DAVE INC. (NASDAQ: DAVE)

Third Quarter 2026 Earnings Conference Call

Wednesday, November 4, 2026 | 4:30 p.m. Eastern Time

Corporate Participants

Jason Wilk | Co-Founder, Chairman, President and Chief Executive Officer

Kyle Beilman | Chief Operating Officer, Chief Financial Officer and Secretary

Conference Call Participants

Devin Ryan | Citizens JMP Securities, LLC

Patrick Moley | Piper Sandler & Co.

Chao (Chris) Zhang | UBS Investment Bank

Connor Allen | JPMorgan Chase & Co.

Ryan Tomasello | Keefe, Bruyette & Woods, Inc.

Adib Choudhury | William Blair & Company L.L.C.

Jacob Stephan | Lake Street Capital Markets, LLC

Reginald (Reggie) Smith | Loop Capital Markets LLC

Presentation

Operator

Good afternoon, everyone, and thank you for participating in today's conference call to discuss Dave's financial results for the third quarter ended September 30, 2026. Joining us today are Dave's Chairman and CEO, Mr. Jason Wilk, and the company's CFO and COO, Mr. Kyle Beilman.

By now, everyone should have access to the third 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 note that this call is being recorded.

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 the 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 to the SEC, which are available in the Investor Relations section of Dave's website at investors.dave.com.

[Operator Instructions] I would now like to turn the call over to Dave's Chairman and CEO, Mr. Jason Wilk. Please go ahead.

Jason Wilk

Co-Founder, Chairman, President and Chief Executive Officer

Good afternoon, and thank you all for joining us. Q3 was another strong quarter for Dave, with revenue growth accelerating to 31% year-over-year, driven by accelerating member growth and continued ARPU expansion, all while delivering strong credit performance. Based on these results and the momentum we see across the business, we are once again raising our full-year guidance for revenue, adjusted EBITDA and adjusted diluted EPS.

There are three key takeaways from today's call. First, credit performance was strong in Q3 and improved further in September, following the full rollout of CashAI v6.0, with record ExtraCash sizes and lower 28-DPD rates. Second, our customer acquisition engine is delivering record scale and improving unit economics, making our growth investments increasingly attractive. Lastly, Dave Flex is showing encouraging early

traction with better-than-expected acquisition costs and strong cross-product adoption with ExtraCash that suggests significant upside to baseline member lifetime value.

Turning to our growth pillars. Starting with member acquisition. We added a record 1.1 million new members, up 35% year-over-year. But the bigger story is how efficiently we scaled. Marketing spend increased more than 50%, while CAC rose just 14%, which was outpaced by improvements in member lifetime value, thus maintaining our attractive returns at much higher volume.

As we've said before, we invest to maximize gross profit dollars rather than minimize CAC. With returns on incremental marketing investment at multiples of our cost of capital, we invested beyond the higher plan we outlined last quarter. We delivered record non-GAAP gross profit of $138 million, up 33% year-over-year, and annualized gross profit per MTM increased approximately $19 to $175. As our record new-member cohorts build tenure, we expect their increasing engagement and monetization to support growth into 2027.

Moving to our second pillar, engagement through ExtraCash. Originations reached $2.5 billion, up 23% year-over-year and 9% sequentially, and we exited the quarter at nearly $10 billion in annualized originations. Growth reflected more credit-active members and a 5% year-over-year increase in average ExtraCash size to $218. Following the full rollout of CashAI v6.0 in September, average ExtraCash size grew to $225, while our 28-day past due rate on September originations fell below 2%, improving from 2.09% for the quarter. This strong credit performance has continued into Q4.

We also began testing ExtraCash limits beyond $600, with early results showing a meaningful increase in gross profit per member. Notably, existing fee-capped members eligible for more than $600 will be enabled higher limits via an additional draw at a 5% fee, which we believe now puts all customers roughly on the same fee structure. We believe higher limits, in combination with this additional draw monetization and strong credit performance, set us up well to continue delivering higher gross profit per member moving forward.

Moving to our third pillar, deepening engagement. Dave Card spend was $533 million, up 5% year-over-year. As we discussed previously, we have deliberately shifted our focus from new debit-focused initiatives to our new Dave Flex card, which we believe has more differentiation in the market to win top-of-wallet spend, given our advantages in underwriting and the strong value proposition of the product.

During Q3, we grew Dave Flex adoption from single- to double-digit thousands of members through both cross-selling to existing members and direct customer acquisition at better-than-expected acquisition costs. While results are still early, we are encouraged that the products are proving complementary. Existing ExtraCash members cross-sold to Dave Flex are retaining and monetizing well ahead of baseline, driving significant potential LTV upside. Members acquired directly through Dave Flex marketing are subsequently adopting ExtraCash, and members who may not yet be approved for Dave Flex are adopting ExtraCash.

Overall, our ecosystem approach is playing out as expected, and we plan to continue to optimize the acquisition funnel and unit economics ahead of scaling more broadly in 2027. We do not expect meaningful Dave Flex revenue in 2026, and none is embedded in our guidance. We expect a more significant contribution in the second half of 2027.

Before turning it over to Kyle, a couple of strategic updates. First, we recently amended our agreement with Coastal Community Bank to expand our funding capacity, giving us greater flexibility to invest in growth and return capital to shareholders. Kyle will cover the specifics. On the DOJ matter, we have no updates and continue to vigorously defend our position.

In closing, we're accelerating member growth, expanding monetization and improving credit outcomes, which are all coming together to drive record performance. Thanks to the entire Dave team for another strong quarter.

And with that, I'll turn it over to Kyle.

Kyle Beilman

Chief Operating Officer, Chief Financial Officer and Secretary

Thanks, Jason, and good afternoon, everyone. Our Q3 results show the durability of our model at increased scale. We increased acquisition investment beyond our prior plan while maintaining strong credit performance and growing adjusted EBITDA faster than revenue. In addition, the Coastal funding transition freed up liquidity to support growth and capital return.

I'll cover the financial results, explain the provision and gross margin drivers, and close with our capital position and raised outlook. The earnings supplement on our IR site provides a detailed KPI breakdown.

Starting with revenue. Total revenue was $198 million, accelerating to 31% year-over-year and nearly 16% sequentially. Growth was driven by an 18% increase in monthly transacting members to 3.15 million, an acceleration from Q2, together with an 11% growth rate in annualized ARPU to $251. Newer members begin at lower ARPU and expand with tenure, so a record new-member cohort weighs on the average. Even with that mix shift and faster MTM growth, monetization improved as the fee-cap changes and CashAI v6.0 supported larger ExtraCash amounts and higher revenue per origination.

One note on comparability. Beginning this quarter, we no longer include in our calculation of MTMs members whose only monthly activity was low-engagement, non-monetized activity related to Goals accounts. This change affects MTMs, ARPU and gross profit per MTM, and prior periods have been recast to ensure comparability.

On pricing, September's gross monetization rate, which measures ExtraCash revenue per dollar originated before credit losses, was approximately 7%, compared with 6.4% for Q2. Combined with a larger average ExtraCash size in September, this drove a 16% increase in revenue per origination versus Q2. These results capture a full month of the fee-cap changes and most of the rollout of CashAI v6.0. For the full quarter, those gains held up after credit losses. Our net monetization rate was 5.2%, up about 40 basis points year-over-year and our highest in five years.

Beyond ExtraCash, subscription revenue provides another monetization tailwind, growing 74% year-over-year as more of the base joins at the $3 a month price point. With pricing, underwriting, subscription mix and seasoning of our recent new-member cohorts all contributing, we believe we are well positioned to sustain MTM growth and ARPU expansion into 2027.

Turning to gross profit. Non-GAAP gross profit was $138 million, up 33% year-over-year, and non-GAAP gross margin was 70%, up from 69% a year ago and down from 72% in Q2. Two items drove the sequential change.

First, Coastal funding costs, which accounted for about 100 basis points of the change from Q2. Most of that was planned, but the transition moved faster than expected, so more receivables entered the program sooner and the related costs came through earlier. These costs are included in gross margin but excluded from adjusted EBITDA, and the transition freed up significant liquidity tied up in ExtraCash receivables.

Second is the provision. Provision for credit losses was $37 million, or about 1.5% of ExtraCash originations, in line with the year-ago rate but above our forecast. Provision reflects portfolio growth, mix and credit performance, so it can move differently from static pool delinquency and loss rates, which we believe more directly measure credit quality. Static pool loss rates were flat to down year-over-year.

However, our prior provision forecast assumed a larger improvement based on stronger early repayment performance we saw coming out of the spring following collections enhancements we made. Those enhancements brought repayments in sooner but didn't reduce ultimate losses as much as the early data implied. We've recalibrated our forecast to reflect these new repayment timing patterns, and our updated outlook incorporates them.

September was our strongest month of the quarter, with a 28-day past due rate below 2%. Q4 to date is tracking in line with September, supporting our expectation that the quarter's 28-day past due rate will remain below 2%. Our updated forecast points to meaningfully better ultimate loss rates, which, together with our pricing changes, supports our expectation for Q4 non-GAAP gross margin to exceed Q2 levels.

Now working down the P&L. Advertising and activation expense was $28 million, up 48% year-over-year and 37% sequentially. As Jason noted, attractive returns supported investments above our prior plan. We expect a modest further increase in marketing investment in Q4.

Compensation and benefits was $43 million, including $22 million of stock-based compensation. Stock-based compensation increased as our stronger full-year outlook raised expected payouts on performance-based awards, including a one-time catch-up of about $4 million for prior quarters. Excluding stock-based compensation, compensation was $21 million, up roughly 21% year-over-year and 10% sequentially. The increase reflects the targeted investments in product development, marketing and AI we outlined last quarter.

Other operating expenses were $14 million, including $6 million of nonrecurring legal settlement and litigation expenses excluded from adjusted results. On an adjusted basis, fixed expenses grew more slowly than revenue and declined to approximately 17% of revenue from 18% a year ago. We expect operating leverage to continue building as revenue scales.

Pulling it all together on profitability, adjusted EBITDA was $82 million, up 39% year-over-year, at a 41% margin, up from 39% a year ago. GAAP net income was $64 million, or $3.30 per diluted share, including $26 million of noncash gains from the remeasurement of warrant and earn-out liabilities. Those gains are excluded from adjusted results, and the underlying instruments expire in January of 2027. The year-ago GAAP comparison included a significant tax benefit, primarily from releasing a valuation allowance.

Adjusted net income was $60 million and adjusted diluted EPS was $4.39, down 7% and 1% year-over-year, respectively. Both comparisons reflect taxes. Last year's third quarter included a tax benefit in adjusted

results, while this quarter reflects a more normalized effective tax rate. Before taxes, adjusted earnings grew roughly in line with adjusted EBITDA, and a 5% lower adjusted diluted share count helped per-share results.

Turning to capital. We ended Q3 with $315 million of cash, investments and restricted cash, up from $254 million at the end of the second quarter. We generated over $81 million in operating cash flow, while additional Coastal funding reduced our direct funding needs. As Jason noted, we recently amended our Coastal program agreement, increasing our ExtraCash funding capacity from $225 million to $325 million.

Coastal funded approximately $159 million of receivables at quarter-end, up from $93 million at the end of the second quarter. We expect to complete the remaining member migration in early 2027, allowing us to make fuller use of the expanded capacity. As a reminder, Coastal funds the receivables while we retain the underlying economics and credit risk exposure.

With respect to capital return, we deployed approximately $20 million during the quarter to reduce our share count through restricted stock unit net settlements and open market repurchases, leaving $88 million available under our repurchase authorization.

In early October, we also repaid the $75 million outstanding under our Victory Park debt facility. Adjusting September 30 cash for only that repayment leaves approximately $240 million of cash, investments and restricted cash, with no borrowings remaining under that facility. Our capital priorities remain unchanged: invest in organic growth at attractive returns and repurchase shares opportunistically to create long-term per-share value.

Turning to our updated 2026 outlook. We are raising guidance across all three metrics. We now expect revenue of $746 million to $750 million, up from $725 million to $735 million. We expect adjusted EBITDA of $327 million to $330 million, up from $315 million to $325 million, and we expect adjusted diluted EPS of $17.45 to $17.65, up from $17.00 to $17.50, and this assumes a 23% effective tax rate.

At the midpoint, our outlook implies fourth-quarter revenue of approximately $221 million, up roughly 35% year-over-year and a further acceleration from 31% in Q3, and a fourth-quarter adjusted EBITDA margin of approximately 46%. For the full year, that represents approximately 300 basis points of adjusted EBITDA margin expansion.

The outlook assumes higher marketing investment in Q4 than in Q3, continued ARPU support from pricing, CashAI underwriting, subscription mix and cohort seasoning, and the Q4 gross margin expansion I described. It also assumes no meaningful revenue contribution from Dave Flex.

In closing, we are raising our full-year outlook, with revenue growth accelerating again in Q4, while investing more in acquisition at attractive returns. Improving credit performance and stronger monetization support our Q4 margin outlook, while greater funding capacity and liquidity give us flexibility to invest in growth and capital return. We believe these factors position us well heading into 2027.

With that, operator, please open the line for questions.

Questions and Answers

Operator

[Operator Instructions] Our first question will come from the line of Devin Ryan with Citizens JMP Securities.

Devin Ryan
Citizens JMP Securities, LLC

A question just on the record new member additions. Obviously, good to see here. Can you talk about what you're doing differently to drive them? Obviously, higher marketing dollars, and CAC went up a little bit, but it still looks like a very positive payback. So can you just talk a little bit about that? And then also, just the seasoning that you typically see, since this is a big number. As we look out over the next four quarters, as they mature, how much ARPU uplift do you typically see over a 12-month look forward, just so we can think about modeling this?

Jason Wilk
Co-Founder, Chairman, President and Chief Executive Officer

Yes. Thanks, Devin. I appreciate it. I can speak to the first part of the question on new members. I'd say it's really business as usual with our existing channels. We're scaling up the channels that work best for us, from TV to social media. And as you know, 30% of our acquisition is coming from word of mouth, which has not changed at all at these increased levels of scale, which gives us a lot of promise going into the next several years.

I'd say the one lift, though, is from our further investments in AI-born creative. We have a very recognizable brand mascot, and we spent a lot of time, effort and energy developing that. AI is able to create tens of thousands of creatives within minutes. Most of these networks like new and fresh creative, and previously it took us several months to make one ad. Now we can make ads within a matter of seconds using our proprietary bear mascot, along with what is an incredibly recognizable dave.com domain name. So I'd point to those as really good signs, and we love to see the incrementality that we're driving here.

And I'll let Kyle speak to the incremental ARPU expansion as these cohorts season.

Kyle Beilman
Chief Operating Officer, Chief Financial Officer and Secretary

So look, in terms of how they season, in that post-six-month window, things tend to approach what we would consider a more terminal level of monetization. We don't provide explicit breakouts around that.

But I think we're just really excited to see all the ARPU levers we have stacking, which give us a lot of confidence in the runway for ARPU and in getting us to that low double-digit ARPU growth trajectory that we've talked a lot about over the last couple of years. That comes in the form of the fee cap changes that we completed in Q3 and the higher limits that we're in the process of offering. We talked about that number being about $225 in September, and we see a lot of continued upside there by lifting the higher end of the limit spectrum.

And then we also have subscription revenue that's growing; I think that was up about 74% year-over-year. Then you layer the Flex opportunity on top of all that. So on the monetization side of the equation, we're

feeling very good. But I'd say, all else equal, you probably would have seen us closer to that roughly 13% number if our cohorts had been in the seasoned range that we would expect things to mature to.

Devin Ryan
Citizens JMP Securities, LLC

Yes. Great. I appreciate the color there. And then as my follow-up, I just want to get a little bit on the early learnings from Flex. Good to hear that you're seeing some demand there and expansion. I know there's overlap with existing ExtraCash members. Is it additive in terms of the activity level that you're seeing from those members? Or is it cannibalistic, where they're now using Flex instead of ExtraCash? Just trying to get a sense of how to think about it: are they complementing each other, or in some ways are they competing with each other?

Jason Wilk
Co-Founder, Chairman, President and Chief Executive Officer

Thanks, Devin. I'd say one of the most encouraging parts of the product launch thus far is the complementary nature of the two business lines. We are seeing existing ExtraCash users who adopt Flex continue to use ExtraCash almost in its entirety relative to their prior limits.

What's also encouraging, as we mentioned earlier on the call, is that for customers we are acquiring directly into Flex, the ones that are approved also adopt ExtraCash at a very high rate, and the ones that we turn down adopt ExtraCash at a very high rate as well, which turns it into much more of a low-and-grow strategy where we can hang on to that customer and upsell them Flex later.

So there's a lot to like. As we continue to develop the cohorts, we're excited to ramp up that product further in 2027. But it's definitely not cannibalistic.

Operator

One moment for our next question. That will come from the line of Patrick Moley with Piper Sandler.

Patrick Moley
Piper Sandler & Co.

So Kyle, on gross monetization, I think you said it reached about 7% in September as the legacy fee caps came off, and 5.2% for the quarter. So is that 7% the fully loaded rate right now? Or is there more that we should expect as that $20 cap cohort rolls off?

Kyle Beilman
Chief Operating Officer, Chief Financial Officer and Secretary

Thanks, Patrick. It's about 7% for September. And then in terms of total unit monetization on the $225 base, you can infer what the average revenue per ExtraCash is. The quarterly average for Q2 was about 6.4% for gross monetization versus that September figure, so you can see what the impact of that fee change was relative to baseline. I think that September metric is a pretty good indication of where we see the Q4 numbers shaking out.

Operator

One moment for our next question. That will come from the line of Chris Zhang with UBS.

Chao (Chris) Zhang
UBS Investment Bank

My first question is on the acquisition cost for the quarter, but we're actually more interested in what it looks like in September. In particular, I remember you recently shared some stats on the returns or the paybacks on the marginal acquisition dollars. Can you give us a sense or an update on the CAC for the September-onwards cohorts? And on the margin, what kind of returns or ROIs are you looking at for the marginal acquisition dollars?

Jason Wilk
Co-Founder, Chairman, President and Chief Executive Officer

Yes. Thanks, Chris. So just to reiterate, CAC did go to $22, but gross profit per user went up even faster, by $8 to $175. So it is still a sub-four-month payback even at this increased scale, with a very slight increase to CAC. The reality is that the marginal improvements in LTV over the last couple of years have significantly overshadowed the small increases in CAC, to the point that these investment returns would still be very, very attractive with much higher increases in CAC than this. So these are really healthy trends, and we are encouraged and excited to see the results here.

Kyle Beilman
Chief Operating Officer, Chief Financial Officer and Secretary

And just to add to that, Chris, in terms of the marginal CAC, as you can imagine, it's higher than the baseline average, but we are investing aggressively at this level. As you can see from the amount of dollars we're putting to work here, the returns on an incremental basis are multiples of our cost of capital. So things continue to look very, very healthy at the top of the funnel.

Chao (Chris) Zhang
UBS Investment Bank

All right, appreciate it. My follow-up is on the loss rates. Conceptually, can you give us a sense of, under CashAI v6.0, how much, if at all, you have already loosened the loss rates to widen originations in order to maximize gross profit dollars? And then looking ahead, relative to the take rate, how much are you willing to loosen the loss rates going forward? And also on the marginal concept, if you could give us a sense of what the loss rate looks like on the marginal cohort, maybe the lowest credit quality cohort, and how high a loss rate you are willing to tolerate in order to maximize gross profit dollars, that would be helpful.

Kyle Beilman
Chief Operating Officer, Chief Financial Officer and Secretary

So maybe just to start with the September figures, because I think those are a pretty good indication of the fee model changes as well as the impact of v6, which covered nearly all of the originations in September. What we talked about is the 28-DPD rate for September being below that 2% level, which should pull through to really solid sequential improvements in our 121-day loss rates.

And look, we're always considering different optimizations within the portfolio to maximize gross profit. I would say there's always room to make improvements. But in terms of where the margins are, we're pretty happy there, and I wouldn't expect to see us make any material deviations from these unit economics to

maximize a different outcome than what we've been orienting around over the last quarter or two. I hope that helps.

But again, we're always hunting for value, while being very comfortable with where the unit economics lie, especially coming out of September, based on the dynamics that we've talked about.

Chao (Chris) Zhang
UBS Investment Bank

All right. Appreciate it, Kyle. Definitely encouraging to see the improvement in September.

Operator

One moment for our next question. That will come from the line of Connor Allen with JPMorgan.

Connor Allen
JPMorgan Chase & Co.

I also wanted to ask about members and your investment in marketing. I was curious, as the top of the funnel is widening and you're investing into it, are you seeing any change or surprises relative to the conversion rate to transacting members? Has that dynamic changed at all versus your expectation?

Kyle Beilman
Chief Operating Officer, Chief Financial Officer and Secretary

The short answer is no. I think that's captured in our payback periods, which continue to stay in that roughly four-month range at this higher level of scale. So again, as we talked about, things look very, very healthy, and we're certainly not seeing any deterioration in the quality of customers that we're acquiring at this higher level of scale. Things look, again, very, very healthy at the top of the funnel.

Jason Wilk
Co-Founder, Chairman, President and Chief Executive Officer

Which, Connor, I think just speaks to the size of the TAM in general, further supporting how large it is.

Connor Allen
JPMorgan Chase & Co.

Understood. Got you. Maybe another one on the fee structure changes. As you've made these changes, has there been any impact on churn rates or customer behavior? It seems like no, just from the way you've described it, but anything you'd add there around customer behavior relative to the fee changes you've made?

Jason Wilk
Co-Founder, Chairman, President and Chief Executive Officer

No, nothing there. Specifically on the fee cap change from $15 to $20, there's been no incremental churn as a result of that. The customers do get a benefit, in the sense that for a slightly higher fee, they are getting a higher limit. And we know that our customers would gladly trade a slightly higher amount of money to get more limit. We did note earlier in the call today that customers who were previously fee-capped and are going beyond $600 will now have access to an additional draw at a 5% fee. So we now, for all intents and purposes, have all customers on roughly the same fee schedule, for modeling simplicity moving forward.

Connor Allen
JPMorgan Chase & Co.

And that lets you expand the total cap that you can offer, which matters a lot to the customers. Cool. Appreciate it.

Operator

Our next question will come from the line of Ryan Tomasello with KBW.

Ryan Tomasello
Keefe, Bruyette & Woods, Inc.

Can you just put a finer point on what drove the provision recalibration and the deviation in repayment performance relative to your assumptions? Anything concerning there on the credit side, particularly with respect to the new member cohorts, given you've been leaning into growth? And then does that weaker provision performance run-rate into your go-forward assumptions? If you can tell us what you're baking in for the Q4 provision, that would be helpful.

Kyle Beilman
Chief Operating Officer, Chief Financial Officer and Secretary

Yes. Thanks, Ryan. So look, as we talked about, credit performance in general was very solid in the quarter. When we look at the provision, coming out of last quarter, what we saw was really solid early DPD data that we had taken into our provision forecast, and that data was pretty early in its repayment curve. Ultimately, the losses didn't fall quite as much as that early strength had suggested.

So instead of improving, they were roughly flat, and as a result we under-modeled the provision for this quarter. We've recalibrated our extrapolation factors based on the new repayment timing curves. What happened there was we rolled out some servicing and collections improvements that effectively pulled forward some of the collection dollars that typically fall into the tail. We've since recalibrated for that, and it's now captured in the revised outlook.

To put a bit of a finer point on it, when you look at the relationship between the 28-DPD rate and the 120-DPD rate, historically that had matured in that low 30s range, where it would reduce into the low 30s between 28 and 120 days. Now we're seeing that come in in the high 20s. So that's what we're capturing in our modeling, and again, that's all been captured in our revised outlook.

Ryan Tomasello
Keefe, Bruyette & Woods, Inc.

And then just a follow-up on the fee caps. As you look across the member base, at a high level, how much runway do you think is out there on average advance sizes, particularly with the higher advance limit cohort that you already have? Any way to frame how that looks entering next year? And relative to the $225 you cited for September, do you expect growth off of that for the full fourth quarter?

Jason Wilk
Co-Founder, Chairman, President and Chief Executive Officer

So Ryan, I'd say we certainly believe there's a lot of room to run now that we've extended limits beyond $600, with some early test customers already reaching a $1,000 limit, both on ExtraCash as well as with Flex. On

the $225, we expect to still see some growth there in Q4. September was the first full month of v6, which really produced the $225 result, in combination with the customers at credit limits above $600 as well as improvements to underwriting in general with v6.

As that continues to season, similar to v5.5, we think there's still a good amount of room to run. And as Flex matures, that will also be a tailwind for average originations per user, as, again, to Devin's point, we're not seeing any cannibalization between those products. So we expect the synergy to show up in positive cumulative consumption of credit.

Operator

Our next question will come from the line of Adib Choudhury with William Blair.

Adib Choudhury
William Blair & Company L.L.C.

So it looks like ExtraCash origination dollar growth year-over-year has been decelerating for the last couple of quarters. I just wanted to ask, is that a function of tighter underwriting or a change in the credit box or aperture? Or is there something else you would call out there?

Kyle Beilman
Chief Operating Officer, Chief Financial Officer and Secretary

No. It's definitely not a change in risk aperture by any means. As we've talked about, credit performance remains really solid. It's more just a function of the fact that we haven't been growing that quite as fast as we had historically, because we were constrained by the fee cap in growing average origination sizes per customer at the rate that we did last year, for instance.

So with that fee cap constraint now eliminated, we would expect to grow origination dollars at a higher rate than we have over the last couple of quarters, where growth has largely tracked customer growth as opposed to our being able to unlock higher average origination sizes per customer. All that being said, I would expect to see an acceleration there now that this fee cap constraint has been removed.

Adib Choudhury
William Blair & Company L.L.C.

Got it. And as a follow-up, as we're getting closer to 2027, could you remind us of the line of sight you have toward achieving the mid-teens member growth and low double-digit ARPU growth that's embedded in your longer-term growth algorithm?

Kyle Beilman
Chief Operating Officer, Chief Financial Officer and Secretary

Yes. We continue to feel very good about that over the medium term. Nothing about our performance thus far calls that into question. We're very excited about the overall performance we're seeing within the portfolio to drive originations growth. Top of funnel is working exceptionally well. We have the monetization levers that I walked through earlier. So we're feeling quite confident in the outlook.

Jason Wilk
Co-Founder, Chairman, President and Chief Executive Officer

I would just add that the more months or quarters we have of this accelerated member acquisition, as those customers season over time, the better that sets us up for further growth into 2027. So a strong third quarter and fourth quarter really are going to be accretive for us next year and in the years following.

Operator

~~One moment for our next question. That will come from the line of Adam Frisch with Evercore.~~ Our next question comes from the line of Jacob Stephan with Lake Street Capital Markets.

Jacob Stephan
Lake Street Capital Markets, LLC

Maybe just first, I want to touch on the ARPU expansion quarter-over-quarter, 9%. If you could piece out in a little more detail the moving parts of the fee cap removal plus the higher limits that you're advancing to customers. And just remind us of the timing of some of those moves in Q2 when you removed the fee cap, et cetera.

Kyle Beilman
Chief Operating Officer, Chief Financial Officer and Secretary

Jacob, thanks for the question. Taking a step back, we had eliminated the fee cap for new customers back in the second quarter, and we had begun the migration of existing customers to either the $20 cap or the elimination of the fee cap altogether, and by late August that change was fully implemented. That coincided with the ramping of v6 over that same period of time as well.

So again, that's why we've tried to highlight September as very instructive on the exit rate for the quarter and the baseline for expectations moving forward. But effectively, the timeline was a ramp throughout the third quarter on both v6 and the pricing adjustments, with a full month's benefit in September.

Jason Wilk
Co-Founder, Chairman, President and Chief Executive Officer

And for clarity, for existing fee-capped customers that are looking for credit in addition to the $600 we are giving them today, we will issue them credit via an additional draw, on which they'll pay the 5% fee for that additional credit. That's what I meant earlier in the call when I said that roughly puts all the cohorts on the same pricing, once we have that fully rolled out by the end of this quarter.

Jacob Stephan
Lake Street Capital Markets, LLC

Okay. Got it. That makes sense. And then maybe just on the Coastal Community facility being upsized today. I think in the past you've said that you were planning to fund some of the originations off your own balance sheet, and Coastal is going to fund the rest. Is that strategy changing at all? How are you thinking about using Coastal going forward?

Kyle Beilman
Chief Operating Officer, Chief Financial Officer and Secretary

I would expect to use them for the vast majority of originations. We have the flexibility to balance sheet more of it ourselves, but we really like this arrangement that we've struck with them. It provides us a lot of flexibility from a capital allocation standpoint at an attractive cost of funds. So it's something that we're quite happy with, and we'll likely look to use it to its full extent for the foreseeable future.

Operator

One moment for our next question. That will come from the line of Reggie Smith with Loop Capital.

Reginald (Reggie) Smith
Loop Capital Markets LLC

I just listened to your last response, and I was thinking about the new cohort of users that have come on. You've obviously relaxed the fees, so I'm curious what you're seeing in terms of initial activation as you think about the various cohorts. And maybe you're not doing it, but are you offering more credit on the first transaction? Have you seen an uptick in early engagement, and is there anything you can talk to around that? And then I have one follow-up about your collections.

Jason Wilk
Co-Founder, Chairman, President and Chief Executive Officer

Reggie, I'd say for the most part, because we have more of a low-and-grow strategy, newer customers tend to get approved for lower amounts than existing customers that we know and have a longer tenure with. I'd say most of the improvements in first-time credit offers have come from improvements in overall underwriting.

The big change with respect to new customer offers came with our new pricing model, when we moved to the $5 minimum, 5% pricing a couple of years ago. The fee cap change really impacts the customers that are growing beyond the limits where the fee cap was causing some constraints, and there we are seeing an obviously positive uplift to ARPU and origination size per user.

Reginald (Reggie) Smith
Loop Capital Markets LLC

Got it. Okay. And then, I'm multitasking here, so I may have gotten this wrong, but it sounds like you pulled forward some of your collections. Like you, I would have assumed that would carry forward, but for some reason it's not. I'm curious, are people shutting down the accounts? What would explain that fall-off toward the back of the collection period? Are you seeing that folks just aren't receiving income in that linked account and aren't active in that account anymore? Or what's driving that?

Kyle Beilman
Chief Operating Officer, Chief Financial Officer and Secretary

Yes. That tends to be the typical thing that you see from a loss perspective, as people abandon the accounts or have stopped their income coming into the accounts that we underwrote. I would say nothing has really changed there. The pull-forward is really, again, a function of the servicing and collections upgrades that we put into place, and we had expected those results to carry through.

But in hindsight, we didn't really change much around the decisioning process from an underwriting perspective to expect a meaningful loss rate impact. I think that was just a learning for us in how we think about the impact of servicing and collections versus decisioning, where decisioning is probably more of a driver of ultimate loss rates than the servicing and collections instruments.

Jason Wilk
Co-Founder, Chairman, President and Chief Executive Officer

Reggie, the big takeaway is that loss rates from a provision perspective were still flat to down year-over-year. But as an operator and also an investor, I'm excited about the September performance, with the 28-DPD rate being below 2%. There's a lot to like about that. And that was, again, the first full month of v6, which has been a big focus area for the company to get rolled out. That's what I would be using to assess the credit performance of the company.

Reginald (Reggie) Smith
Loop Capital Markets LLC

Yes. To echo what Chris was getting at earlier, we see the DQ rate go down and we hear about the underwriting, and that's great. I think what we're wondering is why not push it. And obviously, we get it, you just have the Coastal Bank agreement and you want to be very cautious and careful there. But it just seems like there's probably more opportunity on the table that's not necessarily being tapped into. So it's great to see, but...

Kyle Beilman
Chief Operating Officer, Chief Financial Officer and Secretary

Yes. Just to speak to that, I think where we see the big opportunity is particularly at the higher end of our limit spectrum. Jason talked about the ability to go up to $1,000 for those customers and being a little bit more risk-on in helping to support more of their needs with the higher limits. I don't think that really changes the margin picture to be dilutive at all. It's just ARPU-accretive and value proposition-accretive, which is why we're so excited about it.

Operator

Thank you. I'm showing no further questions in the queue at this time. This concludes today's program. Thank you all for participating. You may now disconnect.