Business First Bancshares (Q3 2025 Earnings)

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Corporate Speakers:

- Matthew Sealy; Business First Bancshares; Investor Relations
- Jude Melville; Business First Bancshares; Chairman and Chief Executive Officer
- Gregory Robertson; Business First Bancshares; Chief Financial Officer
- Jerry Vascocu; b1BANK; President
- Philip Jordan; Business First Bancshares; Chief Banking Officer

Participants:

- Matt Olney; Stephens Inc.; Analyst
- Feddie Strickland; Hovde Group; Analyst
- Christopher Marinac; Janney Montgomery Scott; Analyst
- Michael Rose; Raymond James; Analyst

PRESENTATION

Operator^ Hello. And thank you for standing by. (Operator Instructions) At this time I would like to welcome everyone to Business First Bancshares Q3 2025 Earnings Call. (Operator Instructions) I would now like to turn the call over to Matt Sealy. You may begin.

Matthew Sealy^ Thank you. Good afternoon. And thank you all for joining. Earlier today we issued our third quarter 2025 earnings press release, a copy of which is available on our website along with the slide presentation that we will reference during today's call.

Please refer to Slide 3 of our presentation, which includes our safe harbor statements regarding forward-looking statements and the use of non-GAAP financial measures. For those of you joining by phone, please note the slide presentation is available on our website at www.b1bank.com.

Please also note our safe harbor statements are available on Page 7 of our earnings press release that was filed with the SEC today. All comments made during today's call are subject to the safe harbor statements in our slide presentation and earnings release.

I'm joined this afternoon by Business First Bancshares' Chairman and CEO, Jude Melville; Chief Financial Officer, Greg Robertson; Chief Banking Officer, Phil Jordan; and President of b1BANK, Jerry Vascocu. After the presentation we'll be happy to address any questions you might have. With that, I'll turn the call over to you, Jude.

Jude Melville^ Okay. Thanks, Matt. And good afternoon. And thank you all for being with us today. It was another solid workaday quarter for our company. Greg will follow

my remarks with specific numbers that I know you're eager to dive into, but I'd like to use my time to highlight three themes on which we are focused.

First, we continue to show incremental quality earnings improvement. And importantly, that improvement has been driven in large part by our strong expense control. To be specific, three quarters of essentially flat core noninterest expenses.

We've made significant investment over the past few years in our effort to reach a meaningful asset size distributed over what we consider to be an attractive footprint. And having done so, have been pivoting our focus to the generation of operating leverage and expect it to remain there.

As a result, our aggregate earnings, our capital ratios, our tangible book value levels and our efficiency ratio all showed material improvement over the quarter and year-to-date, trends we expect to continue.

Second, our team has executed magnificently on the operational challenges we committed to this year, converting our entire core bank at the end of the second quarter to a new processor. And following quickly behind that, converting Oakwood Bank to the new system at the end of the third quarter.

Although this aspect of performance doesn't easily fit into an earnings model, it's critical to our ongoing performance as an institution, preparing to be better as we get bigger, creates value that unfortunately may only be recognized over time but I want to be sure to congratulate our team now on job excellently done.

In addition to system-wide efficiencies, operational excellence is also what allows us to feel confident that we can reap the financial potential associated with our two current M&A initiatives.

We expect to see much more of the all-in economic benefit from the Oakwood transaction achieved by the first quarter of 2026.

We also remain on pace to close the Progressive Bank transaction early in the first quarter and scheduled to convert that asset in August, enabling us to fully incorporate both institutions and demonstrate unified post-integration financials in full for the fourth quarter of '26.

We are focused on execution as we optimize the partnerships and opportunities on our plate. Third, we have included a new chart in our deck on Page 15, illustrating the momentum we are experiencing in revenue generation from our young correspondent banking unit.

We have about 175 banks that we partner with in some form and expect to generate over $17 million in revenue this year leading to the unit contributing roughly $5 million towards our combined net income over the course of the year.

We're only getting started on this front and believe the investments we've made towards this initiative will lead to even more capital-efficient earnings production as we grow operating leverage within the unit, much as we're beginning to see the efficiency benefit of scale across our entire bank.

So our job for the next few quarters is relatively straightforward and clear, remain committed to effective expense control, fully execute on our recent acquisitions, maintain our historically stable and relatively strong net interest margin as we grow within our retained capital, and continue the progress we've been building as we've been building an alternate source of noninterest income through the building of our correspondent banking unit.

As we execute on these priorities, we're confident the combined effect will create the steady profitability and tangible book value increases over the course of 2026 in both aggregate and per share basis with visibility into our roughly 1.20% core ROAA run rate by the end of the fourth quarter.

It's an exciting time and we look forward to answering any questions you might have. With that, I'll turn it over to Greg.

Gregory Robertson^ Thank you, Jude. And good afternoon, everyone. As always, I'll spend a few minutes reviewing our results, and we'll discuss our updated outlook before we open up to Q&A.

Third quarter GAAP net income and EPS available to common shareholders was $21.5 million and $0.73 per share and included $1.6 million merger and core conversion-related expense, $2.0 million employee retention tax credit and a $77,000 gain on sale of securities. Excluding these noncore items, non-GAAP core net income and EPS available to common shareholders was $21.2 million and $0.72.

From our perspective, third quarter results marked another solid quarter of consistent profitability generating a 1.06% core ROAA with our core efficiency ratio falling to 60.45% for the quarter.

From a corporate perspective, we were active during the quarter with a successful core conversion of the Oakwood bank systems, which occurred at the end of September.

Additionally, in conjunction with our announcing our third quarter results, we announced an increase in our quarterly common stock dividend by $0.01. Starting on the balance sheet. Total loans held for investment declined $26.6 million or 1.7% annualized on a linked-quarter basis.

Scheduled and nonscheduled paydowns and payoffs accelerated somewhat during the third quarter totaling $479 million, while new loan production was $452 million during the quarter.

On a linked-quarter basis, residential 1-4 family and C&D loans increased $47.6 million and $38.6 million, respectively. This was offset by total CRE loans decreasing $71.1 million, while total C&I loans declined $40.2 million from the second quarter of ‘25. Based on unpaid principal balances, Texas based loans remained flat at approximately 40% of the overall portfolio as of September 30, 2025.

Total deposits increased $87.2 million, mostly due to a net increase in interest-bearing deposits of $131.4 million on a linked-quarter basis, somewhat offset by a net decrease in noninterest-bearing deposits of $44.15 million from the prior quarter. The net decrease in noninterest-bearing balances was not unexpected.

As you might recall at the end of the prior quarter, we experienced a large $60 million influx related to a single noninterest-bearing account relationship. This was a temporary deposit, which was expected to withdraw in early Q3. This withdrawal did, in fact, occur, which pressured overall growth during the third quarter.

I think it’s worth mentioning, in spite of the Q3 outflow, net growth in noninterest-bearing deposits since March 31, 2025, was $58.2 million, this represents approximately 9% annualized growth in noninterest-bearing deposits.

As of the end of the third quarter of 2025, noninterest-bearing deposits represent 21.0% of total deposits compared to the 20.3% at the end of Q1.

Lastly, on the funding side of the balance sheet, FHLB borrowings decreased $125.5 million from the prior quarter, which was a deliberate decision to reduce those excess borrowings. Moving over to the margin.

Our GAAP reported third quarter net interest margin remained unchanged linked quarter at 3.68%, while the non-GAAP core net interest margin, excluding purchase accounting accretion, declined 1 basis point from 3.64% to 3.63% for the quarter ended September 30th.

The margin performance during the third quarter was driven by lower net loan growth during the third quarter and the influx of interest-bearing deposits, coupled with the outflow of the noninterest-bearing deposits mentioned before.

Loan discount accretion during the quarter was slightly elevated at $1.1 million, which we expect to drop back into the $800,000 to $900,000 range going forward.

On a linked-quarter basis, cost of total deposits increased 3 basis points, while total loan yields increased 5 basis points. Core loan yields, excluding loan discount accretion for the third quarter was 6.94%. Total cost of deposits for the month ended September 2025 was 2.65%, which compared to the weighted average of the third quarter at 2.67%.

We are pleased with our ability to hold the line in new loan yields during the quarter with a weighted average of new and renewed loan yield 7.46% for the third quarter.

We are equally pleased with our ability to manage funding costs for the quarter with the weighted average rate on all new accounts during September of 3.32%, down from June's weighted average rate on new accounts at 3.34%.

I'd like to make a note of a few takeaways to Slide 23 in our investor presentation. We continue to see the 45% to 55% overall deposit betas as achievable regarding any future rate cuts.

I would also like to point out, overall, core CD balance retention rate was at 83% during September. This impressive statistic reflects our team's continued focus on maintaining and retaining core deposit relationships.

As you will see on Slide 24 in our presentation, we have approximately $3 billion in floating rate loans at approximately 7.33% weighted average rate, but also have approximately $646 million in fixed rate loans maturing over the next 12 months at a weighted average of 6.30%, which we would expect to reprice in the mid- to low 7% range.

Lastly, on the topic of net interest margin, I'd like to mention a new slide we created and added to the quarterly slide presentation on Page 22 of our investor presentation. It includes a longer-term look at our GAAP and core net interest margin in the context of the volatility of the Fed funds rate since 2020.

We're proud of our ability over the years to maintain the margin with a relatively tight range with the core margin peaking at 3.99% at the end of 2020 and bottoming out at 3.27% in the beginning of 2024.

Moving on to the income statement. GAAP noninterest expense was $48.9 million and included $1.16 million acquisition-related expense and $439,000 in conversion-related expense and $2 million in employee retention tax benefit, which ran through payroll taxes and employee salaries. Core noninterest expense for the third quarter of $49.3 million was down slightly from the prior quarter.

We do expect this to increase modestly in Q4 just primarily due to the timing of various investments hitting in Q4. We do expect to recognize partial quarter impact of the Oakwood cost saves during the current quarter.

Third quarter GAAP and core noninterest income was $11.7 million and $11.6 million, respectively. GAAP results did include $77,000 gain on the sale of securities, noninterest income results for the third quarter were relatively in line with our expectations. And over the long run, we continue to expect to build on our trend in core noninterest income, although the trajectory may be bumpy as we've mentioned, from quarter-to-quarter.

Lastly, I'd like to provide some context of the credit migration from the second quarter. Total loans past due 30 days or more excluding nonaccruals as a percentage of total loans held for investment decreased from 0.89% to 0.27%, roughly $38 million at September 30, 2025.

The ratio of nonperforming loans compared to loans held for investment decreased 15 basis points from 0.82% in September -- 2.82% on September 30th, while the ratio of nonperforming assets compared to total assets slightly increased 7 basis points to 0.83% compared to the linked quarter.

The increase in the nonperforming assets ratio over the linked quarter was attributable to the transfer of some nonaccrual loans to other real estate owned. And that includes my prepared remarks for today. I'll hand it back over to you, Jude, for anything you'd like to add before opening up to Q&A.

Jude Melville^ I think, I'm good. We'll answer your questions. I will mention real quick that Greg mentioned the $0.01 dividend increase, and I will mention that we started paying a dividend in 2015. So this marks our ninth year in a row of increasing the dividend.

We're proud of it and we still have a very strong retail shareholder base, about 50-50 retail versus institutional and with a diverse set of interests and reasons for being partners with us, and I know the steady increase of that dividend over the years has been important, and we remain committed to trying to keep doing that.

So excited about that news. And we want to make sure we highlighted that. So with that, I'm certainly ready to answer any questions we might have in the queue.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) And your first question comes from the line of Matt Olney with Stephens Inc.

Matt Olney^ I want to ask about expectations around the core margin for the fourth quarter in light of the recent September Fed cut and your expectations of any impact from additional Fed cuts that we could see as well in coming weeks?

And then on deposit cost side, Greg, you disclosed at September interest-bearing deposit costs. I appreciate that. It sounds like there's some good momentum there. Just any other general commentary you can share with us within your marketplace with respect to deposit pricing competition?

Gregory Robertson^ I'll answer your first question first on the margin. We expect to pick up a couple of bps in the fourth quarter in margin for that to expand again. And primarily because of the momentum on the deposit side, but we also think that the loan growth will come back and normalize.

I think it's worth pointing out, I mentioned in the remarks that the paydowns were about $479 million against originations of $452 million for the quarter.

So the origination for the third quarter is very strong. And really, that was about an elevated payoff-paydown quarter of about $100 million more from the previous two quarters.

So we feel like that with the normalization of loan growth and our management of deposit cost, we feel like we'll have a little margin expansion. We're seeing deposit costs is still competitive in the markets in all of the markets we're in.

So I would think we'll continue to have to be nimble and be aware of the competition set out there. We do a pretty deep dive on evaluating competition in our markets every week. So we'll continue that.

Matt Olney^ Okay. I appreciate that, Greg. And then on loan growth, it sounds like, like you just mentioned, you think loan growth will rebound in the fourth quarter. Are you seeing some evidence of this in the first few weeks of the fourth quarter? Just trying to appreciate kind of what you're seeing that gives you the conviction.

Gregory Robertson^ Yes. I think a little bit of both. I think as I mentioned, we had a pretty steady clip of originations that slightly built over the years.

I think Page 25 on our investor presentation kind of highlights that. But we had a little bit of early -- some early success in the quarter that lead us to believe we'll be back to the low to mid-single-digit loan growth in the fourth quarter.

Jude Melville^ We also had some success with unfunded line commitments in the third quarter that wouldn't have shown up in our net numbers, and we will see -- we'll have the opportunity to see some of that come to fruition in the fourth quarter.

Operator^ And your next question comes from the line of Feddie Strickland with Hovde Group.

Feddie Strickland^ I just wanted to touch back on the noninterest income piece again real quick. It sounds like you've still got some momentum there from the various businesses. It sounds like still going to grow, but Greg, I think you said it will be a little bumpy.

As we think about the fourth quarter, do you think that you can kind of grow it quarter-over-quarter. And it sounds like you definitely think you can grow it year-over-year in 2026 considering you also have the deal in there as well right?

Gregory Robertson^ Yes. I'll take you back to Slide 15 in our presentation, kind of to give you a little bit more insight into that.

But specifically on the fourth quarter, we feel like the momentum is building with a little bit of caveat. The government shutdown greatly impacts the ability to sell the guaranteed portion of SBA loans.

So there could be some influence on our performance in the fourth quarter with that. Now outside of that, we feel comfortable that our performance will continue to grow in those other areas. But I just want to note that.

So because of that, might be more realistic to think that, that noninterest income quarter-over-quarter may be flat. We're approaching -- quickly approaching the midway point of the quarter and the government still hasn't resolved their issues.

Jude Melville^ Which still gives us an annual number that's over 20% above last year and no reason to think at this point that we wouldn't be able to achieve a similar level of accelerated growth over the course of next year. It's just a little harder to predict on a quarter-by-quarter basis than the spread businesses.

Feddie Strickland^ Understood. That makes sense. And then just shifting gears more strategically. Now you have Oakwood behind you, Progressive on the horizon, do you still anticipate doing additional M&A near term, next 12 to however many months?

Or do you really feel like organic growth and integrating these is maybe a little bit more of the priority. And a follow-on to that is, is there the opportunity to maybe do share repurchases down the road if the stock price doesn't pick up as much?

Jude Melville^ Yes. So that was essentially the point that I was attempting to make in my opening comments that I feel like we have a very exciting path -- just executing on what we already have on the table.

And making sure that we're more focused on not only following through on the acquisitions, but also our organic opportunities, which I think we're only growing as others do M&A in a number of our markets, particularly Dallas there's been a lot of M&A, and I think that provides opportunity for us from a recruitment standpoint and from a just production standpoint.

So we want to -- I think our priority will be to kind of let that play out. I'm not saying never would we consider just a perfect acquisition that gets us some core deposits and market, low risk, but we're not aggressively looking for anything.

We're not even looking for anything. So we'll see what opportunities just come to our door about but we believe we have great opportunities in front of us just to do what it is that we do and to keep seeking operating leverage and to make sure that we're more focused on profitability than we are on growth just for growth's sake.

So that will be our priority for the next -- for the foreseeable future. We like our footprint and we want to be deeper in our footprint, and we want to be more productive in our footprint.

As far as capital allocation decisions go, we are pleased that we've been able to increase our capital ratios at a pretty good clip over the past year, really a couple of years.

And if you think about the last time that we raised capital back in 2022, we have since then been on by the time we finish with the Progressive acquisition we will have put on little over $2 billion worth of assets, and we'll actually have higher capital ratios than we hit at the end of that last capital raise.

So we feel good about the accretion of capital that we've been able to prioritize and that ultimately gives us more optionality on how to deploy that capital, more freedom to consider options including potentially buybacks.

So I do think that we are entering a period in which we could contemplate that over the next few years, and that's certainly been one of our goals as an organization to get our capital levels back up to a spot at which we have maximum optionality, and that's ought to be one of the options.

So I would say we are open to considering that as we continue to think about organic growth within the construct of our retained earnings, which should lead to further capital accretion over the next few quarters.

And the thing that also makes it attractive is it makes that worthwhile thinking about it is that we feel like we're trading at a very attractive price. And one of the things that you have to consider when it comes to M&A is pricing, right? And when you think about M&A opportunities at certain prices versus the price that we find ourselves trading at.

I like where we are. And that certainly -- I shouldn't say I like where we are. I like the attractiveness of the price if I'm considering buybacks over time. And so that certainly heightens the need to give that some serious consideration over the coming quarters.

Operator^ And your next question comes from the line of Christopher Marinac with Janney Montgomery Scott.

Christopher Marinac^ Greg and Jude and team, I just wanted to ask a little bit more about kind of pricing new loans and from your standpoint, as interest rates fall in months ahead, can you still get pricing for risk? Do you have to look at that differently as we move along?

Gregory Robertson^ Yes. I think, we have a pricing model we stick to that values our risk-adjusted capital. And so pricing for risk is part of the equation. So I think as rates continue to move, we'll have to be competitive, and we'll have to understand pricing relative to the type of credits we want.

So that's logical that, that's going to move down from the, let's just say, the mid-7s, where we are today, into the lower 7s to high 6s as the rate environment moves and the competition set moves as well.

Christopher Marinac^ And have you had any, I guess, feedback from your customers just in recent weeks? Are they feeling more bullish about the next few quarters? Or is more caution, I mean perhaps just a little bit of a temperature check comparing now with earlier in the year.

Gregory Robertson^ Yes. I would say that the feedback we're getting from our markets is the customers, I think, with interest rates moving downward, it gives them a little bit of hope. I don't know that they're bullish should be quite the word, but maybe more optimistic, but the lower rate environment or the prospects of rates continuing to fall.

Jerry Vascocu^ Yes. They remain active. I mean we see a lot of forward planning from the client base as they forecast their own interest rate environment.

Operator^ And your next question comes from the line of Michael Rose with Raymond James.

Michael Rose^ Just wanted to touch on expenses. Core expenses flat, really good expense control this quarter. I believe last quarter, you guys had talked about kind of somewhere in the in the low 50s. So just trying to better appreciate the delta there.

And then more broadly, if you can discuss hiring plans, it seems like a lot of banks are out there trying to hire lenders. Just wanted to see if there's been any shift in your strategy at this point and how that could maybe translate into an early read on expenses for next year?

Gregory Robertson^ Yes. I would say in the first part of the question, Michael. We just -- for the -- as Jude mentioned in his comments, or opening remarks, I think this year, we really made a concerted effort as a company to really evaluate our expense base. And the largest part of that in this business is personnel.

And so just being thoughtful about those positions, I think, is something we've done all year. And I think the third quarter was really just a continuation of that of being mindful in when we talk about employees and roles and efficiency in those roles.

I think the fourth quarter will be slightly, -- a slight increase. The fourth quarter is typically noisy anyway. But I do think that we'll continue to look at investments in ways to continue to bolster production.

I will say as far as '26 goes with the disruption in the markets, mainly in Texas, I think it would be easy to understand that if the opportunity presented itself, we would want to hire good bankers.

Jude Melville^ Yes. And I think having discipline along the way, those two things on it means that hopefully, we don't ever reach a point where we have to think of expenses as being on the edge of cliff.

And if we can kind of make good decisions along the way, whether it be not hiring as much or just automatically replacing people or it means thinking about the life cycle of branches, we have shown a pretty good record of closing branches over time even outside the timeframe of an acquisition. We can keep doing that, then we don't have to make drastic cuts.

But also on the flip side, it gives us the opportunity to be poised to be able to take advantage of opportunities as Greg alluded to when they show up. And we have had a lot of disruption, particularly in the Texas markets where we now have a solid footprint and foundation.

Dallas is actually our largest market. And so we feel that we'll get our fair shot at opportunities in some of the aftermath of M&A that's taken place there. And so we'll be ready for that, but it won't be because we're exercising some discipline along the way, and we'll continue to do that.

And those kind of decisions won't be kind of at the year decision, so to speak, normal taking care of business and type of investments. But we certainly want to position ourselves to take advantage of the organic opportunities that will be out there in the next few years, and we think they are.

Matthew Sealy^ Michael, one other thing that I'd add, as you know there's a bit of a correlation just between the balance sheet dynamics and the kind of the overall expense investments. And I think we were expecting a little bit more of a balance sheet growth during the third quarter that didn't quite come through on a net basis.

So part of that kind of speaks to the -- to just a lower overall expense build in the third quarter. And then the other thing is I think that we started seeing a little bit more in the way of the Oakwood cost saves coming through.

So a combination of those things helped in expenses being flat to down just very slightly in the third quarter. And then there's, lastly, a little bit of timing in certain IT investments that just didn't necessarily hit in the third quarter, which could come around in the fourth quarter.

Michael Rose^ I really appreciate all that color, really frames it out. Maybe just a follow-up. It did look like some of the paydown activity did happen in Dallas and Houston, if I look at the -- one of the beginning slides versus last quarter.

Obviously loan production was up a little bit Q-on-Q about 4.5%. But any sort of competitive dynamics there that maybe drove those paydowns just being (inaudible) or just trying to get more color on this quarter's paydowns.

Gregory Robertson^ I think, Michael, the biggest driver of the paydowns in the quarter or a big portion of the paydowns, it also had a corollary to past dues at the end of the second quarter, was a fairly large relationship that was past due that we commented on last time we talked. That did effectively pay down during the quarter. So that was an outsized example of things like that. But I don't know that...

Jude Melville^ And we had a couple of strong C&I relationships that -- the company was sold to another company. So I think -- I wouldn't say that we've lost much in either of those markets or any of our markets through competitive pressures.

I think it's been more kind of natural life cycle of the good credits you also want them to pay off eventually because it means they've been successful and the bad credits you want to take off because it means we don't have to deal with it anymore. So it's more of that than it was than any kind of material competitive posture, I would say.

Operator^ And your next question comes from the line of again with Matt Olney with Stephens Inc.

Matt Olney^ Greg, I think it was your comment around the SBA sales that could potentially slow in the fourth quarter, should this government shutdown be extended. I'm looking at that slide deck and it looks like the SBA sales has been around just over $3 million so far this year. So call it, $1 million per quarter.

Is that the right way to think about the risk under the scenario of government shutdown for most of the quarter? And then if that's the case, help us appreciate, is it -- is this -- does this just delay the SBA sales, so it's more of a delayed income into the first quarter? Or is that not the right way to think about that?

Gregory Robertson^ No. you're exactly right. That just delays the income stream into -- potentially into the first quarter. Those are loans that are closed that are really waiting to be sold. So it just delays the revenue opportunity.

Philip Jordan^ And Matt, we've got a pretty good pipeline of loans that can't get approved until they open back up, right? So there's some kind of demand for sure.

Matthew Sealy^ And then one other thing to point out on the slide, that $3.3 million is annualized through nine months, through the three quarters. It's a little bit -- it's not exactly $1 million per quarter. That's just the annualized figure.

Matt Olney^ Okay. I see that now. Okay. And then also, I just want to ask about Progressive Bank. Any updates on recent trends you're seeing or hearing there. And then just update on the M&A application process and expectations of deal closing.

Jude Melville^ Yes. I think all positive. And they've been doing what they said they would do in terms of continue to incrementally improve profitability over the course of the year in line with their budgets and our projections. And so I feel very good about that. So we're really good about the people interaction.

We've had the opportunity to spend a lot of time with them and more excited today than we were originally, and that's all going well. They did achieve a positive shareholder vote last week. So that's one of the hurdles that you have to get over to get a deal.

So we were excited about the positive reception for the opportunity by the shareholders of Progressive and excited about the trust and the management team and the Board's judgment. So it's a big step.

We're in the process of having our regulatory application reviewed and feel really good about that and confident about the positive outcome there in the next few weeks as well. So we feel like we're still on pace to close early January as we've been projecting.

So excited about that. We also -- I think I mentioned in my opening remarks that we have a conversion date of August for the Progressive Bank. So as we think about projecting out the economic benefits might be valuable information to you as well.

Operator^ There is no further questions at this time. I will now turn the call back over to Jude Melville for closing remarks. Jude?

Jude Melville^ Okay. We appreciate all the questions, and we appreciate everybody's time. As I started off by saying just a good, solid kind of grinded out quarter and lot of ways, those are the ones that you're proudest of and most excited about, we're just taking care of business on a daily basis.

And we love to see the -- one of our core values is built around incremental improvement. And so we certainly are doing that and look to continue that and believe we have a clear track to significantly increase profitability over the next few quarters as we capitalize and optimize some of the opportunities that we have in front of us.

So thanks again to all of you, and thanks to all of our partners. We look forward to seeing you and talking to you in a few months.

Operator^ This concludes today's call. You may now disconnect.