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Market Intelligence

# **Katapult Holdings, Inc.**

NasdaqGM:KPLT

## *Earnings Call*

*Thursday, May 15, 2025 1:00 PM GMT*

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# Call Participants

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## EXECUTIVES

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*President & Chief Growth Officer*

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*Vice President of Investor Relations*

**Nancy A. Walsh**

*Chief Financial Officer*

**Orlando J. Zayas**

*CEO & Director*

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# Presentation

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## Operator

Hello, and thank you for standing by. My name is Tiffany, and I will be your conference operator today. At this time, I would like to welcome everyone to the Katapult Holdings First Quarter 2025 Earnings Conference Call. [Operator Instructions]. I would now like to turn the call over to Jennifer Kull, Head of Investor Relations. Please go ahead.

## Jennifer Kull

*Vice President of Investor Relations*

Welcome to Katapult's First Quarter 2025 Conference Call. On the call with me today are Orlando Zayas, Chief Executive Officer; Nancy Walsh, Chief Financial Officer; and Derek Medlin, President and Chief Growth Officer. For your reference, we have posted materials related to today's call on the Investor Relations section of the Katapult website, which can be found at [ir.katapultholdings.com](http://ir.katapultholdings.com).

Please keep in mind that our remarks today include forward-looking statements related to our financial guidance, our business and our operating results as noted in the earnings release and slide deck posted to our website for your reference. Our actual results may differ materially.

Forward-looking statements involve risks and uncertainties, some of which are described in today's earnings release and our most recent Form 10-K and which will be updated in future periodic reports that we file with the SEC. Any forward-looking statements that we make on the call are based on our beliefs and assumptions today, and we disclaim any obligation to update them.

Also during the call, we'll present both GAAP and non-GAAP financial measures. Non-GAAP financial measures should be considered supplemental to and not replacements for or superior to 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.

Finally, all comparisons are year-over-year unless stated otherwise. With that, I will turn the call over to Orlando.

## Orlando J. Zayas

*CEO & Director*

Thank you, Jennifer, and thanks to everyone joining us today. We're excited to give you an update on our first quarter financial results and the operating progress we've made towards achieving our 2025 plan. To start, I'll provide you with a little context for our strong Q1 results before turning it over to Derek, who will walk you through a more detailed summary of the quarter. After that, Nancy will provide an update on our financial results.

We had another strong quarter that illustrated the momentum we have in the business. Q1 gross originations grew 15.4% year-over-year, beating our outlook for 11% growth. And first quarter revenue came in slightly above our expectation at 10.6%. These great results spring from our successful execution against our marketplace strategy.

As we discussed last quarter, following the launch of our app at the end of 2022, we have worked hard to build our 2-sided app marketplace. We are a destination where consumers can visit and shop for all of their durable goods needs as well as a growth partner to merchants, opening up new avenues for expansion. In addition to our continued growth, we see other indications that we have built a healthy and thriving ecosystem.

On the consumer side, shoppers continue to love the Katapult brand. Our NPS score was 66 as of March 31, and our repeat customer rate was 57.4%, both up year-over-year. These 2 positive data points are contributing to our growing lifetime value, which was up nearly 6% in Q1 '25. And as we continue to build

our product offering to cover even more of the everyday needs our customers have, we believe we can take LTV even higher.

We believe these data points really illustrate that we are doing a good job of delivering the product and service our customers want and deserve. For our merchant and waterfall partners, we are continuing to innovate new marketing and pricing strategies as we collaborate to drive sales higher. As a result, we're seeing our overall gross originations growth being fueled by activity across our marketplace.

During the first quarter, KPay originations were \$22.8 million, which was up approximately 57%. And total app originations, which are originations that started in our app, grew 42% to \$37.9 million. This means that approximately 59% of our gross originations started in our app marketplace, a testament to our ability to drive results for both our partners and Katapult.

We are pleased that our progress towards making the Katapult app marketplace a shopping destination. Our marketplace is allowing Katapult to connect consumers and merchants seamlessly, enabling commerce whenever and however the consumer wants to shop.

Though macro headwinds are ebbing and flowing, 2025 was off to a great start, and we are confident that we are well positioned to achieve our full year goals. We remain focused on our top initiatives, which are: one, consumer engagement; two, merchant engagement; three, referral partnerships; and four, improving our unit economics and capital structure over time so that we can improve profitability and sustainably generate cash.

With that, I'll turn the call over to Derek to discuss our operating progress in more depth, and then Nancy will give you a recap of our Q1 financial results and our outlook for Q2. We'll then open it up for your questions. Derek?

**Derek Medlin**

*President & Chief Growth Officer*

Thanks, Orlando, and good morning to everyone. We have great momentum and are very encouraged by the velocity we are generating in our marketplace. We are connecting more customers to more merchants through our marketplace, and they are choosing the Katapult LTO to get the goods they need. This is great for merchants and great for Katapult.

So let me start with a few highlights that demonstrate the progress we're making in our consumer engagement initiative. As we shared with you last quarter, our top marketing priorities include driving application growth and increasing the number of customers who take out a second lease with us. To achieve these goals, over the past few quarters, we've leaned heavily into activities that focus on ROI-positive customer acquisition, and these activities are delivering.

We are leveraging our most valuable asset, our app marketplace to support these efforts and complementing this with highly targeted marketing using other channels such as Google and Facebook. This hard work helped us grow applications by approximately 59% and our total lease count by approximately 22%, which included more than 60% growth in cross-shopping activity during the quarter. This means that the number of customers with more than 1 active lease as of the end of Q1 2025 grew nearly 60% year-over-year. And the percentage of customers with more than 1 active lease during the first quarter increased to more than 28% of our customer base from just under 27% in the first quarter of last year.

KPay activity continues to fuel a lot of our growth, and we are incredibly excited about its potential. As Orlando mentioned, KPay originations grew 57% during Q1, which represented 35% of total gross originations, up from about 26% of our total originations in Q1 of 2024. As a reminder, KPay and related activity refers only to those leases that are originated using our KPay feature to check out.

We are also seeing a lot of engagement with our broader app marketplace ecosystem. This refers to activities related to our app in general. So if a customer starts their journey in our app that completes their lease on one of our merchant partner sites, we are capturing this as app marketplace activity. And this activity continues to grow.

More consumers are using our app for their shopping needs, which culminated in our app being opened 3.6 million times during Q1, which is 46% higher than Q1 of last year. This engagement also drove our KPay unique customer count, which grew by more than 65% year-over-year and was accompanied by a healthy increase in conversion rate. For context, while some of these customers may have entered into multiple leases, this growth only counts each customer one time. All of this activity bodes well for sustaining and growing LTV over time.

Let me give you a little more insight into our strategy to sustain LTV growth. We know from our data that there is a strong consumer affinity for our LTO product and our brand. Our goal is to leverage this affinity to increase our share of wallet with our loyal base of customers while introducing our brand to other like-minded consumers. To do this, we are surgically deploying thoughtful pricing strategies and promotions that are encouraging consumers to do more with us.

Practically speaking, what does this look like? Let me paint a picture. On average, our typical lease is for about \$700, but we believe we have an opportunity to provide more leases to consumers who may be looking for goods that are priced lower than this average. In order to capitalize on this theory, we began to test a variety of pricing strategies that would make the idea of leasing a lower-cost product more palatable to more consumers. By finding the sweet spot, for example, of an initial payment for a lower-cost item, we believed we could drive more consumers to use our LTO. And while we don't intend to run pricing promotions in perpetuity, we have seen really great results stemming from this strategy.

During the first quarter, the percentage of leases that were under \$300 in value increased to 31%, up from 24% last year. It's worth noting that these lower AOV leases also performed very well from a payment collections perspective. When you add this performance to our growing customer and lease count, the result is overall gross originations growth, increasing LTV and we believe increasing share of wallet.

To sustain this engagement and drive growth, we are continuing to add features, functionality and merchants to this marketplace. Recently, we added Ashley Furniture and Bed Bath & Beyond to our growing roster of top-tier KPay-enabled merchants. There are now 35 merchants available for checkout via KPay. This growing roster of KayPay merchants are highly complementary to the more than 200 shoppable merchants we have waterfall and/or direct integrations with. So let's move on to the progress we're making on our merchant engagement initiatives.

During Q1, we continued to focus on positioning Katapult as a partner of choice, and we believe our continued progress demonstrates the value we bring to retailers. Our direct and waterfall merchants accounted for approximately 65% of total gross originations in Q1, and gross originations for this group grew about 1%. If we exclude the home furnishings and mattress category, our direct and waterfall gross originations grew approximately 40% year-over-year. Our team continues to execute on the strategic activities that we believe are extending our runway for growth.

Let me give you a few examples. During Q1, we added approximately 35 new direct or waterfall merchants or merchants pathways to our ecosystem. As a reminder, pathways include new or existing merchant partners that launch a new website or an in-store experience that includes Katapult as a direct or waterfall LTO offering. These pathways are canamount to new go-to-market channels for the Katapult LTO. They provide new ways for consumers to discover and engage with our offerings.

Second, we continue to complement our consumer marketing strategy with a variety of co-branded marketing campaigns with our merchant partners. Throughout the first quarter, we ran a number of pricing and promotional campaigns to drive sales during key seasonal marketing events, including Valentine's Day, President's Day and even March Madness. These activities resulted in gross originations growth ranging from 25% to more than 75% when compared to the same period in 2024. In addition, we also supported a targeted tax season promotion that delivered a 7% increase in gross originations when compared to the same period of last year.

We are really excited about the partnerships we're building with our merchants. Our collaborative efforts are yielding terrific results, and we are leveraging campaign data to demonstrate our incremental value to merchants. Recently, we walked one of our wheel and tire merchant partners through the impact that

a short-term strategic pricing promotion, which included merchandising and marketing on our social, e-mail and website platforms was having on their sales. They were so motivated by the lift in sales that they requested to continue funding the promotion in its entirety because the return was so compelling.

During the first month of the campaign, gross originations grew more than 49% compared with the previous month. We are continuing to explore a wide range of opportunities like this to collaborate with merchants to drive incremental sales growth.

As we noted last quarter, we closely monitor the success and health of our top 25 merchants. By monitoring the tip of the spear performance, we believe we can quickly get a sense of our marketplace health and implement enhancements that unlock growth. During the first quarter, we were pleased to see gross originations growth accelerate for our top 25 merchants to 13%, up from 10% in Q4.

Finally, one other topic that is top of mind for us are potential macroeconomic headwinds. While lease-to-own solutions have historically benefited when prime credit tightens, we have been building scenario plans to focus on inoculating the business against macro uncertainties such as increasing tariffs or rising inflation to the extent we can. This includes working with our merchants to think outside the box to create initiatives that will allow us to react quickly to challenges stemming from the new economic policies and trends.

As you've heard, we're making tangible and valuable progress against our consumer and merchant initiatives. We are also continuing to make progress on our partnership strategy that is focused on creating pathways that deliver new customers, increase our brand awareness, create new products that consumers want and leverage our technology in new ways to drive gross originations and revenue growth. This quarter, we continue to build relationships with our existing partners as we lean into new opportunities to monetize our assets as the foundation for new partnerships.

For example, we are exploring ways to help consumers who have been declined for an LTO, growing our affiliate partnership base and leaning into new strategic marketing partnerships. We believe that there are multiple partnership avenues that we can pursue to help expand top-of-the-funnel activity, broaden our application pool and give our customers more reasons to engage with the Katapult marketplace.

Beyond these efforts, we have continued to build new relationships with waterfall finance platforms while deepening our partnerships with waterfalls we already work with. We are in the process of kicking off a new waterfall partnership with Finti, a modern waterfall financing platform that connects consumers with a curated network of lenders and financing providers. Finti has already introduced us to several new merchants, primarily in the SMB market. Our initial integrations are largely focused on brick-and-mortar stores, but we also expect to integrate into Finti's online architecture, which should expand our opportunity even further.

2025 is off to a great start, and we're operating with great momentum. Our team is working hard to deliver on the promise of Katapult, and we believe we are taking the steps necessary to grow our business. We are leveraging unique assets like our app marketplace as well as our track record for driving incremental merchant sales to open new avenues for growth. With that, I'll turn it over to Nancy, who will give you an update on our financial results and outlook. Nancy?

### **Nancy A. Walsh**

*Chief Financial Officer*

Thanks, Derek, and hello to everyone joining us this morning. We are excited about the year ahead and believe we are well positioned to deliver on our full year goals. Let's start with a few insights on our top line performance. We have now grown gross originations for 10 consecutive quarters. Gross originations grew 15.4% to \$64.2 million in the first quarter. And on a 2-year stack basis, our gross originations grew 17.3%. In addition, if we exclude home furnishings and mattress gross originations, Q1 gross originations grew 51% year-over-year.

Our gross originations growth came in above our outlook and was driven by a strong second half in March. As Derek mentioned, gross originations for our top 25 merchants grew 13% during the quarter despite the fact that our largest merchant, Wayfair, continues to face category challenges.

On the revenue front, we also had another great quarter. We delivered \$71.9 million or 10.6% growth in Q1, which was slightly above our outlook and marked the eighth consecutive quarter of year-over-year growth. This growth reflects continued strong collection trends.

Gross profit for Q1 was approximately \$14.3 million and gross margin was 19.9%. This compares with gross profit of \$16.5 million last year. As we mentioned in the outlook we provided last quarter, based on our strong Q4 gross originations growth, we expected to have higher lease depreciation costs in this quarter, which would impact gross profit. Because our lease depreciation is front-loaded in times of rapid gross originations growth, such as what we achieved in December 2024, depreciation costs will have a disproportionate impact on gross profit in the quarter. This dynamic played out once again in Q1 2025, given the gross origination strength we saw in the last 2 weeks of the quarter.

Finally, for comparison purposes, during the first quarter of 2024, we had an exceptionally strong gross profit margin. Our target range for annual gross margin remains 18% to 20%. We have continued to effectively manage write-offs as a percent of revenue. During the first quarter, this metric was 9%, an improvement from our Q4 performance and within our 8% to 10% target range. Write-offs were up 60 basis points year-over-year.

Moving on to expenses and profitability. Our disciplined approach to expense management, coupled with our top line growth is at the center of our financial model. This philosophy fuels our decision-making and is a core component of our long-term growth strategy. This approach allowed us to deliver another quarter of positive adjusted EBITDA. We believe we are well positioned to further improve upon this performance in 2025.

Let me walk you through some of the puts and takes that impacted Q1 adjusted EBITDA. We've already talked about our front-loaded lease depreciation and the impact rapid growth has on an in-quarter gross profit. This noncash expense drives cost of sales higher. And given the strong growth we saw both at the end of December as well as the end of March 2025, the related depreciation expense was a headwind to our Q1 adjusted EBITDA.

Total operating expenses increased by 17% during the quarter. This year-over-year increase was largely driven by increased general and administrative costs that included expenses incurred to date related to efforts to refinance our debt as well as investments in our initiatives and infrastructure to support our growth. We remain committed to fiscal discipline even as we strategically invest in our growth initiatives.

Excluding underwriting fees and servicing costs, which are variable, depreciation and stock-based compensation expense, which are noncash expenses and excluding costs related to the settlement of litigation and debt refinancing costs, our Q1 fixed cash operating expenses were \$10.4 million, an increase of 10.8% compared to last year.

During the first quarter, loss from operations was \$500,000 compared to \$3.8 million in income from operations for Q1 2024. Our Q1 2025 performance was a significant improvement compared to the \$4.8 million loss from operations we reported in Q4 2024. From a year-over-year perspective, our results this quarter reflect lower gross profit, which again was driven by strong gross originations growth during Q1 and Q4 as well as the increase in OpEx related to our investments in our growth initiatives.

Taken together, these puts and takes resulted in \$2.2 million in adjusted EBITDA for Q1, which was below our outlook, but again was primarily driven by the timing of our strong gross originations growth in Q4 and Q1. We are proud of the progress we have made on this front and believe we have the right strategy, initiatives and discipline in place to deliver continued growth.

Turning to the balance sheet and cash flow. As of March 31, 2025, we had total cash and cash equivalents of \$14.3 million, which included \$8.3 million of restricted cash. As of the end of the first quarter, we also had \$77.8 million in outstanding debt on our revolving credit facility.

Regarding our outstanding debt, we are actively negotiating with our existing lenders for a comprehensive maturity extension amendment to our credit facility that adjusts the covenants and advance rate to align with the company's business plan. We are working diligently to conclude these negotiations as soon as

possible. As part of those discussions, we received a temporary and limited waiver of certain covenant breaches through June 4, subject to customary terms and conditions.

As part of this ongoing negotiation, we may determine we have other breaches, which have not yet been waived. As we advised last quarter, there can be no assurance that we will consummate a new credit facility with either our current lenders or any other lenders, and there can be no assurance that our current lenders will provide a maturity extension grant or grant a waiver of any further breaches.

In the 10-Q we plan to file today, we will provide more information regarding the risks and uncertainties surrounding our ability to secure this refinancing or maturity extension and to continue as a going concern. We will provide a further update when we have something new to report.

Cash generated from operations for Q1 2025 was \$3.4 million compared to \$2 million of cash generated from operations in Q1 2024. The increase was largely driven by costs related to our growth in Q1, including an increase in property held for lease, partially offset by the change in accrued liabilities and accounts payable balances.

Turning to our Q2 2025 and full year 2025 outlook. Based on quarter-to-date results, we expect the following for the second quarter: gross originations growth in the range of 25% to 30%, gross originations, excluding the home furnishings and mattress category are expected to continue to grow at a much faster pace than our overall gross originations. Revenue growth in the range of 17% to 20% and approximately breakeven adjusted EBITDA. Based on these dynamics and our operating plan, we are reiterating our 2025 outlook. We continue to expect gross originations growth of at least 20%.

Gross originations, excluding the home furnishings and mattress category are also expected to continue to grow at a much faster pace than our overall gross originations during full year 2025. Revenue growth of at least 20% and at least \$10 million in positive adjusted EBITDA. For added context, neither our Q2 outlook nor our 2025 outlook assumes any impact from potential tariffs or credit tightening or loosening above us. We are very proud of our performance to date and intend to capitalize on our momentum to deliver a great 2025. We look forward to reporting on our success as the year progresses. With that, I'll turn it back to the operator for Q&A. Operator?

## Question and Answer

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### Operator

[Operator Instructions]. Your first question comes from Anthony Chukumba with Loop Capital Markets.

### Anthony Chinonye Chukumba

*Loop Capital Markets LLC, Research Division*

So I'm just trying to kind of work through the math here. As I look at last year, you did a little over 100% of your full year EBITDA in the first quarter. This year, based off of what you just reported and your guidance, that would assume that you only generated about, call it, 20% or so in the first quarter, and you're saying you're going to be breakeven. So essentially, what it implies that you're going to generate \$8 million of EBITDA in the second half of the year. And I'm just trying to figure out how we get there, particularly given the fact that on an adjusted basis, you were essentially breakeven in terms of EBITDA in the second half of last year.

### Nancy A. Walsh

*Chief Financial Officer*

Thank you, Anthony, for that question. We've talked about adjusted EBITDA in the past and what happened in 2024, we had much slower growth in the first and the second half until we got to the tail end of Q4 of last year. This year, we are seeing much faster growth in the first quarter. We're providing an outlook that we're going to see strong growth in the second quarter, and we have seasonality in Q4. And with that growth, we are anticipating that despite being breakeven in Q2, we are still going to be able to make that EBITDA total for \$10 million. And yes, we understand that backloads that a little bit.

We also mentioned in Q4 that last year's gross profit was exceptionally high, and that was kind of an unusual occurrence. What we're seeing now is more what we would expect in line with our performance.

### Anthony Chinonye Chukumba

*Loop Capital Markets LLC, Research Division*

Got it. Okay. And then you mentioned that your top -- you had a few different stats. I mean I appreciate all the color, but you mentioned your top 25 merchants, growth was 13%, but it sounds like Wayfair continued to be challenged. And I think you typically include this in the Q, but what was gross originations growth or decline for Wayfair specifically?

### Nancy A. Walsh

*Chief Financial Officer*

We did continue to see a challenge with not only Wayfair, but all of the home furnishings and mattress category. And so for Wayfair, we are calling out about \$17 million of gross originations, and that excludes what goes through our own marketplace. So this is just the direct waterfall component.

### Anthony Chinonye Chukumba

*Loop Capital Markets LLC, Research Division*

Okay. So just to be clear, so you had \$17 million of originations from Wayfair in the first quarter.

### Nancy A. Walsh

*Chief Financial Officer*

Correct. \$17.2 million, correct.

### Anthony Chinonye Chukumba

*Loop Capital Markets LLC, Research Division*

Got it. Okay. And then I just wanted to understand, I mean, obviously, the credit facility maturity is coming up pretty quickly here. So at this point, and I know there's somewhat limited in terms of what you

can say, but -- so we're looking to -- for an extension as opposed to refinancing it or just getting some, I guess, some new banks in there?

**Nancy A. Walsh**

*Chief Financial Officer*

I won't comment on the second piece of this. As we said in my prepared comments, we're negotiating with our existing lender, and it's going to be a comprehensive -- we're calling it a comprehensive maturity extension amendment. But we are, at the same time, adjusting our covenants and our advance rates, and that's all to align with the company's business plan.

**Operator**

Your next question comes from Scott Buck with H.C. Wainwright.

**Scott Christian Buck**

*H.C. Wainwright & Co, LLC, Research Division*

I'm curious, all the momentum you're seeing in KPay, what do you attribute to greenfield opportunities versus taking share versus potentially cannibalizing other pieces of your business?

**Derek Medlin**

*President & Chief Growth Officer*

This is Derek. Thanks for the question. Really, I think what we're seeing here is the greenfield opportunity that there is in this space. The TAM for this marketplace is so large. And when we think about the ways that we're growing, it's really across all of our channels, everything from adding new merchant pathways and new merchants that are bringing us consumers that can shop through with that partner, our direct acquisition activities like we mentioned, and then getting increased share of wallet with our customers and our existing customers.

And so what the app does is just facilitates these transactions so much more simply and allows us to control more of the customer experience to make it easy, clear and transparent for these customers to find the things that they're looking for. And so it's really the culmination of all these things together that are working in tandem.

And what I'm really excited about is seeing the response and the reaction of our customers as they engage further. And just like I mentioned on the prepared statements, we talked about getting greater share of wallet and getting multiple transactions. That's really, for me, a big validation point that we've really hit the nail on the head in terms of what the opportunities are here, providing lease limits that are over and above what a customer needs, allowing them to come back, find different high-quality goods from high-quality retailers and then having those retailers lean into it and market on our behalf has been a fantastic combination where everybody is really winning here.

**Scott Christian Buck**

*H.C. Wainwright & Co, LLC, Research Division*

Great. That's helpful, Derek. And then a bit of a follow-up there. Do you see any difference in the percentage of repeat customers coming through KPay versus other parts of the business?

**Derek Medlin**

*President & Chief Growth Officer*

Great question. So in general, we see a higher overall LTV from the KPay users and from app users. These are consumers that just given the exposure of the different deals, offers and transactions, we just see a much more rapid and frequent repeat cycle. And that's really exciting to us because it allows us to give our retail partners more exposure to this customer base. And what's also just, I think, important to realize is that the performance has been really, really strong in this segment. And so what we see in terms of the pay-through and the yield continues to be aligned with our objectives for the year, and we're going to keep pushing it.

**Scott Christian Buck**

*H.C. Wainwright & Co, LLC, Research Division*

Great. And then last one...

**Orlando J. Zayas**

*CEO & Director*

I didn't know if I can add. Sorry, Scott, it's Orlando. I just wanted to add one more comment to Derek. You asked about the repeat rate versus KPay versus regular coming in from merchants. I think what's interesting and what we've discovered over the last several years with KPay is that if you came in through a wheel retailer and you bought 4 wheels for your car, you're only going to buy 4 wheels for your car so often. And so what KPay opened that door was to be able to go to Wayfair and buy a sofa or go to Best Buy and buy a TV. And so I think the repeat rate has been driven mostly by KPay. We had a pretty decent repeat rate, especially at larger retailers like Wayfair before KPay, but KPay just really took that into the stratosphere.

**Scott Christian Buck**

*H.C. Wainwright & Co, LLC, Research Division*

Great. That makes a lot of sense. And then last one, gross originations were up 15-plus percent in the quarter. The full year expectation is 20-plus. Could you give us an indication of what the second quarter has looked like so far? And maybe what some of those drivers are in the back half of the year to put you over 20%?

**Nancy A. Walsh**

*Chief Financial Officer*

So I'll start with the numbers. What I had said in my prepared comments is based on year-to-date -- quarter-to-date, what we've seen thus far, we were providing that 20% gross origination growth for Q2. So we're halfway through the quarter.

**Scott Christian Buck**

*H.C. Wainwright & Co, LLC, Research Division*

Okay. And you're tracking at 20% in the second quarter.

**Nancy A. Walsh**

*Chief Financial Officer*

25% to 30%, I'm sorry.

**Scott Christian Buck**

*H.C. Wainwright & Co, LLC, Research Division*

Okay. And you expect these trends to continue through the back half of the year as well, and that pushes the total over 20%.

**Nancy A. Walsh**

*Chief Financial Officer*

We have...

**Scott Christian Buck**

*H.C. Wainwright & Co, LLC, Research Division*

Our fourth quarter is always really strong.

**Nancy A. Walsh**

*Chief Financial Officer*

But we've given full year -- we're not giving Q3 and Q4 at this point. So just full year and Q2.

**Scott Christian Buck**

*H.C. Wainwright & Co, LLC, Research Division*

No, just full year. Right.

**Operator**

That will conclude our question-and-answer session. I will now turn the call back over to Orlando Zayas for closing remarks.

**Orlando J. Zayas**

*CEO & Director*

And thanks to everyone for joining us today. We're really proud of our progress, and we believe we have set the stage for future success. Our entire team is laser-focused on pushing Katapult to reach its goals, and I'm incredibly grateful for their hard work and dedication. Because of their efforts, we are able to offer the best-in-class LTO product to our consumers and a growth engine to our merchants. Given our growth expectations for the rest of the year, we believe we're well positioned to create value for all of our stakeholders, including our shareholders, and we appreciate your support. We look forward to chatting with our investors as the year progresses. Please reach out to Jennifer with any questions or feedback. Thank you very much.

**Operator**

Ladies and gentlemen, that concludes today's call. Thank you all for joining. You may now disconnect.

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