Presentation

Operator

Good morning, everyone, and thank you for participating in today's conference call to discuss Dave's financial results for the first quarter ended March 31, 2024. Joining us today are Dave's CEO, Mr. Jason Wilk; and the company's CFO, Mr. Kyle Beilman.

By now, everyone should have access to the first quarter 2024 earnings press release, which was issued earlier today. This release is available in the Investor Relations section of Dave's website at investors.dave.com. In addition, this call will also be available for webcast replay on the company's website. Following management's remarks, we'll open the call to your questions.

Certain comments made on 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 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 publicly release the results of any revision to any forward-looking statements.

The company's presentation also includes certain non-GAAP financial measures, including adjusted EBITDA as supplemental measurements of performance of our business. All non-GAAP measurements have been reconciled to the most directly comparable GAAP measure in accordance with the SEC rules. You'll find reconciliation charts and other important information in the earnings press release, Form 8-K furnished to 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

Thank you, and good morning, everyone. Dave's strong business performance from last year continued into 2024 as we exceeded our growth and profitability targets in the first quarter.

Revenue grew by 25% year-over-year, our second consecutive quarter of accelerating revenue growth. And our operating expenses declined on a year-over-year basis for the fourth consecutive quarter as we continue to lean into the operating leverage inherent in our business model. As a result, we posted our second consecutive quarter of profitability, generating $13.2 million of adjusted EBITDA in the first quarter, representing a nearly $18 million improvement relative to Q1 of last year and a 32% improvement sequentially. As a result, we have raised our adjusted EBITDA guidance for 2024 to reflect these outstanding results as we further expand our monthly transacting member base beyond the 2.1 million member inflection point at which we achieved profitability in 4Q of last year.

We are one of the pioneers in leveraging AI and machine learning techniques within financial services, harnessing the power of AI as an additional source of operating leverage across the business with our internally developed CashAI underwriting engine and our AI-enabled chatbot called DaveGPT.

CashAI underwrites our members' cash flow data as we're able to detect income and spending patterns as well as employment signals at a granular level. ExtraCash's short duration lends itself to cash flow underwriting as we have originated nearly $100 million ExtraCash advances since its inception with steadily improving loss rates, providing a tremendous opportunity for CashAI's machine learning to continually optimize. We believe CashAI's time-tested and data-rich ability to underwrite effectively through multiple economic cycles, creates a powerful moat that continues to distinguish Dave from new and existing competitors. With CashAI, we have demonstrated our ability to consistently grow origination volume while improving loss rates, further validating our ability to continue to scale while creating more opportunities for member value and improved monetization moving forward.

Meanwhile, DaveGPT has helped us reduce member success related costs while increasing the satisfaction and supporting member retention, which is a win-win for our members and for our cost structure. In the first quarter of 2024, we extended our live chat hours of operation based on the strong resolution rates we have been achieving with DaveGPT. This increased the mix of member contacts that we are handling through the highly cost-effective DaveGPT platform, while contributing to a 14% sequential increase in our member success Net Promoter Scores in the quarter. Overall, we are continuing to invest deeply in AI as part of our strategy to maximize efficiency, generate operating leverage and further differentiate ourselves in the marketplace.

With that said, I'd now like to provide more detail on the first quarter and our continued progress on Dave's growth strategy of acquiring new members efficiently, engaging them effectively with interest-free credit via ExtraCash and deepening our relationship with them via Dave Card Banking engagement.

We continue to focus on acquiring members efficiently as one of our key competitive differentiators. We've made considerable progress strengthening new member conversion as well as existing member retention and reactivation over the past year, which is translating into greater lifetime value of our members. Given that our CAC remained highly efficient in the first quarter at $16, which is consistent with the level we achieved in the year ago period, the returns on our marketing investments are expanding alongside member lifetime value.

Relative to the prior quarter, our CAC rose by $1 as a result of seasonally softer demand for ExtraCash as tax refunds often support the liquidity needs of our member base during the first quarter. Being an election year, we are keeping a watchful eye on potential election impact on our CAC, but we have not experienced any thus far. The member acquisition environment has remained very constructive thus far in Q2, and we remain optimistic about our ability to drive efficient member growth moving forward. That said, we will continue to exercise discipline as November approaches as we remain committed to our goal of ensuring our return hurdles are met with the marketing dollars we deploy.

The second pillar of our growth strategy is driving greater MTM engagement through the ExtraCash product as a starting point for the member journey. Our monthly transacting member base continues to grow with MTMs up 14% year-over-year and 6% sequentially to a record 2.2 million. This growth was favorably impacted by the meaningful progress we've made strengthening member retention and reactivation as well as the successful implementation of our next-generation subscription billing system, which has helped to enhance subscriber retention and is expected to enable us to expand subscription opportunities in the future.

For the second consecutive quarter, we disbursed over $1 billion in ExtraCash advances to our members, increasing originations 32% year-over-year and 2% sequentially. This sustained growth, particularly during a seasonally softer quarter, is a testament to the strength of our proprietary CashAI underwriting model, which allows us to effectively underwrite more Dave members for higher ExtraCash advance sizes while improving upon credit performance.

Our 28-day delinquency rate remained significantly below Q1 2023 at 1.83%, a 77 basis point improvement year-over-year. This extends our track record of improving our already stellar credit performance, differentiating ourselves from incumbents. As mentioned on prior calls, we remain focused on investments in our CashAI underwriting model to expand credit access for our members as we aim to scale the member base while continuing to improve our ability to evaluate credit risk.

Credit performance in the first quarter benefits from the additional liquidity, which tax refunds provided to our members. As a result of that dynamic, we expect our 28-day delinquency rate to normalize through the rest of the year, consistent with historical patterns, fell well below 2023 levels on a like-quarter basis, attributable to the sustained improvements we've made to the risk management.

Lastly, on to the third pillar of our guiding framework, deepening member relationships by driving top-of-wallet spending through our Dave Card offering. Our approach has been to leverage ExtraCash to drive cross attach to the Dave Card by making the ExtraCash funds available more quickly and inexpensively is sent to the Dave Card. These products are naturally complementary, which we expect to more fully leverage going forward by making members' experiences on either product even better when they use both products. Our strategy is proving effective with cross-attach rates up approximately 10% on a year-over-year basis. This is an efficient way for us to drive trial with the Dave Card and an important step in building the trust required to win direct deposit relationships.

Direct deposit relationships are notably impactful given the 5 to 6x transaction revenue ARPU increase we typically capture once a direct deposit relationship has been established. We're still in the early innings of winning direct deposit and top-of-wallet spending behavior with our members, which is a strategic focus for us in 2024.

Overall, our Dave Card continues to gain traction with spending volume in the first quarter up 34% year-over-year and 7% sequentially to a record $394 million. Average transactions per MTM posted a 15% year-over-year increase based on our continued focus on driving members to spend their ExtraCash on their Dave Card as well as improvements in ExtraCash engagement. This metric declined on a sequential basis due to the full quarter impact of Dave's new subscription billing system, which caused a higher proportion of subscriber-only MTM who transact one time per month. We believe there is plenty of room to continue growing this metric as we begin capitalizing on the opportunity to incentivize direct deposit engagement.

Pointing together the progress we've made across ExtraCash, Dave Card and subscriptions, we recorded a 10% increase in ARPU in Q1 on a year-over-year basis due to improvements in both ExtraCash engagement and monetization as well as growth in Dave Card ARPU. ARPU declined 5% sequentially in Q1 due to seasonally lower demand for ExtraCash during tax refund season as well as a full quarter impact under the new subscription billing system, which increased the mix of subscriber-only MTMs who typically generate the lowest ARPU.

To wrap things up, before I pass it over to Kyle, our outlook remains very positive. Our strategy and value proposition are squarely in line with the needs of target customers and the macro backdrop remains supportive of our growth. Our team is executing well, and I'm proud of the great work that we're delivering. We remain focused on identifying and executing on product improvements to expand member ARPU and lifetime value as well as continuing to grow our monthly transacting member base beyond the 2.1 million member inflection point in which we achieve profitability. We plan to do this while remaining disciplined with our costs and utilizing our world-class technology, including the use of AI to deliver substantial operating leverage. We look forward to further delivering value to our customers and shareholders as we solidify Dave as a superior banking solution for everyday Americans.

With that, I will turn the call over to Kyle to take you through our financial results. Kyle?

Kyle Beilman
CFO & Secretary

Thank you, and good morning, everyone. As Jason mentioned, our first quarter results represent new records across many of our key metrics. Our business continues to demonstrate significant operating leverage by driving higher revenue largely through expanded ARPU and member retention. We've also improved our cost structure through efficient marketing spend, strong credit performance and the optimization of our variable and fixed costs.

Now to dive a little deeper into our results. Revenue in Q1 was $73.6 million, up 25% from Q1 of last year. This revenue growth was driven by the 14% increase in MTMs and a 10% increase in ARPU. The MTM growth was driven by the continued efficiency of our member acquisition strategy in addition to improvements in member retention and reactivation we achieved that led to strong existing member engagement. Increases in ExtraCash engagement and growth in Dave Card spend led to the uplift in ARPU.

Non-GAAP variable profit in Q1 increased 47% to $49.9 million, representing a 68% margin relative to our GAAP revenue, up approximately 1,000 basis points from Q1 of last year. I would like to note that we revised our variable margin calculation to reflect non-GAAP variable profit as a percentage of GAAP revenue. In prior disclosures, variable margin reflected non-GAAP variable profit as a percentage of non-GAAP revenue. We made this change to align with the basis upon which our revenue guidance is predicated.

With respect to the improvement we experienced on variable margin, the sustained increase into 2024 was driven largely by the continued optimization of our CashAI underwriting engine, which has ingested the credit performance of nearly 100 million unique ExtraCash advances originated since our inception. We believe this provides us with a significant competitive advantage in evaluating credit risk. The resulting improvement in credit loss experience has allowed us to reduce loss rates while increasing the revenue we can generate per ExtraCash advance. Additionally, our variable margin performance in Q1 was bolstered by our 2023 focus on vendor stack efficiency as we further optimized our usage of the payment networks and renegotiated contracts with several key vendors.

Moving to first quarter operating expenses. Our provision for credit losses decreased 18% to $9.9 million compared to $12 million in Q1 of last year. As a percentage of ExtraCash originations, the provision declined to 0.9% in the first quarter compared to 1.5% in the year ago period. This decrease in loss provision relates to the ongoing underwriting improvements we've made to CashAI. As Jason mentioned, compared to the first quarter of last year, our 28-day delinquency rate improved by 77 basis points to 1.83%, which represents a 30% improvement, while we grew originations by 32% year-over-year to over $1 billion for the second consecutive quarter. Going forward, we anticipate provision expenses will increase consistent with historical patterns as we expect to grow originations and as seasonal dynamics normalize. But for the avoidance of doubt, we expect our provision for credit losses for the remainder of the year to remain lower than 2023 levels, consistent with the improvements in credit performance we've been experiencing.

Processing and servicing costs during the first quarter were $7.7 million compared to $7.1 million in the year ago period, representing 8% year-over-year growth, while we grew revenue by 25% over the same period. As a percentage of origination volume, processing and servicing costs improved nearly 20 basis points to 0.7% compared to 0.9% in the year ago period. This improvement was largely driven by the structural improvements we've made to our payments infrastructure from late 2022 through the middle of 2023. We expect to sustain these improvements going forward and realize modest scale synergies as we continue to grow the business.

Advertising and marketing expenses decreased 3% to $9.1 million during the first quarter compared to $9.4 million in the year ago period as we were able to achieve our MTM growth targets at lower levels of acquisition and spend. As Jason mentioned, our CAC of $16 in the first quarter remains highly efficient and was in line with the CAC we achieved in the year ago period. We expect marketing investment over the coming quarters to expand in order to capitalize on the higher levels of demand for ExtraCash as we emerge from a seasonally slower first quarter. We believe we can achieve higher returns on investment at greater scale throughout the remainder of the year.

Compensation expense was $24.6 million in the first quarter compared to $24.4 million in the year ago period. As a percentage of revenue, compensation expense declined from 41% in Q1 of 2023 to 33% in Q1 of 2024, demonstrating the significant operating leverage benefits that our technology platform affords us, the benefits of which we'll continue to compound as we scale from here.

As Jason alluded to, AI plays a major role in how we're able to consistently grow our revenue base while keeping compensation expenses largely flat since mid-2022. We believe CashAI is a highly scalable system such that we can scale ExtraCash originations exponentially without the need to make significant additions to our credit team.

Within member success, we're able to service millions of members with an efficiently sized team, thanks in large part to DaveGPT. Finally, we have integrated AI-based tools within our engineering team, which has enhanced the productivity of our engineers and allowed us to grow that function only modestly over the last 2 years while we have grown the broader business significantly.

Other operating expenses decreased 9% to $16.9 million in the first quarter compared to $18.5 million in the year ago period. This improvement was largely based on our ability to execute on cost rationalization opportunities within our fixed cost base in addition to the benefits of a key vendor contract renegotiation, which occurred in the fourth quarter of 2023.

GAAP net income for the first quarter improved to $34.2 million compared to a GAAP net loss of $14 million in the first quarter of 2023. We have also started disclosing adjusted net income or loss, which adjusts our GAAP net income or loss for stock-based compensation, changes in fair value to certain noncash liabilities as well as any onetime gains and/or losses such as a $33 million gain on the discounted repurchase of the FTX convertible note during the first quarter. With that context, adjusted net income for the first quarter of 2024 was $8.1 million compared to an adjusted net loss of $7.3 million in the first quarter of 2023. Adjusted EBITDA for the first quarter of 2024 was $13.2 million compared to an adjusted EBITDA loss of $4.5 million during the year ago period. This improvement was once again due to a combination of revenue growth and variable margin expansion, rationalized marketing spend and tight cost controls across the business.

We're very proud that we have expanded our adjusted EBITDA profitability for the second consecutive quarter and grown it by 32% sequentially. We expect to continue growing adjusted EBITDA over time, albeit not on a linear trajectory as, among other factors, we optimize marketing investment levels on an ongoing basis based on the efficiency of our CAC and the overall expected return profile of that spend.

Now turning to the balance sheet. As of March 31, 2024, we had approximately $101.5 million of cash and cash equivalents, marketable securities, investments and restricted cash compared to $157.3 million at December 31, 2023. The decrease in cash was driven by the repurchase of the $71 million convertible note issued to FTX Ventures. Excluding the impact of this note repurchase transaction, our cash position increased during the first quarter of 2024.

As of quarter end, our net receivables balance was $104.9 million, a decrease of approximately $7.9 million sequentially. It's important to think about this net receivables balance relative to the over $1 billion of origination volume during Q1 as we believe this underscores our ability to grow ExtraCash originations in a capital-efficient manner, given the short duration and high velocity of the portfolio. The amount drawn on our credit facility remained at $75 million as of the end of Q1 as we continue to rely on our balance sheet cash during the first quarter to fund ExtraCash originations versus our credit facility, given the cost of capital difference compared to the returns on corporate cash. Overall, we believe we have ample liquidity to execute our growth plan moving forward, and we continue to believe that Dave is well positioned to achieve the profitability objectives we have laid out without the need to raise additional equity capital.

Now to turn to guidance. We continue to expect full year 2024 revenue to range between $305 million and $325 million, representing growth of 18% to 25% compared to full year 2023. As a reminder, we are now providing our revenue guidance on a GAAP basis rather than the non-GAAP revenue basis to which we had guided in prior years.

We have raised our 2024 adjusted EBITDA guidance to a range between $30 million to $40 million, representing a $40 million to $50 million improvement compared to 2023. We continue to expect our adjusted EBITDA to remain positive on a quarterly basis going forward, though the growth may not be linear, as I mentioned. Finally, we expect to make modest and carefully calibrated investments in product development and data capabilities throughout the rest of 2024, which will further position us for long-term growth in the years ahead. Overall, our outlook remains positive, and we are well positioned to execute on our growth plan and objectives throughout the remainder of 2024 and beyond.

And with that, I will now hand it back over to Jason to conclude our call.

Jason Wilk
Co-Founder, CEO, President & Chairman

The first quarter was a great start to the year for our company. Our team has done a fantastic job to get us here and look forward to continuing our momentum throughout 2024.
Operator, we can now open the call for questions.

Question and Answer

Operator

[Operator Instructions] Our first question comes from the line of Devin Ryan from JMP Securities.

Devin Patrick Ryan
JMP Securities LLC, Research Division

So first question here on originations. Obviously, as you guys highlighted, they grew modestly despite kind of normal seasonal dynamics. So I'm curious, was there just not seasonality in the industry because of the market backdrop? Or would you kind of characterize that as more of a Dave-specific dynamic, either because of higher average advances or adding members or other efforts to drive engagement? And then also just curious, because you kind of grew through normal seasonality what does that suggest for kind of a normal maybe seasonal rebound into the second quarter?

Jason Wilk
Co-Founder, CEO, President & Chairman

I'm happy to take the first part of the question. So Devin, I think it's a little bit of both. We've done a lot of great work on optimizing the CashAI and tend to optimize for higher advancements for our customers, which is increased engagement. But I also think that there is a tougher macro backdrop going on with things like credit cards and personal loans still tightening their belt on credit originations, which leads to more volume on ExtraCash. So I think that helped us beat some of the seasonality dynamics.

Kyle Beilman
CFO & Secretary

Yes. Just to jump in and add to that, I think to Jason's point, a lot of the improvements that we continue to make to ExtraCash and CashAI has really augmented customer retention and reengagement opportunities with our existing non-transacting MTMs for us to go out and kind of reacquire into engaged MTMs. And so that just bolstered the overall kind of performance of the book.

But I'd say from a macro standpoint or an industry-wide standpoint, we did see relatively consistent performance in terms of total cash refund inflows into customer accounts, which just leads me to believe that it was more, I think, what we were doing on our end to drive reengagement than something that had changed dramatically in the macro.

Devin Patrick Ryan
JMP Securities LLC, Research Division

Got it. Okay. Appreciate the color, guys. And then another one here just on originations. So continuing to see the average size tick up a bit and did again from the prior quarter to $159 transaction. I know this has been a focus of the firm, so good to see that. Where do you see that going over time, assuming a reasonable backdrop continues? And then kind of how should we think about the interplay with that and revenue per advance or credit as well? And then also how important are higher advances to kind of your differentiation story for your customers?

Jason Wilk
Co-Founder, CEO, President & Chairman

I think part of that has to do, Devin, with just time on book. So the longer customers retain, the engine gets better. So naturally, as retention improves, we can see advance limits continue to scale up over time. So I'd expect that number to keep growing as we do a better job with the CashAI engine as well as keeping the retention -- continuing to improve the retention.

Kyle Beilman
CFO & Secretary

In terms of monetization, Devin, we expect to continue to grow monetization as we increase the origination size, which is just overall kind of accretive to ARPU. So it is a focus of ours to kind of pull people up the limit curve as we -- just to Jason's point, there's a benefit of time on book, but there's also just better risk splitting opportunities that we have within the portfolio to fund the optimal amount to give to each customer and ensuring that we're providing the most value through the product that we can by kind of pulling people up the limit spectrum, and there is monetization benefits to that for the company.

So yes, it is a focus of ours. We expect that number to continue to grow throughout the year based on a number of initiatives that we have within that part of the business. So we would expect that to kind of increase as we move forward from here.

Jason Wilk
Co-Founder, CEO, President & Chairman

Devin, just to highlight, we changed the monetization to percent-based pricing last year. So the scale does work well. As we scale up origination amounts, that should lead to increased monetization, so just to further prove the point.

Devin Patrick Ryan
JMP Securities LLC, Research Division

Yes. Exactly. Okay. If I can just ask another one here on spend. So obviously, another nice quarter of volume growth, I think up 7% from last quarter, up 34% year-over-year. So love to just get a little bit more flavor around expectations to continue to drive customer engagement and spend activity, kind of what specifically you're doing in the strategy. And Jason, I know you also alluded to kind of strategies to drive more direct deposit usage, so I'd just love to kind of hear more broadly about that.

Jason Wilk
Co-Founder, CEO, President & Chairman

Sure. So right now, we're really not doing too much, I would say. It's mostly just customer messaging about the benefits of banking with Dave, highlighting no overdraft fees, no minimum balance fees.

From an incentive perspective, all we're really doing at this point is offering customers a slight discount on their instant transfer fee for the advance if they send it to the Dave Card, which does lead to a pretty meaningful engagement. And as noted, that cross attach is up 10%. So we'll continue to lean in there.

But we are excited to start looking at different ways to incentivize customers to set up direct deposit. We know the ARPU is worth 5 to 6x when we can convert somebody. And so we're certainly not leaning in there enough. We'll be testing some various strategies here in Q2 and leaning in further in Q3 to see what the sort of upper bound of opportunity lies within ExtraCash to sort of direct deposit cross attach.

Operator

And our next question comes from the line of Gary Prestopino from Barrington Research.

Gary Frank Prestopino
Barrington Research Associates, Inc.

A couple of questions here. First of all, Jason, you talked about -- and I couldn't write it down fast enough, talked about some changes to the subscriber model in terms of, I think, maybe I'm reading into this, but what you were charging per month. I mean could you go into that a little bit more on how those changes played out in the quarter?

Jason Wilk
Co-Founder, CEO, President & Chairman

There was no actual change to the price. It is still $1. We are looking at various price points to test throughout Q2 and Q3 in the $3 to $5 price point range, but it's nothing that we've solidified. It's not something that's in our financial model today. The subscription billing optimization we talked about is more of a new billing platform, which got the system in a position to be able to test new price points. So that's really what we highlighted in the call. It has nothing to do with new additional monetization.

Kyle Beilman
CFO & Secretary

Gary, I think the -- just to add to that, the important dynamic to call out that we touched on in our notes was just that we had an increase in subscriber-only MTMs in the quarter, which is just, I think, a reflection of the benefits of the new billing system that we rolled out. So that's -- that was the dynamic that we wanted to kind of expand upon in the notes, like I said.

Gary Frank Prestopino
Barrington Research Associates, Inc.

Okay. The quarterly delinquency rate going down fairly dramatically year-over-year and sequentially, is it you're feeling -- I know you've got this great model and all that, but is it your feeling that as you are proliferating more in the market and getting more positive press or whatever, that you are starting to drive a little bit stronger socioeconomic kind of individual to the Dave platform?

Jason Wilk
Co-Founder, CEO, President & Chairman

I would say as we expand our set of channels for marketing, we are seeing a broader consumer and tend to tick up in age as we look at channels like television. But ultimately, I would look at the delinquency performance improvement really just as a testament to the ExtraCash CashAI engine, which is all AI-driven and is continuously looking at the previous performance of the book and looking at the real-time events we have on the customer, most notably real-time access to their checking account data, which we know their income and sort of employment status.

Kyle Beilman
CFO & Secretary

And just to add to that real quick, Gary. Jason touched on the time-on-book dynamic. As we increase the retention rate of our customer base over time, the average tenure of origination has also gone up, which leads to better performance on the delinquency rates because as you can expect, the longer that someone is with the company as a customer, the better performance that we see on the credit side. So we expect that to also just further support the performance moving forward as retention continues to improve.

Gary Frank Prestopino
Barrington Research Associates, Inc.

I mean, do you have a metric you can share with us of recurring ExtraCash?

Kyle Beilman
CFO & Secretary

We have not called that out explicitly, but the number of existing customer repeat originations in a given month or quarter is in excess of 95%.

Gary Frank Prestopino
Barrington Research Associates, Inc.

Okay. That's a good stat. What else did I want to ask here? Yes. You said the attach rates on the Dave Card with the ExtraCash are about -- grew 10%. I think when we first started talking, you were at about 30% of ExtraCash advances on the Dave Card. Where are you now?

Kyle Beilman
CFO & Secretary

Pretty consistent, Gary. It's right around the 30% of originations gets sent to the Dave Card. And about 50% of new customers are trialing the Dave Card with an ExtraCash origination within their first couple of months as a customer.

Gary Frank Prestopino
Barrington Research Associates, Inc.

Okay. Okay. And then just lastly, I don't want to get ahead of the skis here, but you would often -- we talked about the fact that 20% adjusted EBITDA margin was a target for the company. It looks like you're at 17.6% this quarter and really in the early stages of your life span here. Any changes to that potential target there given what -- how well you are performing?

Kyle Beilman
CFO & Secretary

Gary, I don't recall putting a specific long-term EBITDA target out there for the company, certainly not something that we've established as part of our outlook. I certainly -- I don't want to comment too much on that 20%. I think there's just a ton of operating leverage built into the business model that as we continue to grow that there's a significant margin potential here that is, I would say, well in excess of that 20%. That's not something that we've discussed as a management team and as part of our disclosures.

Operator

[Operator Instructions] Our next question comes from the line of Zachary Gunn from FT Partners.

Zachary G. Gunn
Financial Technology Partners LP

I guess I saw in the deck that you fully rolled out the percentage-based fee structured to all members in 4Q. I know that's a change from the previous per dollar fee structure. We were just curious if you're seeing kind of any headwinds in larger origination sizes or any changes in consumer behavior with that? Just any commentary there would be great.

Kyle Beilman
CFO & Secretary

Thank you for joining the call, Zachary. I appreciate it. I appreciate it. So look, I think that -- nothing really to speak of there. It's been a positive change for us from a monetization standpoint that just brings more consistency to the monetization as we scale up origination sizes. And we've seen customers respond well. And what we like about the model is that it just really incentivizes us and aligns us with our customers to be able to pull them up the limit curve and kind of provides the right incentives for us to continue to do that. So yes, it's been a positive change.

Jason Wilk
Co-Founder, CEO, President & Chairman

I would just add, the customer is less price-sensitive and more credit-responsive. And so as Kyle mentioned, the percent-based pricing has allowed us to better scale the limit for the members. So it's been a good business member value exchange.

Zachary G. Gunn
Financial Technology Partners LP

Got it. That makes sense. And then just as a follow-up, you mentioned improved credit performance, and I get that there's some benefit in the quarter from tax refunds and seasonality. But can you maybe just give us some commentary on the credit box? Are you holding that the same? I know there's comments about the macro being challenging. So just anything in terms of what you're seeing with the credit box right now.

Kyle Beilman
CFO & Secretary

I think Q1 performance is really just demonstrative of the continuous improvements that we've made to our underwriting system. Over time, we've originated ExtraCash nearly 100 million times to date. And so that's just a significant amount of performance data for us to continue to refine our models. And so that just allows us to kind of better risk split between the portfolio, find new ways to segment customers to, again, sort of align the right amount or the right offer with the right risk profile of our customer base.

So we're continuing to feel very good about the performance there and our outlook for performance for a number of reasons as we continue to just refine the model as I spoke of. There's the benefits of just average time on book going up over time that's supportive of better delinquency performance and just a really important and key focus of ours to continue to drive performance out of the portfolio here. So it's -- we're feeling good overall about the trajectory of it moving into the -- throughout the rest of the year.

Operator

[Operator Instructions] And our next question is a follow-up question from Devin Ryan from JMP Securities.

Devin Patrick Ryan
JMP Securities LLC, Research Division

Here. So just one on marketing and heard, obviously, the commentary you'll look to ramp that a little bit, and we can back into some overall expense numbers just based on the revenue and EBITDA guide. But just how should we be thinking about that? Is that going to come through in the way of promotions or kind of targeted ad placement?

And then how do you guys think because you guys have been obviously running pretty lean here over the last year and done a great job on getting to very strongly positive adjusted EBITDA and even GAAP profitability recently. But how much can you really lean in on marketing if you want to turn that back on where you can really benefit from that investment? How should we think about the return on investment before you start to hit maybe diminishing returns?

And I ask the question, obviously, because we look at your CAC and LTV performance, and it would seem to support more marketing that you can get the benefit off of that. So I'd just love to hear a little bit more about the components of it, where it's going to come from and then how you're thinking about it more broadly?

Kyle Beilman
CFO & Secretary

Sure. Jason, do you want me to take that?

Jason Wilk
Co-Founder, CEO, President & Chairman

Yes. Go ahead, Kyle.

Kyle Beilman
CFO & Secretary

Sure. So Devin, like as we mentioned in the notes, we expect to ramp marketing spend throughout the remainder of the year as we come out of a seasonally softer period in Q1 with tax refunds. I'd say the overwhelming majority of that spend will come in the form of top-of-funnel marketing spend across our key channels where we have very effective tracking in place to manage the efficiency of that spend. We do expect that to be a growth catalyst for us moving through the rest of the year.

Our returns are very solid. We look at things on a kind of a gross-profit-based payback period. Our payback periods are sub-6 months at this point. So it is an opportunity for us to lean into more spend there to drive value creation through that investment. That's how we think about marketing is through the lens of an investment, not an expense necessarily. And we kind of evaluate it based on the return profiles of those investments. So -- and we do expect, like I said, that to ramp things up here moving into Q2 and through the remainder of the year but certainly to do it in a disciplined way to drive returns.

Operator
This does conclude the question-and-answer session as well as today's program. Everyone, have a great day. You may now disconnect.