Katapult Holdings, Inc.

FQ2 2023 Earnings Call Transcript

Wednesday, August 09, 2023

Presentation

Operator

Greetings, and welcome to the Katapult Third Quarter 2023 Earnings Call. [Operator Instructions] As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Jennifer Kull. Please go ahead.

Jennifer Kull

Welcome to Katapult's Third Quarter 2023 Conference Call. On the call with me today are Orlando Zayas, Chief Executive Officer; Nancy Walsh, Chief Financial Officer; and Derek Medlin, Chief Operating Officer. For your reference, we have posted materials from today's call on the Investor Relations section of the Katapult website, which can be found at ir.katapultholdings.com.

I would like to remind everyone that this call will contain forward-looking statements based on our current assumptions, expectations and beliefs, which include our future financial performance and financial results and are subject to significant risks and uncertainties. These forward-looking statements should be considered in conjunction with cautionary statements contained in the earnings release and on Form 10-Q for the quarter ended September 30, 2023, as well as the subsequent periodic and current reports the company filed with the SEC.

These statements reflect management's current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially from those statements. The information contained in this call is accurate only as of the date discussed. Except as required by law, the company undertakes no obligation to publicly update or revise any of these statements, whether as a result of any new information, future events or otherwise.

During today's discussion, the company will provide certain financial information that constitute non-GAAP financial measures under SEC rules. These non-GAAP financial measures should not be considered replacements for and should be read together with our GAAP results. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures is included with today's earnings release and is available on the Investor Relations section of the company's website.

With that, I will turn the call over to Orlando.

Orlando J. Zayas
CEO, President & Director

Thank you, Jennifer, and thank you to everyone joining us this morning. I'm excited to give you an update on our progress this quarter, which illustrates the value we are creating for our merchant partners and the enhanced experience we're delivering to our loyal customers.

Our third quarter results represented another strong period of growth for Katapult. While Nancy will give you more details on our financial performance as well as our outlook for continued growth in the fourth quarter, let me set the stage.

Despite the ebb and flow of macroeconomic headwinds that caused the consumer to pull back on retail spending during the late summer, we delivered our fourth consecutive quarter of year-over-year gross origination growth, which was up 12.5%. This is also what we'd consider to be a breakout quarter for revenue growth. Revenue was up nearly 10% year-over-year more than tripling the year-over-year revenue growth we achieved last quarter.

In addition, by coupling our top line growth with continued focus on disciplined expense management, we were able to deliver a positive adjusted EBITDA, which improved substantially compared to last year. Our progress this quarter was driven by strong performance across our strategic pillars focused on: one, expanding our merchant base and deepening our existing merchant relationships; two, growing our consumer reach by focusing mainly on doing more with our current customers but taking measured steps to bring more consumers to our platform; and three, continuing to leverage our technology to support our merchant and consumer goals while expanding our competitive moat.

Let's start with our progress on the merchant front this quarter. The success of our merchant strategy lies in 3 key areas: driving gross origination growth through direct integration, gaining market share with our anchor merchants and ensuring that our platform offers a wide variety of durable goods consumers are looking for.

During the third quarter, we continued to make steady progress with our strategy to grow a number of merchants where Katapult is an integrated payment option at checkout. We successfully launched our online Casper integration, and we expect to finish our in-store integration in the first half of 2024. In addition, we have also added Casper to Katapult Pay, creating yet another avenue for our customers to shop with this leader in sleep products.

The mattress category is important to us, and we are pleased to partner with Casper to give our consumers even more shopping choices. So far, our direct integration with Casper is off to a good start. These types of partnerships not only expand the depth of durable goods coverage where Katapult is an integrated payment option, they also allow us to acquire new customers at a very low cost.

I also want to highlight an upcoming waterfall integration with Synchrony Financial that we recently finalized. This integration is expected to kick off in early 2024. At which time, Synchrony will begin leveraging our innovative LTO solution and their digital waterfall application process. Synchrony works with a significant number of retailers in auto, electronics, appliances, home furnishings, home improvement and jewelry categories, which are some of our top categories.

This integration will enable Synchrony's retail partners to offer our lease-to-own option to their customers and open the door for us to launch new merchant relationships at scale more easily. By creating a seamless experience with Synchrony's waterfall, we can leverage this new relationship to drive growth in the future.

We continue to look for opportunities to deepen our partnerships with our existing merchants and the work we're doing with Wayfair is a great example of how we can grow these relationships. For example, during the third quarter, we did a lot of A/B testing with Wayfair and created targeted offers for high-quality customers to improve their take rates. We define take rates as a percentage of Wayfair customers who originate with us divided by the number of customers who are approved for lease with us.

Just to give you an example of this impact we can have, when we made a few changes to how the customer-facing offer was displayed, we saw a nice improvement in take rates just from that update. We look at take rate as a core metric for our relationships with merchants, and we are always trying to optimize the customer and merchant experience to drive this higher.

The results are encouraging and helped drive our growth with Wayfair this quarter. Gross originations for Wayfair were up nearly 16% year-over-year, more than double the growth we achieved during the second quarter.

Take rates also grew and were up mid-teens year-over-year, and this growth was also accompanied by higher application volume from Wayfair shoppers as well as higher same-day take rate.

Our strong growth with Wayfair indicates that we're gaining market share in their U.S. business, and we believe this progress is evident that our strategy is working. We are taking our learnings from Wayfair to create customized offerings for other direct merchants to help drive volumes.

Let me now provide an update on our customer-focused activity and progress this quarter, starting with Katapult Pay. We launched our Katapult Pay feature and our general app about a year ago.

Over the past 12 months, we've learned a lot. And based on Katapult Pay's early track record of performance, we believe it will be an important part of our future growth. As a reminder, Katapult Pay is the feature in our app and is powered by our virtual credit card technology.

Each time a customer uses Katapult Pay and enters into a new lease, we create a unique onetime use card number that can be used at the store's checkout. Our advanced capabilities allow us to create models that predict whether a durable good is leasable. This is a highly specialized capability, requiring a lot of technical know-how and expertise. In other words, Katapult Pay is a very special offering, and we believe it distinguishes us from the competition.

Since launching Katapult Pay last year, we have continued to grow the number and variety of merchants with whom customers can shop within our app. This quarter, we added Target to the list of merchants that already includes retailers like Home Depot, Amazon, Wayfair, Best Buy, HP, IKEA and Lull, truly making our app marketplace a shopping destination. I encourage you to download the app if you haven't already to see it firsthand.

We look at Katapult Pay and direct integrated merchants as complementary go-to-market channels for us. Together, they allow us to meet consumers wherever they are shopping directly with the merchant or using our marketplace as their starting point. We measure our progress with Katapult Pay across several metrics.

One metric that we are watching very closely is the penetration rate of our customer base. In other words, how many of our customers have downloaded and engaged in the app? This has increased substantially since our launch, and our penetration rate is now in a low double digits range.

In addition, we track the percentage of originations that come through Katapult Pay, specifically, and this has grown nicely over the past 12 months. Features like Katapult Pay allow us to create more opportunities to interact with and communicate with our customers.

With higher engagement, we are able to create more meaningful long-term relationships with our customers. This, in turn, is allowing us to grow our lifetime value, or LTV, of our customers. In fact, for repeat customers who generated new leases through Katapult Pay, we estimate that their LTV is about 48% higher than it would have been if we didn't have Katapult Pay, and these customers originate approximately 50% more leases.

Katapult Pay users are very high-quality customers for us. They have high repeat rates and are also more likely to cross-shop, 2 characteristics that are increasing their LTV with us. Beyond this important contribution, Katapult Pay is allowing us to get merchants on our platform more quickly and gather data that helps demonstrate Katapult's value proposition to these merchants. This is a win for merchants and customers alike.

Right now, we are leveraging Katapult Pay to drive engagement with our existing customers but we are seeing new customers coming to us through the feature, and we see a path using Katapult Pay for customer acquisition in the future. Beyond this feature, our Katapult app, in general, has become a great engagement tool in its own right.

In Q3, approximately 40% of our originations, whether they were done through Katapult Pay merchant or a directly integrated merchant, started in our app. We believe this engagement shows that in just 1 year, we have already demonstrated the value of the Katapult app to our customers, we are extremely proud of our progress.

This is a great segue into progress we've made growing our customer base. As you've heard so far, we are expanding where and how consumers can shop using Katapult and looking for opportunities to monetize our platform through a variety of partnerships that bring us to new customers or leverage our technology to create new revenue streams.

One such partnership that we're excited to announce is our new pilot with Western Union. Just a few weeks ago, we launched our partnership, which positions Katapult as the preferred LTO provider for Western Union customers. This means Western Union will actively promote Katapult and help us introduce our innovative LTO solution to their millions of active users across the U.S.

We believe that we have a lot of overlap from a customer demographic perspective with Western Union and that this partnership will help us build brand awareness with a large untapped base of potential Katapult customers.

We believe that Western Union chose Katapult because our solution offers fair, transparent and flexible terms that will empower their users with financial resources to get the durable goods they need when they want them. Under the terms of our agreement, we will pay Western Union a referral fee for each customer they help us acquire that originates a lease with us.

Like our waterfall relationships on the merchant side, partnerships like this will create an opportunity for Katapult to build low-cost, ROI-positive consumer referral channels. And similar to Katapult Pay, this is yet another opportunity for us to control our destiny when it comes to growing our customer base.

As we continue to look for opportunities to grow, we remain pleased with the performance of our existing customers. During the third quarter, we achieved very strong repeat rates, which are defined as a percentage of in-quarter originations from existing customers. Approximately 51.3% of customers in the third quarter were repeat. And with an NPS score of 58, we feel confident that they are happy with their Katapult experience of driving factor of why they come back again and again to do business with us.

Lastly, on the customer front, we had a few consumer marketing updates that I'd like to highlight. Throughout the third quarter, we introduced new capabilities that will be fueled by the data we are collecting from our mobile app and other direct-to-consumer efforts. We expect these tools to increase our ability to leverage e-mail, SMS and in-app notifications to enhance conversion rates and provide insights on how best to allocate our resources in this area.

Ultimately, our goal is to optimize customer journeys. And based on initial results we're seeing, we're excited about the potential of these tools to help accelerate our consumer marketing efforts. While we are still in the early phase of consumer marketing strategy, we believe our prudent approach, coupled with our current and future partnerships will prove to be a winning combination and support our efforts to grow our customer base.

Before I turn it over to Nancy to go through our financial results and fourth quarter outlook, I want to spotlight some progress we've made on the tech front and why we believe our technology sets us apart from the crowd.

I've already talked a bit about why our Katapult Pay feature is so unique from a consumer experience perspective. But let me put this into context on how our technology is creating a competitive moat for Katapult. When our models predict if a durable good is leasable, this technology has to be deployed across every merchant.

We have built dynamic and disciplined models that support our underwriting across all of our category coverage. Electronic merchants are different from furniture merchants, which are different from jewelry merchants, for example. This means that we must understand each merchant's catalog within the context of their category and then teach our model to understand their specific catalog and that's just the beginning.

We also continuously update the model to address the many exceptions to our rules. These updates are actually the secret sauce of our technology and so novel that we recently filed a patent around Katapult Pay in the area of leasable detection to protect our intellectual property.

There is not a lot of patents in this area, and we are proud of the work our team is doing to protect our competitive positioning. This technical know-how and massive amount of data we've collected over years set our technology apart from our competitive landscape, and we will continue to look for opportunities to both monetize and protect our tech leads.

As I mentioned earlier, we've done a lot of A/B testing this quarter and our tech team is pivotal in allowing us to accelerate this important work. The Wayfair examples I provided you earlier when we create targeted offers to drive take rates higher, for example, would not be possible if we didn't have best-in-class technology.

Finally, I'm excited about our exploration of generative AI, which we believe will allow our teams to remain on the leading edge of technology. We believe we can leverage generative AI to optimize our processes, accelerate our progress using the same or fewer resources and create an even more scalable tech infrastructure here at Katapult.

From preapproval to approval and throughout their lifetime with us, our technology powers our ability to deliver a great customer journey while creating great business outcomes.

In summarizing our third quarter, we're really proud of our steady progress. We have a multipronged growth strategy that is delivering sustainable growth. On the merchant side, we are enhancing our shopability through new direct integrations and merchant additions to Katapult Pay while exploring opportunities to help drive even more growth with our current merchants.

At the same time, we're also nurturing our customer base with new features and targeted marketing campaigns that are driving take rates and engagement. With these solid fundamentals in place, we're also embarking upon new partnerships such as the one with Western Union that are creating new channels for ROI positive customer acquisition.

Finally, we continue to build and protect our technology lead and we are exploring opportunities to leverage our data, proprietary technology and industry know-how to drive growth, meet the unique and emerging needs of our merchants and meet customers wherever they're shopping.

With that, I'll turn it over to Nancy. Nancy?

Nancy A. Walsh
Chief Financial Officer

Thank you, Orlando. I'm excited to talk to you today about our strong third quarter results, which have added to our track record of growth. For 4 consecutive quarters, we have grown our gross originations year-over-year. And in the third quarter, we more than tripled our revenue growth compared with Q2, resulting in more than $4 million in year-over-year improvement to adjusted EBITDA. And we have achieved this growth against a backdrop of macroeconomic headwinds and growing consumer concerns about the economy.

With that as a context, let me provide you with some financial highlights for the third quarter of 2023. Gross originations increased 12.5% year-over-year to $49.6 million. As a reminder, gross origination trends are a leading indicator of future revenue stream. A percentage of revenue is realized in the quarter in which the gross origination occurs and increases cumulatively over the next 4 quarters.

While we have continued to see healthy results from our direct merchants and Katapult Pay merchants, we did face macro headwinds and a few timing challenges during the quarter. Specifically, we saw retail slow in August and early September before picking back up again, and we had one key integration that took a bit longer to launch than we anticipated.

Our integrations are heavily dependent on our partners' resources and schedules, which can often shift after the launch schedule has been planned. Katapult's portfolio of direct merchants provides a funnel of new customers to drive gross originations at minimal customer acquisition costs. And now with our Western Union partnership, we expect to have another low-cost channel to acquire new customers. During the quarter, approximately 51% of our originations came from existing customers.

This is consistent with the 51% we reported in Q2. Our customers are highly engaged, and we believe we are fostering the engagement with our powerful mobile app. As Orlando mentioned, nearly half of our gross originations in the third quarter began in the app. One year post the launch of our app and the Katapult Pay feature, we are very excited about the long-term potential. We are driving engagement and delivering a best-in-class experience to our customers.

One last note on our gross originations growth. When analyzing this metric, it is important to recognize that we achieved strong double-digit growth within the constraints of our dynamic underwriting model, risks and controls, which led to a lower approval rate year-over-year. Revenue increased 9.8% year-over-year to $55.3 million exceeding the 5% to 7%

growth outlook we provided last quarter.

This strong performance reflects the trends driving gross originations that I just mentioned as well as the volume performance we saw in the first half of the year. Write-offs as a percent of lease revenue were about flat compared with Q2 and came in at 9.3%. During Q3, we saw this metric peak in July and then come down steadily during the rest of the quarter. Our long-term target for write-offs as a percent of revenue is 8% to 10%, and we are comfortably within this range.

We continue to benefit from our focus on disciplined expense management during the quarter. We lowered our overall operating expenses by 11.5% compared with Q2 2023 and 27% year-over-year. Excluding underwriting fees and servicing costs, which are variable; and depreciation and noncash stock-based compensation expense, our fixed cash operating expenses were $9 million, down 31.8% compared to last year.

Based on our top line performance and the structural and sustainable benefits we are realizing from our operating efficiencies, we were able to improve our adjusted EBITDA performance substantially. For the third quarter, we recorded positive adjusted EBITDA of $2 million, which was a $4.3 million improvement compared with the $2.3 million loss we reported in the third quarter of last year.

To put a finer point in our progress towards sustained profitability. Our Q3 results mean that we have delivered $14 million more in adjusted EBITDA year-to-date than we did in the same period of 2022. As of September 30, 2023, we had total cash and cash equivalents of $32.2 million, which excludes $6.7 million of restricted cash and we feel comfortable that our cash position and our credit facility provide us with the resources we need to support our growth strategy.

As you have heard, like other companies, we're navigating a dynamic and sometimes volatile macro environment. While there are tailwinds such as stable inflation rate and a reduced likelihood of a recession in the U.S., there are also a number of headwinds.

Retail traffic is down, interest rates remain elevated, lending standards are tight, and there is uncertainty about how the resumption of student loan repayments will impact our core customer. And while lease-to-own solutions have historically benefited when prime credit options become less available, we believe this mixed bag of economic indicators led to a slowdown in retail activity mid-third quarter, and we also believe it could be temporarily dampening some consumer demand for many of the durable goods that are leasable through Katapult.

Based on this macro outlook and our operating plan for Q4 2023, we expect to deliver a 3% to 5% year-over-year increase in gross originations, which would be the fifth consecutive quarter of year-over-year growth. This outlook is driven by our expectation that macroeconomic conditions and our collections trajectory remain consistent with the first 3 quarters of the year and that we see a positive impact from marketing initiatives we discussed today. We also expect revenue to grow 13% to 15% year-over-year compared with the fourth quarter of 2022.

Lastly, we expect our adjusted EBITDA performance to continue to improve significantly compared with the fourth quarter of last year, reflecting our revenue growth expectations and sustained reduction of our fixed cash operating expenses.

We expect to reduce fixed cash OpEx by approximately 25% year-over-year. For the full year, this translates to an outlook of 12% to 13% gross origination growth, 3% to 4.5% revenue growth and meaningful improvement in adjusted EBITDA, which as of the third quarter, has already increased by $14 million year-to-date versus the same period of 2022.

During the third quarter, we believe our performance distinguished us from our competitive landscape. We delivered our fourth consecutive quarter of gross originations growth, which translates to $159 million in gross originations year-to-date and double-digit revenue growth for the quarter. And we drove this top line growth performance against the backdrop of continued disciplined expense management, which has allowed us to deliver substantial improvements to adjusted EBITDA profitability.

We have a clear growth strategy, a well-defined operating plan that we are executing against and a healthy balance sheet that provides us with the financial room we need to fund our pipeline origination. We feel confident that we are well positioned for continued growth as we march toward profitability.

With that, I'd like to turn the call over to the operator to open the line for Q&A. Operator?

Question and Answer

Operator

[Operator Instructions] And our first question comes from Josh Siegler with Cantor Fitzgerald.

William Grant Carlson
Cantor Fitzgerald & Co., Research Division

This is Will Carlson on for Josh. Congrats on the quarter. I wanted to ask, could you guys provide any additional color on just kind of the partnership with Synchrony Financial and how it's kind of helping you guys monetize the customer base and if you expect to seek additional partnerships like this in the future?

Orlando J. Zayas
CEO, President & Director

Will, it's Orlando. Thanks for the question. Yes, I mean we have kind of been on the forefront of the waterfall integration. We did it with a firm in the past, and we like the waterfall because what it does is it brings those declines that come from a prime lender to us electronically, easily, seamlessly to help drive more approvals for the retailer as well as additional incremental volume.

And so it's just one more step. We always talk to many of the prime lenders about doing an integration, whether it's through a third-party waterfall or a direct integration. This one is pretty exciting because Synchrony has tons of retailers that fit our profile perfectly. Their approval rates are not 100%. I don't think any prime lender has 100% approval.

So we can see the increase in applications that come. The way that it's going to work is a retailer still has to say, "Yes, I want to be on the waterfall." And so we're going to team up together to go out to talk to the retailers that have durable goods, make sure that they're -- they see the offer or see the opportunity to add us in their waterfall and to be able to get that integration done. So there's some work to do by selling the retailers, but I think it's a great partnership. I'm real proud that we were able to get through this -- get this partnership done, and we're going to continue to look for others. I mean, there's a lot of opportunity because like, as I said, the prime lenders don't approve everyone, and this is a great way to get into a retailer.

William Grant Carlson
Cantor Fitzgerald & Co., Research Division

And then second follow-up question was just back on the Casper partnership and how you kind of expect that to ramp up through the first half of 2024?

Orlando J. Zayas
CEO, President & Director

Yes, we're excited about that one because Casper has been in the online mattress business for a long time, and they made an announcement a while back that they're going to be adding stores -- storefronts. And I've visited a few of them. It's a simple mall operation.

And financing is a big part of their business, and they realize that their prime lender is a firm, but a firm again, doesn't approve everybody. So we expect to have -- we have the online integration done. We'll be working in the first quarter to get the in-store integration. And the in-store integration, I think, is going to be unique compared to others in that we're still keeping the clarity, the transparency of our product in the customers' hands so that they can make the decision and see exactly what the terms and conditions are and execute that seamlessly and very quickly and clearly and transparently.

So we're excited about that integration and training the stores on how to offer leasing to their customers and really sets us apart, I think, in not only in the mattress business, but I think this will just be a good step forward in some of the other lease-to-own brick-and-mortar stores that have e-commerce plus brick-and-mortar.

Operator

[Operator Instructions] And our next question comes from Anthony Chukumba with Loop Capital Markets.

Anthony Chinonye Chukumba
Loop Capital Markets LLC, Research Division

Congrats on a strong quarter and continuing the momentum. I guess I just had a couple of questions. Maybe I'll just take them one at a time. First thing, so it was a very strong quarter. I don't mean to nitpick, but your guidance for GMV growth is 14% to 16%. You came a little bit light of that. I'm assuming it was that sort of slowdown that you referred to during your prepared remarks, but I just wanted to see if there's any additional color you can provide on that?

Nancy A. Walsh
Chief Financial Officer

Anthony, it's Nancy. Thank you for your question. Yes, exactly what you said. It was that slowdown that we saw in August going into early September. And then we talked about there was one integration that just took a little bit longer compared to what we had projected. So the business is still really strong. We feel very good about what we've achieved year-to-date, and we are continuing on our growth trajectory, 5 quarters of consecutive growth what we projected for our Q4 outlook.

Anthony Chinonye Chukumba
Loop Capital Markets LLC, Research Division

Got it. That's helpful. And then second question on Western Union. I understand about the referral fees, but like how exactly -- I'm just trying to sort of like dimensionalize this or sort of think about how this will work practically? Like how exactly is Western Union going to be marketing Katapult? Like just walk me through the logistics, the practical logistics of that.

Derek Medlin
Chief Operating Officer

Thanks, Anthony. This is Derek. I'll take this question. So basically, just to summarize a little bit of our perspective a little, again, on this is that we've really seen that our level of engagement with consumers just continues to increase as there's clearly demand in the nonprime segment for choice in their transaction options.

And so the lease-to-own, especially now that we have the mobile app, where consumer can shop at fantastic Tier 1 retailers, national retailers, and find just about any durable good they could want through this marketplace that we've developed. And so as we discussed with partners like Western Union about where there's overlaps in our customer base and what that can do for both of our communities in terms of enabling more transaction options, it was just a win-win for both us in terms of given a new capability for Western Union customers.

Now to introduce that opportunity, you've got to engage with them where they are. And so Western Union has properties, digital properties through the websites, through the mobile apps, et cetera, that they'll be introducing Katapult through various advertising and collaborations they have with us that will engage consumer to put through and engage with our mobile app.

And it's early days, but I think this signals for us, one, that we're really resonating with consumers and opening up new channels for us to access consumer communities, and we're delivering value to us and other partners who have large communities of nonprime customers. So we're really excited about where this can take us and stand by as we learn more.

Orlando J. Zayas
CEO, President & Director

Yes, Anthony, last quarter, I mentioned that our strategy going forward is to expand the pie of customers and numerous ways, obviously, a direct integration, a waterfall integration or partnership. And this is the third prong of that expansion of getting new customers to our platform.

Anthony Chinonye Chukumba
Loop Capital Markets LLC, Research Division

Got it. That's helpful. And then just one last question for me. Just any updates in terms of the -- I mean, you talked about the Casper integration, but any updates in terms of the new retail partners that you signed on in the third quarter or just potential partnerships in the pipeline?

Orlando J. Zayas
CEO, President & Director

Yes, the pipeline question. Yes, we obviously have a strong pipeline of not only Synchrony retailers, new retailers that are new to us, but also on the partnership front. So we're kind of attacking it on all 3 fronts, and I'm looking forward to 2024 and getting some of these integrations done. ~~[indiscernible~~And the beauty of the~~]~~ partnership one, it's an easier integration than a direct integration and the waterfall one with Synchrony will be a much easier integration to add retailers at a quicker pace.

Operator

There are no further questions at this time. I would like to turn the floor back over to Orlando Zayas, CEO, for closing comments. Please go ahead.

Orlando J. Zayas
CEO, President & Director

Thank you. Before we sign off, I want to acknowledge the amazing Katapult team. I'm so grateful to the work with our team and is so focused on winning and delivering for our customers and merchants. Thank you for your hard work and dedication. You are the most important ingredient of our success. To everyone listening, thank you so much for tuning in to hear about the progress we've made over the past quarter. We are proud of our ability to grow while providing our customers with a fair, transparent and accessible lease-to-own product and our merchants with a growth channel that has so much potential. We look forward to chatting with the Wall Street community throughout the quarter and providing a next update after our fourth quarter concludes.

We plan to participate in the Stephens Annual Investment Conference in Nashville next week, and we hope to see you there. If we can't meet you in person, you can access a live webcast and replay of our fireside chat on our IR website. Thanks again for your support and interest in our story.

Operator
This concludes today's conference call. You may disconnect your lines at this time. Thank you for your participation, and have a great day.