



NEWS RELEASE

Atlanticus Reports First Quarter 2023 Financial Results

2023-05-09

First Quarter 2023 Receivables growth of 22.5% over prior year, with over 3 million accounts served(1), allowing for continued strong results

ATLANTA, May 09, 2023 (GLOBE NEWSWIRE) -- Atlanticus Holdings Corporation (NASDAQ: ATLC) ("Atlanticus," "the Company", "we," "our" or "us"), a financial technology company which enables its bank, retail and healthcare partners to offer more inclusive financial services to millions of everyday Americans, today announced its financial results for the first quarter ended March 31, 2023. An accompanying earnings presentation is available in the "Investors" section of the Company's website at www.atlanticus.com or by clicking [here](#).

Financial and Operating Highlights

First Quarter 2023 Highlights (all comparisons to the First Quarter 2022)

- Total operating revenue increased 13.6% to \$261.0 million.
- Purchase volume of \$581.5 million.
- Over 220,000 new accounts served during the quarter, over 3.2 million total accounts serviced¹
- Net income attributable to common shareholders of \$20.0 million, or \$1.08 per diluted common share
- Managed receivables² increased 22.5% to \$2.1 billion

¹In our calculation of total accounts serviced, we include all accounts with account activity and accounts that have open lines of credit at the end of the referenced period.

²Managed receivables is a non-GAAP financial measure and excludes the results of our Auto Finance receivables. See "Non-GAAP Financial Measures" for important additional information.

Management Commentary

Jeff Howard, President and Chief Executive Officer at Atlanticus stated, “We continue to be pleased with our overall performance, which is consistent with our expectations following our decision to tighten underwriting last year as Everyday Americans adjusted to rapid inflation. All lines of our business experienced growth in revenue, managed receivables, and accounts serviced over the same period last year, with operating revenue and managed receivables increasing approximately 13% and 23%, respectively. In addition to growth in our retail partnerships and direct-to-consumer efforts, we continue to make progress on new initiatives such as healthcare payments and co-brand offerings which should open new avenues for our credit-as-a-service platform to support and grow our partner brands.

“Consistent with our purpose of Empowering Better Financial Outcomes For Everyday Americans, we facilitated over 220,000 new accounts in the first quarter, bringing the total number of accounts we serve to over 3.2 million. We have been diligent in balancing the needs of our customers, who have been adjusting to higher cost of living, with our focus on asset level profitability from the receivables in which we invest. During the quarter, lower levels of inflation and increasing wages appear to have allowed the customers we serve to regain stability in terms of credit activity. This stabilization in consumer behavior, combined with the underwriting and account management strategies we have undertaken, have resulted in improved asset performance.

“We remain excited about our long-term growth prospects given the markets we serve and our position within those markets. However, there is an elevated degree of economic uncertainty near term. Our growth plans are predicated on our confidence, based on over 25 years of experience and data aggregation, in achieving appropriate returns on our shareholders' capital.”

Financial Results	For Three Months Ended		
	March 31,		
(\$ in thousands, except per share data)	2023	2022	% Change
Total operating revenue	\$ 260,982	\$ 229,770	13.6%
Other non-operating revenue	59	61	nm
Total revenue	261,041	229,831	13.6%
Interest expense	(24,234)	(17,410)	39.2%
Provision for losses on loans, interest and fees receivable recorded at net realizable value	(704)	(147)	nm
Changes in fair value of loans, interest and fees receivable recorded at fair value	(149,822)	(104,680)	43.1%
Net margin	86,281	107,594	(19.8)%
Total operating expenses	52,199	69,960	(25.4)%
Net income	25,894	44,755	(42.1)%
Net loss attributable to noncontrolling interests	318	255	nm
Net income attributable to controlling interests	26,212	45,010	(41.8)%
Preferred dividends and discount accretion	(6,227)	(6,206)	nm
Net income attributable to common shareholders	19,985	38,804	(48.5)%
Net income attributable to common shareholders per common share - basic	\$ 1.38	\$ 2.62	(47.3)%
Net income attributable to common shareholders per common share - diluted	\$ 1.08	\$ 1.96	(44.9)%

*nm = not meaningful

Managed Receivables

Managed receivables increased 22.5% to \$2.1 billion from March 31, 2022 largely driven by growth in the private label credit and general purpose credit card products offered by our bank partners. Total accounts served increased 9.2% to 3.2 million. Recent recoveries in consumer spending behavior have helped increase the overall combined managed receivables levels and we currently expect this trend to continue further into 2023, although we expect the pace of growth to slow when compared to earlier periods due to tightened underwriting standards adopted beginning in the second quarter of 2022.

Total Operating Revenue

Total operating revenue consists of: 1) interest income, finance charges and late fees on consumer loans, 2) other fees on credit products including annual and merchant fees and 3) ancillary, interchange and servicing income on loan portfolios.

During the quarter ended March 31, 2023, total operating revenue increased 13.6% to \$261.0 million when

compared to the quarter ended March 31, 2022. We have higher growth in our acquisitions of general purpose credit card receivables (which tend to have higher yields and corresponding charge-offs) than in our acquisitions of private label credit receivables. This relative mix of receivable acquisitions led to an increase in our corresponding revenue.

We continue to experience period-over-period growth in all segments of our business including private label credit and general purpose credit card receivables and to a lesser extent in our Auto Finance receivables. We expect net period-over-period growth in our total interest income and related fees for these operations for the majority of 2023, albeit at a decreased growth rate to that experienced in 2022. Growth in future periods is also dependent on the addition of new retail partners and the expansion of existing relationships to expand the reach of private label credit operations and effective marketing for the general purpose credit card operations.

Interest Expense

Interest expense was \$24.2 million for the quarter ended March 31, 2023, compared to \$17.4 million for the quarter ended March 31, 2022. The elevated expenses were primarily driven by the planned increases in outstanding debt in proportion to growth in our receivables.

Outstanding notes payable, net of unamortized debt issuance costs and discounts, associated with our private label credit and general purpose credit card platform increased from \$1,206.6 million as of March 31, 2022 to \$1,543.8 million as of March 31, 2023. Recent increases in the federal funds rate have thus far had a modest impact on our interest expense as over 90% of interest rates on our outstanding debt are fixed.

We anticipate additional debt financing over the next few quarters as we continue to grow coupled with increased effective interest rates resulting from recent federal funds rate increases. As such, we expect our quarterly interest expense for these operations to increase compared to prior periods.

Provision for Losses on Loans, Interest and Fees Receivable Recorded at Net Realizable Value

Provision for losses on loans, interest and fees receivable recorded at net realizable value decreased to \$0.7 million for the quarter ended March 31, 2023, compared to \$0.1 million for the quarter ended March 31, 2022. This reduction primarily reflects the effects of our adoption of the fair value option, which has resulted in a significant decline in the outstanding receivables subject to this provision.

We expect that our provision for losses on loans will increase modestly in 2023 (when compared to comparable periods in 2022) in relation to growth in the underlying Auto Finance receivables and increases in delinquencies, reflective of delinquencies returning to historically normalized levels (i.e., those periods prior to COVID-19 and the

related government stimulus programs).

Changes in Fair Value of Loans, Interest and Fees Receivable Recorded at Fair Value

Changes in fair value of loans, interest and fees receivable recorded at fair value increased to \$149.8 million for the quarter ended March 31, 2023, compared to \$104.7 million for the quarter ended March 31, 2022. Offsetting this was a reduction in the discount rate applied to the net cash flows associated with these investments during the second quarter of 2022.

This increase was largely driven by growth in underlying receivables coupled with increased fee billings on those receivables.

Fee billings on our fair value receivables increased from \$194.6 million for the quarter ended March 31, 2022 to \$219.7 million for the quarter ended March 31, 2023. We include expected market degradation in our forecasts to reflect the possibility of delinquency rates increasing in the near term (and the corresponding increase in charge-offs and decrease in payments) above the level that historical and current trends would suggest.

We expect our change in fair value of credit card receivables recorded at fair value to increase throughout 2023 consistent with growth in these receivables.

Total Operating Expenses

Total operating expenses decreased 25.4% in the quarter when compared to the same period in 2022.

For the quarter, operating expenses decreased, primarily driven by reductions in marketing, corresponding to strategic underwriting, tightening and selectively slowing our growth in receivables and new customers on behalf of our bank partners.

We expect some continued increase in portions of this cost for 2023 as we hire talent to meet our expected growing needs to manage increased levels of marketing, origination, and receivables.

Net Income Attributable to Common Shareholders

Net income attributable to common shareholders decreased 48.5% to \$20.0 million, or \$1.08 per diluted share for the quarter ended March 31, 2023.

Share Repurchases

We repurchased and retired 72,354 shares of our common stock at an aggregate cost of \$1.9 million, in the quarter ended March 31, 2022.

We will continue to evaluate the best use of our capital to increase shareholder value over time.

About Atlanticus Holdings Corporation

Empowering Better Financial Outcomes for Everyday Americans

Atlanticus' technology allows bank, retail, and healthcare partners to offer more inclusive financial services to everyday Americans through the use of proprietary analytics. We apply the experience gained and infrastructure built from servicing over 18 million customers and over \$30 billion in consumer loans over more than 25 years of operating history to support lenders that originate a range of consumer loan products. These products include retail and healthcare private label credit and general purpose credit cards marketed through our omnichannel platform, including retail point-of-sale, healthcare-point of-care, direct mail solicitation, internet-based marketing, and partnerships with third parties. Additionally, through our Auto Finance subsidiary, Atlanticus serves the individual needs of automotive dealers and automotive non-prime financial organizations with multiple financing and service programs.

Forward-Looking Statements

This press release contains forward-looking statements that reflect the Company's current views with respect to, among other things, its business, operations, financial performance, revenue, amount and pace of growth of managed receivables, growth in partner brands, total interest income and related fees and charges, debt financing, liquidity, interest expense, operating expense, fair value of credit card receivables, provision for losses on loans, delinquencies on receivables and economic developments. You generally can identify these statements by the use of words such as "outlook," "potential," "continue," "may," "seek," "approximately," "predict," "believe," "expect," "plan," "intend," "estimate" or "anticipate" and similar expressions or the negative versions of these words or comparable words, as well as future or conditional verbs such as "will," "should," "would," "likely" and "could." These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. These risks and uncertainties include those risks described in the Company's filings with the Securities and Exchange Commission and include, but are not limited to, risks related to the extent and duration of the COVID-19 pandemic and its impact on the Company, bank partners, merchant partners, consumers, loan demand, the capital markets, labor availability, supply chains and the economy in general; the Company's ability to retain existing, and attract new, merchant partners and funding sources; changes in market interest rates; increases in loan delinquencies; its ability to operate successfully in a

highly regulated industry; the outcome of litigation and regulatory matters; the effect of management changes; cyberattacks and security vulnerabilities in its products and services; and the Company's ability to compete successfully in highly competitive markets. The forward-looking statements speak only as of the date on which they are made, and, except to the extent required by federal securities laws, the Company disclaims any obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In light of these risks and uncertainties, there is no assurance that the events or results suggested by the forward-looking statements will in fact occur, and you should not place undue reliance on these forward-looking statements.

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Atlanticus Holdings Corporation and Subsidiaries
Consolidated Balance Sheets (Unaudited)
(Dollars in thousands)

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Assets		
Unrestricted cash and cash equivalents (including \$186.8 million and \$202.2 million associated with variable interest entities at March 31, 2023 and December 31, 2022, respectively)	\$ 389,835	\$ 384,984
Restricted cash and cash equivalents (including \$27.9 million and \$27.6 million associated with variable interest entities at March 31, 2023 and December 31, 2022, respectively)	44,677	48,208
Loans, interest and fees receivable:		
Loans, interest and fees receivable, at fair value (including \$1,735.3 million and \$1,735.9 million associated with variable interest entities at March 31, 2023 and December 31, 2022, respectively)	1,795,589	1,817,976
Loans, interest and fees receivable, gross	113,367	105,267
Allowances for uncollectible loans, interest and fees receivable	(1,737)	(1,643)
Deferred revenue	(18,207)	(16,190)
Net loans, interest and fees receivable	<u>1,889,012</u>	<u>1,905,410</u>
Property at cost, net of depreciation	12,160	10,013
Operating lease right-of-use assets	11,614	11,782
Prepaid expenses and other assets	27,997	27,417
Total assets	<u>\$ 2,375,295</u>	<u>\$ 2,387,814</u>
Liabilities		
Accounts payable and accrued expenses	\$ 42,006	\$ 44,332
Operating lease liabilities	20,363	20,112
Notes payable, net (including \$1,543.7 million and \$1,586.0 million associated with variable interest entities at March 31, 2023 and December 31, 2022, respectively)	1,614,575	1,653,306
Senior notes, net	144,743	144,385
Income tax liability	68,845	60,689
Total liabilities	<u>1,890,532</u>	<u>1,922,824</u>
Commitments and contingencies		
Preferred stock, no par value, 10,000,000 shares authorized:		
Series A preferred stock, 400,000 shares issued and outstanding at March 31, 2023 (liquidation preference - \$40.0 million); 400,000 shares issued and outstanding at December 31, 2022 (1)	40,000	40,000
Class B preferred units issued to noncontrolling interests	100,025	99,950
Shareholders' equity		
Series B preferred stock, no par value, 3,254,161 shares issued and outstanding at March 31, 2023 (liquidation preference - \$81.4 million); 3,204,640 shares issued and outstanding at December 31, 2022 (1)	—	—
Common stock, no par value, 150,000,000 shares authorized: 14,528,546 and 14,453,415 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	—	—
Paid-in capital	115,796	121,996
Retained earnings	230,627	204,415
Total shareholders' equity	<u>346,423</u>	<u>326,411</u>
Noncontrolling interests	(1,685)	(1,371)
Total equity	<u>344,738</u>	<u>325,040</u>
Total liabilities, preferred stock and equity	<u>\$ 2,375,295</u>	<u>\$ 2,387,814</u>

(1) Both the Series A preferred stock and the Series B preferred stock have no par value and are part of the same aggregate 10,000,000 shares authorized.

Atlanticus Holdings Corporation and Subsidiaries
Consolidated Statements of Income (Unaudited)
(Dollars in thousands, except per share data)

	For the Three Months Ended	
	March 31,	
	2023	2022
Revenue:		
Consumer loans, including past due fees	\$ 209,701	\$ 164,806
Fees and related income on earning assets	44,357	54,698
Other revenue	6,924	10,266
Total operating revenue, net	260,982	229,770
Other non-operating revenue	59	61
Total revenue	261,041	229,831
Interest expense	(24,234)	(17,410)
Provision for losses on loans, interest and fees receivable recorded at amortized cost	(704)	(147)
Changes in fair value of loans, interest and fees receivable recorded at fair value	(149,822)	(104,680)
Net margin	86,281	107,594
Operating expense:		
Salaries and benefits	10,604	11,426
Card and loan servicing	24,335	22,675
Marketing and solicitation	10,406	20,573
Depreciation	618	593
Other	6,236	14,693
Total operating expenses	52,199	69,960
Income before income taxes	34,082	37,634
Income tax (expense) benefit	(8,188)	7,121
Net income	25,894	44,755
Net loss attributable to noncontrolling interests	318	255
Net income attributable to controlling interests	26,212	45,010
Preferred dividends and discount accretion	(6,227)	(6,206)
Net income attributable to common shareholders	\$ 19,985	\$ 38,804
Net income attributable to common shareholders per common share—basic	\$ 1.38	\$ 2.62
Net income attributable to common shareholders per common share—diluted	\$ 1.08	\$ 1.96

Atlanticus Holdings Corporation and Subsidiaries
Consolidated Statements of Income (Unaudited)
(Dollars in thousands, except per share data)

	Series B Preferred Stock		Common Stock		Paid-In Capital	Retained Earnings	Noncontrolling Interests	Total Equity	Temporary Equity	
	Shares Issued	Amount	Shares Issued	Amount					Class B Preferred Units	Series A Preferred Stock
Balance at December 31, 2022	3,204,640	\$ —	14,453,415	\$ —	\$121,996	\$204,415	\$ (1,371)	\$325,040	\$ 99,950	\$ 40,000
Accretion of discount associated with issuance of subsidiary equity	—	—	—	—	(75)	—	—	(75)	75	—
Discount associated with repurchase of preferred stock	—	—	—	—	16	—	—	16	—	—
Preferred dividends	—	—	—	—	(6,168)	—	—	(6,168)	—	—
Stock option exercises and proceeds related thereto	—	—	1,258	—	19	—	—	19	—	—
Compensatory stock issuances, net of forfeitures	—	—	146,227	—	—	—	—	—	—	—
Issuance of series B preferred stock, net	51,327	—	—	—	1,069	—	—	1,069	—	—
Contributions by owners of noncontrolling interests	—	—	—	—	—	—	4	4	—	—
Stock-based compensation costs	—	—	—	—	931	—	—	931	—	—
Redemption and retirement of preferred shares	(1,806)	—	—	—	(45)	—	—	(45)	—	—
Redemption and retirement of common shares	—	—	(72,354)	—	(1,947)	—	—	(1,947)	—	—
Net income (loss)	—	—	—	—	—	26,212	(318)	25,894	—	—
Balance at March 31, 2023	3,254,161	\$ —	14,528,546	\$ —	\$115,796	\$230,627	\$ (1,685)	\$344,738	\$ 100,025	\$ 40,000

	Series B Preferred Stock		Common Stock		Paid-In Capital	Retained Earnings	Noncontrolling Interests	Total Equity	Temporary Equity	
	Shares Issued	Amount	Shares Issued	Amount					Class B Preferred Units	Series A Preferred Stock
Balance at December 31, 2021	3,188,533	\$ —	14,804,408	\$ —	\$ 227,763	\$ 60,236	\$ (500)	\$ 287,499	\$ 99,650	\$ 40,000
Cumulative effects from adoption of the CECL standard	—	—	—	—	—	8,582	—	8,582	—	—
Accretion of discount associated with issuance of subsidiary equity	—	—	—	—	(75)	—	—	(75)	75	—
Preferred dividends	—	—	—	—	(6,131)	—	—	(6,131)	—	—
Stock option exercises and proceeds related thereto	—	—	1,000,534	—	2,788	—	—	2,788	—	—
Compensatory stock issuances, net of forfeitures	—	—	113,165	—	—	—	—	—	—	—
Contributions by owners of noncontrolling interests	—	—	—	—	—	—	4	4	—	—
Stock-based compensation costs	—	—	—	—	1,111	—	—	1,111	—	—
Redemption and retirement of shares	—	—	(1,005,212)	—	(65,214)	—	—	(65,214)	—	—
Net income (loss)	—	—	—	—	—	45,010	(255)	44,755	—	—
Balance at March 31, 2022	3,188,533	\$ —	14,912,895	\$ —	\$ 160,242	\$ 113,828	\$ (751)	\$ 273,319	\$ 99,725	\$ 40,000

Additional Information

Additional trends and data with respect to our private label credit and general purpose credit card receivables can be found in our latest 10-Q filing with the Securities and Exchange Commission under Management's Discussion and Analysis of Financial Condition and Results of Operations.

Calculation of Non-GAAP Financial Measures

This press release presents information about managed receivables, which is a non-GAAP financial measure provided as a supplement to the results provided in accordance with accounting principles generally accepted in the United States of America ("GAAP"). In addition to financial measures presented in accordance with GAAP, we present managed receivables, total managed yield, combined principal net charge-offs, and fair value to face value ratio, all of which are non-GAAP financial measures. These non-GAAP financial measures aid in the evaluation of the performance of our credit portfolios, including our risk management, servicing and collection activities and our valuation of purchased receivables. The credit performance of our managed receivables provides information concerning the quality of loan originations and the related credit risks inherent with the portfolios. Management relies heavily upon financial data and results prepared on the "managed basis" in order to manage our business, make planning decisions, evaluate our performance and allocate resources.

These non-GAAP financial measures are presented for supplemental informational purposes only. These non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation from, or as a substitute for, GAAP financial measures. These non-GAAP financial measures may differ from the non-GAAP financial measures used by other companies. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures or the calculation of the non-GAAP financial measures are provided below for each of the fiscal periods indicated.

These non-GAAP financial measures include only the performance of those receivables underlying consolidated subsidiaries (for receivables carried at amortized cost basis and fair value) and exclude the performance of receivables held by our former equity method investee. As the receivables underlying our former equity method investee reflect a small and diminishing portion of our overall receivables base, we do not believe their inclusion or exclusion in the overall results is material. Additionally, we calculate average managed receivables based on the quarter-end balances.

The comparison of non-GAAP managed receivables to our GAAP financial statements requires an understanding that managed receivables reflect the face value of loans, interest and fees receivable without any consideration for potential loan losses or other adjustments to reflect fair value.

A reconciliation of Loans, interest and fees receivable, at fair value to Loans, interest and fees receivable, at face value is as follows:

(in Millions)	At or for the Three Months Ended							
	2023		2022				2021	
	Mar. 31 (1)	Dec. 31 (1)	Sep. 30 (1)	Jun. 30 (1)	Mar. 31 (1)	Dec. 31 (1)	Sep. 30 (1)	Jun. 30 (1)
Loans, interest and fees receivable, at fair value	\$ 1,795.6	\$ 1,818.0	\$ 1,728.1	\$ 1,616.9	\$ 1,405.8	\$ 1,026.4	\$ 846.2	\$ 644.7
Fair value mark against receivable (2)	\$ 260.1	\$ 302.1	\$ 322.3	\$ 293.0	\$ 272.9	\$ 208.9	\$ 182.2	\$ 148.6
Loans, interest and fees receivable, at face value	\$ 2,055.7	\$ 2,120.1	\$ 2,050.4	\$ 1,909.9	\$ 1,678.7	\$ 1,235.3	\$ 1,028.4	\$ 793.3
Fair value to face value ratio (3)	87.3%	85.8%	84.3%	84.7%	83.7%	83.1%	82.3%	81.3%

(1) On January 1, 2022, we elected the fair value option under ASU 2016-13 for those private label credit and general purpose credit card receivables that were previously accounted for under the amortized cost method.

(2) The fair value mark against receivables reflects the difference between the face value of a receivable and the net present value of the expected cash flows associated with that receivable.

(3) The Fair value to face value ratio is calculated using Loans, interest and fees receivable, at fair value as the numerator, and Loans, interest and fees receivable, at face value, as the denominator.

The calculation of managed receivables is as follows:

(in Millions)	At or for the Three Months Ended							
	2023		2022			2021		
	Mar. 31 (1)	Dec. 31 (1)	Sep. 30 (1)	Jun. 30 (1)	Mar. 31 (1)	Dec. 31	Sep. 30	Jun. 30
Loans, interest and fees receivable, gross	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 375.7	\$ 417.8	\$ 454.2
Loans, interest and fees receivable, gross from fair value reconciliation above	2,055.7	2,120.1	2,050.4	1,909.9	1,678.7	1,235.3	1,028.4	793.3
Total managed receivables	\$ 2,055.7	\$ 2,120.1	\$ 2,050.4	\$ 1,909.9	\$ 1,678.7	\$ 1,611.0	\$ 1,446.2	\$ 1,247.5

(1) On January 1, 2022, we elected the fair value option under ASU 2016-13 for those private label credit and general purpose credit card receivables that were accounted for under the amortized cost method.

A reconciliation of our operating revenues, net of finance and fee charge-offs, to comparable amounts used in our calculation of Total managed yield is as follows:

(in Millions)	At or for the Three Months Ended							
	2023		2022			2021		
	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Consumer loans, including past due fees	\$ 200.5	\$ 202.9	\$ 208.9	\$ 182.8	\$ 156.5	\$ 144.1	\$ 132.7	\$ 114.3
Fees and related income on earning assets	44.3	48.0	48.5	65.8	54.7	53.8	54.1	49.5
Other revenue	6.7	8.5	11.1	12.2	10.0	9.7	8.4	7.0
Adjustments due to acceleration of merchant fee discount amortization under fair value accounting	(0.5)	3.4	(7.9)	(12.1)	1.8	(3.4)	(14.7)	(18.6)
Adjustments due to acceleration of annual fees recognition under fair value accounting	7.3	7.9	10.0	(6.6)	(1.3)	(4.4)	(12.0)	(12.3)
Removal of expense accruals under GAAP	—	—	—	—	—	—	0.2	(0.4)
Removal of finance charge-offs	(61.7)	(58.3)	(45.3)	(41.2)	(32.5)	(28.1)	(16.3)	(14.1)
Total managed yield	\$ 196.6	\$ 212.4	\$ 225.3	\$ 200.9	\$ 189.2	\$ 171.7	\$ 152.4	\$ 125.4

The calculation of Combined principal net charge-offs is as follows:

(in Millions)	At or for the Three Months Ended							
	2023	2022				2021		
	Mar. 31 (1)	Dec. 31 (1)	Sep. 30 (1)	Jun. 30 (1)	Mar. 31 (1)	Dec. 31	Sep. 30	Jun. 30
Net losses on impairment of loans, interest and fees receivable recorded at fair value	\$ 191.9	\$ 182.3	\$ 134.4	\$ 126.5	\$ 101.3	\$ 46.7	\$ 25.6	\$ 22.7
Gross charge-offs on non-fair value accounts	—	—	—	—	—	38.7	27.1	27.6
Finance charge-offs (2)	(61.7)	(58.3)	(45.3)	(41.2)	(32.5)	(28.1)	(16.3)	(14.1)
Recoveries on non-fair value accounts	—	—	—	—	—	(4.1)	(2.7)	(5.7)
Combined principal net charge-offs	\$ 130.2	\$ 124.0	\$ 89.1	\$ 85.3	\$ 68.8	\$ 53.2	\$ 33.7	\$ 30.5

(1) On January 1, 2022, we implemented the fair value method under ASU 2016-13 for those private label credit and general purpose credit card receivables that were previously accounted for under the amortized cost method.

(2) Finance charge-offs are included as a component of our Provision for losses on loans, interest and fees receivable recorded at net realizable value and Changes in fair value of loans, interest and fees receivable recorded at fair value in the accompanying consolidated statements of income.

Source: Atlanticus Holdings Corp