual EBITDA margin improvement. GAAP net income was \$57.9 million, up 101%. Adjusted net income was \$52.3 million, up 61% and adjusted diluted EPS was \$3.64, up 64%, reflecting the combined benefit of operating performance and the reduction in share count from Q1 repurchases.

Given that our share repurchases in Q1 occurred entirely in March, Q2 will begin to experience a full quarter's benefit of their impact. In terms of capital allocation, Q1 was a meaningful quarter for per share value accretion. We deployed \$194.9 million into share repurchases and restricted stock unit net settlements, reducing our basic share count from 13.6 million at year-end 2025 to 12.7 million at the end of Q1, a reduction of approximately 6% sequentially. In early March, we completed \$200 million zero coupon convertible notes offering, generating \$175.7 million of net proceeds. We simultaneously repurchased \$70 million of common stock in a privately negotiated transaction with the convertible note holders and continued buying shares in the open market for the remainder of the quarter. We have approximately \$113.3 million in remaining capacity under our share repurchase authorization, which we expect to continue to utilize opportunistically.

Our capital priorities remain the same. First, invest in organic growth where we are generating returns that are multiples of our cost of capital; second, operationalize the coastal funding structure; third, return capital through share

repurchases using our excess cash when risk-adjusted returns exceed those alternatives. Our objective is simple. We intend to allocate capital to maximize value for shareholders, and Q1 was a strong proof point of us doing it at scale. We remain on track to transition ExtraCash receivables to the coastal off-balance sheet funding structure this summer. At full implementation, we expect to unlock over \$200 million in incremental liquidity, reduce our cost of capital and repay our existing credit facility. As a reminder, the fees paid to Coastal under this arrangement will be recognized as an operating expense that will burden non-GAAP gross profit and gross margin but will be added back for adjusted EBITDA purposes.

Now turning to guidance. Based on Q1 results and the trajectory we see in the business, we are raising 2026 guidance across all 3 metrics. We now expect full year revenue of \$710 million to \$720 million, representing growth of approximately 28% to 30%. Additionally, we are raising adjusted EBITDA guidance to \$305 million to \$315 million. Lastly, we are raising adjusted diluted EPS to a range of \$16.25 to \$16.75, up from \$14 to \$15. This represents year-over-year growth of approximately 43% to 47% on a tax rate adjusted basis, reflecting both strong operating performance and a meaningful reduction in share count from Q1 repurchases. All figures assume a 23% effective tax rate.

The execution we have demonstrated over the last several years, consistently raising guidance while improving credit and scaling originations has carried into 2026. Cash AI continues to sharpen. Our competitive position continues to strengthen, and we believe we have a clear and executable path to deliver on our medium-term growth algorithm while creating outsized shareholder value. With that, we will conclude our prepared remarks. Operator, please open the line for questions.

Question and Answer

Operator

[Operator Instructions] And our first question comes from Andrew Jeffrey with William Blair.

Andrew William Jeffrey

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

I wanted to ask about, Jason, maybe your comments around focusing on engagement, particularly in the context of Dave Card volume, which -- the growth of which decelerated a little bit this quarter. It sounds like that's less at least of a near-term focus for you in terms of engagement as you turn your eyes to Flex and Cash AI 6.0. I wonder if you could just kind of unpack that a little bit for us.

Jason Wilk

Co-Founder, CEO, President & Chairman

Yes, sure. Thanks for the question. So look, when I think about deepening engagement, specifically through card, we believe have a much differentiated offering through the Dave Flex product, just given our advantages in underwriting, but also the fact there's just far less friction associated with winning card spend when we're provisioning credit versus asking someone to switch their direct deposit. We found there's very little differentiation amongst all the scaled neobanks on debit card offerings. And therefore, we're going to maintain the natural synergy between ExtraCash and the debit card to drive natural volume there, but we do think there's a massive opportunity with Dave Flex to make that a scaled product and be a real differentiator amongst our peers.

Andrew William Jeffrey

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

Okay. Yes, I look forward to that product rolling out. And one follow-up, if I may. Just where do you think over time, engagement goes? You got about a 20% MTM to MAU attached this quarter, somewhere in that neighborhood. Where can that go and over what period of time? And I assume that could be a pretty important ARPU driver along with some of the other initiatives you called out on the call today.

Jason Wilk

Co-Founder, CEO, President & Chairman

Look, as stated on the call, I think we're doing really well against our stated growth algorithm, which is to grow MTMs mid-double digits and ARPU low double digits, and we're doing very well there, exceeded both those targets within the quarter. And as I mentioned, a lot of room to run given we're 2.99 million MTMs against the total 185 million member TAM. And we just know that from a sort of credit share of wallet, there's a tremendous opportunity for us to continue to do more for this customer and ExtraCash is largely used for nondiscretionary expenses. And while we think there's still a ton of room to run with that product to drive more MTMs and optimize that product for more ARPU, just think the opportunity with things like Dave Flex to drive more of that discretionary spending to win more of the daily engagement and expand into that credit wallet, just a huge opportunity.

Operator

Our next question comes from Ryan Tomasello with KBW.

Ryan John Tomasello

Keefe, Bruyette, & Woods, Inc., Research Division

Following up on the Flex Pay in 4 product, maybe if you could just give us an update on how you're thinking about monetization rates relative to ExtraCash as well as the credit component, how that might compare given the higher advance rates, higher advanced limits and longer duration? And then as a follow-up on that, I think the intention you've mentioned is to focus initially on existing customers for the Pay in 4 product. But as you lean into more external growth eventually, do you think that you can maintain that sub-\$25 or so CAC level? Or might higher LTVs on that product justify a step-up in CAC for the Flex product?

Jason Wilk

Co-Founder, CEO, President & Chairman

Sure. Well, answering the last question, I mean, we've said pretty repeatedly, we're not focused on the lowest dollar CAC. We look at the best and most attractive returns. And so we would expect to spend against Flex acquisition where we see positive returns that we like. It's too early to tell on that given we're not actually testing in market for new users at this point, but we do anticipate testing this year to understand how it does with paid advertising and what kind of growth algorithm we can have for that product in 2027.

As far as the economics, we are in market testing a higher monthly fee than ExtraCash. And then we plan to have -- we are in market testing a per swipe transaction fee with that product as well. No late fees, no compound interest on the product. You can apply with no credit check using Cash AI. I think one thing we are willing to share right now is that everything so far on the adoption points to incrementality with regard to total originations per customer, meaning we are seeing natural synergy between this product and with ExtraCash. And so there should be some -- definitely ARPU lift is what we're seeing. It's what we expected with the product, given how we've seen people interact with BNPL within our customer cash flow data. But nonetheless, still positive to see the initial signs are there, and our hypothesis is turning out to be true there.

Ryan John Tomasello

Keefe, Bruyette, & Woods, Inc., Research Division

Great. And then one of your large neobank peers has signaled a renewed push into the cash advance space I believe with a modestly lower cost product, they're also expanding into the enterprise earned wage access category. Curious if you've seen any measurable impact there from those competitive dynamics? And if you can just give us your thoughts on whether the enterprise EWA category competes with the direct-to-consumer cash advance product and generally how you view that strategy as a potential tack on today's product pipeline at some point?

Jason Wilk

Co-Founder, CEO, President & Chairman

Well, look, we still view our ability to underwrite external primary accounts via Plaid to be a differentiator amongst our scaled neobank competitors, which require a direct deposit into their account to access credit. We've said before that we believe the TAM of people willing to connect a bank account to get access to credit is far wider than those willing to

switch their bank account. And therefore, we think that it's hard to compare the product on apples-to-apples because even if that product may be slightly cheaper, there's a massive tax on the user in the sense that they have to switch their direct deposit, which has a lot of friction.

When I think about the enterprise opportunity, I mean it's certainly an interesting differentiated way to acquire customers, but it's a very different value prop and that this is customers being able to access their earned wages every single day. We look at Dave as the ability to capture a much larger paycheck before at the beginning of your pay period to go cover things like rent or gas or groceries. And so the use case is different, and we do view those to be pretty complementary products. Those enterprise businesses have been around for a decade plus, and we just haven't seen anyone really crack significant scale there, and it certainly has had no bearing or impact on our business.

Operator

Our next question comes from Joseph Vafi with Canaccord.

Joseph Anthony Vafi

Canaccord Genuity Corp., Research Division

Terrific results once again here in the quarter. Congrats. I thought maybe we'd look at -- maybe look at customer acquisition through a little bit of a different lens here. Obviously, there's sales and marketing spend for customer acquisition. Just wanted to kind of also drill down into your credit algo and how much of a factor that is, is in driving -- as that continues to improve and you're on Cash AI V6, how much that is a driver in customer acquisition because obviously, if someone applies, they may or may not get approved and how that really kind of is part of growth in MTM. And I have a quick follow-up.

Jason Wilk

Co-Founder, CEO, President & Chairman

Yes. Thanks. As mentioned, the quarter was better than expected from a marketing perspective. I mean CAC was -- came in less than we thought it was going to, which we thought was impressive given the elevated tax refunds that we did see. And that just gives us more confidence given the shrinking payback period that we have a lot of confidence going into the rest of the year to continue to deploy marketing dollars efficiently and at scale. With regard to Cash AI V6, I wouldn't think about it in the terms of this is going to approve more customers that otherwise would be rejected. It's more so the people that we do approve we are able to get incremental credit from there. And we do see that benefit conversion, which helps with CAC from a first-time credit active perspective. And so one of the things we mentioned or that Kyle mentioned on the call was removing that fee cap for new customers. We're already seeing the benefits there of it resulting in more customers getting approved for higher amounts, and that has compounding effects on first-time conversion, retention, et cetera, and just incremental to LTV and marketing spend all around.

Joseph Anthony Vafi

Canaccord Genuity Corp., Research Division

Sure. And then just a follow-up...

Kyle Beilman

COO, CFO & Secretary

Let me just jump in and add something real quick there. I mean everything that Jason said is true, but it also applies to the overall book. And so the better that we can get with underwriting and improvements that we expect from Cash AI V6 that all those benefits and higher limits and therefore, a better value prop increases customer retention and reactivation as well and supports overall customer growth. And so it's both new users and existing user benefits that we expect to see as we continue to make improvements on Cash AI.

Joseph Anthony Vafi

Canaccord Genuity Corp., Research Division

Sure. That makes sense. And then maybe just on removing that fee cap, how much price sensitivity was there? And maybe kind of drill down a little bit more on your thoughts there on removing that would be helpful.

Jason Wilk

Co-Founder, CEO, President & Chairman

I'll pass to Kyle on that one.

Kyle Beilman

COO, CFO & Secretary

Yes. I mean, Joe, I think we've seen over the last couple of years as we've made pricing optimizations that as we move on price and therefore, increase spreads, we're able to open up the credit box and that sort of increase in limit and value prop is much more valuable than the customer than the incremental cost associated with it. And so that's the same dynamic that we're seeing play out here with eliminating the fee cap as we can generate the incremental spread there with the removal of that cap and therefore, increase the limits, we're seeing benefits to conversion, as Jason mentioned. So all facts and kind of data points over the last couple of years kind of speak to that dynamic where limit matters more than price, and we're trying to find the sweet spot there at all times to maximize the customer experience while ensuring that we are compensated well enough for the incremental risk that we're taking on.

Operator

Our next question comes from Devin Ryan with Citizens Bank.

Devin Patrick Ryan

Citizens JMP Securities, LLC, Research Division

Jason and Kyle, congrats on the strong quarter here. Just want to touch on capital. Obviously, the offering this quarter bought back a lot of stock with the coastal transition coming, that's \$200 million of liquidity. When we think about kind of the uses of liquidity and kind of excess cash, you obviously can pay down the existing facility. Beyond that, should we just think about kind of free cash generation as just being pegged towards buybacks? Or is there anything else we should be thinking about with that because obviously, beyond the \$200 million, you're generating another couple of hundred million dollars or more a year as well. So a lot of capacity there.

Jason Wilk

Co-Founder, CEO, President & Chairman

Thanks, Devin. I'll pass to Kyle on that one.

Kyle Beilman*COO, CFO & Secretary*

Devin, look, I think you keyed in on the point there. I mean the company at this point is substantially free cash flow generative. We're unlocking a significant amount of capital with the migration to the coastal funding arrangement, and that gives us a lot of dry powder from a capital allocation perspective. And as I mentioned in my remarks, we continue to see share repurchases as a very attractive way for us to continue to deploy capital. That's at the sort of top of the list from a capital allocation prioritization perspective. And we have looked at various M&A opportunities over time, and we'll continue to evaluate that landscape if there's anything that's overall additive to our strategy. But I would say, by and large, very much oriented towards share repurchases for use of excess cash.

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

Got it. And then just another follow-up here on ExtraCash. Obviously, strong demand against what's typically kind of a seasonally softer quarter, and it seemed like this year was actually even a heavier tax refund season than prior year. So I think kind of the results are even more notable against that backdrop. So can you just talk about some of the trends that you saw with your customers? Were there any new factors driving demand? Was it just all kind of Cash AI V5.5 expanding the credit box and kind of doing what it does? Or were there other factors? And then also, what does that imply for kind of the snapback into the second quarter once we move beyond some of these seasonal dynamics? I heard, obviously, what you guys said in the prepared remarks, but any other color there would be helpful as well.

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

Yes. Thanks, Devin. For your point, we mentioned that there has been a snapback in April with respect to average origination size. As far as Q1, obviously, we have a massive data set with over 7 million customer connected accounts we can peer into to understand what's happening with the economy with respect to our consumer. And we're just seeing everything pretty consistent. Income is holding up. If anything, income is up a little bit year-over-year. Spending is pretty flat year-over-year, no evidence of trade down behavior. to call out, restaurant has been gaining some share of food and drink spend at the expense of groceries, but no signs of increasing credit or leverage. And as we saw, we had record Q1 performance and investors really take that away as a big positive for the business and shows the strength of Cash and having control of our credit box.

Kyle Beilman*COO, CFO & Secretary*

Maybe I'll jump in with just one more sort of anecdote there, Devin. I mean if you look back to the sort of sequential trend, whether that's on ARPU or the amount of ExtraCash originations per MTM, the Q1 '26 versus our Q4 '25 trend was very similar to what we saw in years past. Last year was a little different given that we had introduced the new fee model and the higher thresholds in Q1, so that obfuscated some of that impact, but this Q1 largely mirrored the last several years before last year. And so it was pretty much business as usual for us and very much in line with expectations from tax refunds.

Operator

Our next question comes from Jeff Cantwell with Seaport Research.

Jeffrey Brian Cantwell
Seaport Research Partners

Can you tell us what provision expense would have been in the quarter if not for the timing impact? How much was that impact this quarter? Can you maybe size that? And then assuming the macro remains fairly steady, should we expect to see that normalize from here? Or is there anything else to flag as you look out to the remainder of this year?

Jason Wilk
Co-Founder, CEO, President & Chairman

Thanks, Jeff. I'll let Kyle take this one.

Kyle Beilman
COO, CFO & Secretary

Jeff, thanks for the question. So as I mentioned in the remarks, the provision dynamic from, say, the quarter closing on a Tuesday versus the prior Friday was about a \$5 million swing to gross profit. So that's, I think, a pretty strong indicator of what it would have looked like as the provision as a percent of originations and it would have brought the gross margins back into the mid-70s. Look, I think we tried to do our best to signal this impact coming in Q1. We know about the sort of calendar dynamic swings, obviously, well ahead of time and gross margin performance was still well within our expectations of the low 70s -- we do expect Q1 to represent the low watermark for the year and expect gross margins to be in the mid-70s for the rest of the year. And then in terms of overall credit performance, we would expect that to -- on a DPD rate basis to be at least as good as where we were last year, if not better. So I think all signs point to improving gross margins and all else equal, timing dynamics aside, provision as a percentage of originations coming down.

Jeffrey Brian Cantwell
Seaport Research Partners

Got it. Got it. And then looking at CAC this quarter, it was \$18. That's down a couple of dollars versus the previous quarter and flat versus last year. I guess my question is that when you think about the pay in the card, -- just given the competitive dynamics of that space, the BNPL space, is there any reason to suspect that you're contemplating changes in CAC in order to drive new customer growth from that channel? Or how should we be thinking about CAC in the context of the new product launch?

Jason Wilk
Co-Founder, CEO, President & Chairman

Thanks. As I mentioned, to put the other questions here, we're going to invest in growth in Flex Card where we see positive economics and returns. So if that comes at a higher CAC than \$18, it doesn't really matter to us because we're solving for returns, not for lowest dollar CAC. And so we're very interested to see what the returns look like. From a competitive landscape, while BNPL is quite competitive as a merchant checkout, a direct-to-consumer offering where you can actually buy now, pay later or whatever you want without the need to reapply is not that competitive. And so we are excited to start to penetrate that TAM and be one of the first to have scaled advertising against that message. A lot of the pay in for card type competitor products are largely cross-sold products and people that were already acquired through BNPL channels. And given our advantages within Cash AI to underwrite new customers based on cash flow data as well as our advantages in having a strong brand with very scaled marketing channels and messages, we feel confident that there's a lot of opportunity there. And I think I mentioned this on previous calls, but we really think that target here to disruptive subprime credit cards, which is monetizing customers on being late with late fees, compound

interest and those products is the exact opposite with responsible credit offering, payments tied back to your future paycheck dates with no late fees. And so excited to get this out there and think there's a lot of opportunity to make this a marketing machine.

Operator

Our next question comes from Hal Goetsch with B. Riley Securities.

Harold Lee Goetsch

B. Riley Securities, Inc., Research Division

Can you just give us maybe a hint on where you think share count will be for maybe the next couple of quarters with all the buyback activity and the timing of it?

Jason Wilk

Co-Founder, CEO, President & Chairman

I'll let Kyle get on this one.

Kyle Beilman

COO, CFO & Secretary

Thanks, Hal. We're not providing any specific guidance on the buybacks at this point. Of note, I would say our revised guidance on adjusted EPS does not contemplate buybacks for the duration of the year. But as I alluded to earlier, I would expect us to continue to be forward leaning on the buyback with the excess cash that we're generating. So yes, no specific numbers there for you, but I would expect some impact from future repurchases if things continue to sort of play out the way that we expect them to.

Harold Lee Goetsch

B. Riley Securities, Inc., Research Division

And perhaps maybe you could remind us maybe how much you -- given your cash flow underwriting, what percentage of your customers are using BNPL maybe the other prominent 6 to 7 logos that are out there in the United States. Do you have kind of a rough number of what percentage of your active customers are using BNPL?

Jason Wilk

Co-Founder, CEO, President & Chairman

We see around 50% of people will engage with it at some point during a quarter. And so we know the demand is there and early signs that we -- as I mentioned earlier in the questions here that we are seeing this as an incremental credit opportunity with respect to origination sizes given that's how we already see people use BNPL today. And so we like the ability to see the opportunity to displace that BNPL activity. But importantly, our customers are either not approved for subprime credit cards or they are having a terrible experience because they're massively overpaying in fees. credit card interest rates in the U.S. are being collected over \$100 billion a year, credit card late fees over \$20 billion. And just like Dave was invented to disrupt traditional overdraft fees, we see the opportunity here to really change the industry. And so just a lot of excitement. We don't really think about it being directly competitive with the existing BNPL given the merchant checkout, heavy friction, et cetera, if that makes sense.

Harold Lee Goetsch

B. Riley Securities, Inc., Research Division

That's terrific. And would you say the key takeaway on Flex is that you're probably the only BNPL company that has payments triggered on pay days because the other BNPLs, they don't know when they get paid. Is that right?

Jason Wilk

Co-Founder, CEO, President & Chairman

That's correct.

Harold Lee Goetsch

B. Riley Securities, Inc., Research Division

Yes. Terrific.

Jason Wilk

Co-Founder, CEO, President & Chairman

And Hal, same goes for subprime credit card companies, too. They're just leveraging antiquated FICO models for underwriting. They're all collecting on the exact same day, and we can be highly customized here knowing what your paycheck date is given the income visibility and prediction algorithms with Cash AI gives us a huge advantage when you are underwriting a customer like we are, the everyday American consumer collecting on their right paycheck date is a huge advantage for settlement efficiency.

Operator

Our next question comes from Jacob Stephan with Lake Street Capital Markets.

Jacob Michael Stephan

Lake Street Capital Markets, LLC, Research Division

I want to ask a little bit on dormant reactivation. You guys kind of talked about that being one of the drivers of the MTM growth this quarter. But can you help us kind of piece out what's driving the reactivation, Cash AI or reengagement marketing? And as kind of a follow-up to that, is there a way to frame maybe how large the reactivation cohort was as a percentage of Q1 MTM adds?

Jason Wilk

Co-Founder, CEO, President & Chairman

I'll pass to Kyle on that one.

Kyle Beilman

COO, CFO & Secretary

Jacob, so in terms of the size of that opportunity, it's about 11.5 million dormant customers that we have to sort of

continue the opportunity to drive reengagement and reactivation with. And the interesting data point there is we grew total members by about 17% and are growing MTMs faster than that. So I think that just kind of speaks to the activation of the base that we've been able to kind of chip away at over time through these reactivation initiatives. It's life cycle marketing, it's improvements to cash AI and the value prop of our limits relative to other alternatives out there to increase consideration when people are coming back into the category. That's really big for us. It's promotions. I mean it's a whole sort of slew of different initiatives that the team has been driving to increase that reactivation number, and it continues to be a really important part of the MTM mix. We don't quantify that portion of the overall MTMs in a given period. But again, it's a very valuable customer pool that we have to fish in on a regular basis and an important part of the MTM growth story that we're super focused on. Okay.

Jacob Michael Stephan

Lake Street Capital Markets, LLC, Research Division

And maybe as a second follow-up, as it relates to the removal of the \$15 fee cap, can you just remind us the MTMs, those are essentially grandfathered into the old fee cap, the \$15 fee cap and any reactivated members essentially, would they be subject to removal of the cap? Or how does that work?

Kyle Beilman

COO, CFO & Secretary

The fee cap would only -- or the removal of the fee cap would only apply to new customers who are onboarding on to Dave for the first time. So that's where the focus of this fee change is. Again, we don't quantify how big that portion is of the MTM base, but we would expect it to be supportive of incremental ARPU throughout the year as more and more of Dave's new customers become a bigger portion of the overall MTM base over time.

Jacob Michael Stephan

Lake Street Capital Markets, LLC, Research Division

Okay. So just to clarify, anything over and above the 14.5 million total members essentially would be on the new fee cap or the no fee cap model?

Kyle Beilman

COO, CFO & Secretary

Correct.

Jacob Michael Stephan

Lake Street Capital Markets, LLC, Research Division

Thank you.

Jason Wilk

Co-Founder, CEO, President & Chairman

Thank you.

Operator

This concludes the conference. Thank you for your participation. You may now disconnect.