



NEWS RELEASE

# Atlanticus Reports First Quarter 2025 Financial Results

2025-05-08

*First Quarter 2025 net margin growth of 26.4% over prior year, with 3.8 million accounts served(1)*

ATLANTA, May 08, 2025 (GLOBE NEWSWIRE) -- Atlanticus Holdings Corporation (NASDAQ: ATLC) (Atlanticus, the Company, we, our or us), a financial technology company that 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, 2025. An accompanying earnings presentation is available in the Investors section of the Company's website at [www.atlanticus.com](http://www.atlanticus.com) or by clicking [here](#).

## Financial and Operating Highlights

*First Quarter 2025 Highlights (all comparisons to the First Quarter 2024)*

- Managed receivables<sup>2</sup> increased 16.7% to \$2.7 billion
- Total operating revenue and other income increased 18.9% to \$344.9 million
- Return on average equity of 22.0 %<sup>3</sup>
- Purchase volume of \$661.0 million
- Over 415,000 new accounts served during the quarter, 3.8 million total accounts served<sup>1</sup>
- Net income attributable to common shareholders of \$27.9 million, or \$1.49 per diluted common share

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



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

3) Return on average equity is calculated using Net income attributable to common shareholders as the numerator and the average of Total equity as of March 31, 2025 and December 31, 2024 as the denominator, annualized.

## Management Commentary

Jeff Howard, President and Chief Executive Officer at Atlanticus stated, “We are pleased to start the year with prudent growth and achieving our profitability targets while adding over 400,000 new customers served. This quarter’s performance continues to highlight our priorities of providing an invaluable service to the consumers we serve, unit level profitability, and finally, growth. On behalf of our bank partners, we now facilitate access to everyday needs through credit to nearly 4 million consumers. The largest purchase volumes on our general-purpose credit card solutions are for food and gas, indicative of the role the services we provide play in the daily lives of everyday Americans. We are proud to partner with these consumers on their financial journey.

“We have built a diversified, tech-enabled, credit-as-a-service platform that brings together banks, retail and health-care partners, to meet their customers where they are. This diversified platform capability provides us with significant opportunities for long-term, sustained growth as we work to offer financial solutions to the almost 100 million everyday Americans looking to build or improve their credit. Our analytics, technology, and access to ample capital allow us to offer a best-in-class solution to our partners and their customers. It is this opportunity that leads to our belief that we can deliver above market rates of growth while achieving our targeted return on capital.”

Financial Results	For the		
	Three Months Ended March 31,		
(\$ in thousands, except per share data)	2025	2024	% Change
Total operating revenue and other income	\$ 344,873	\$ 290,174	18.9%
Other non-operating income	293	532	nm
Total revenue and other income	345,166	290,706	18.7%
Interest expense	(47,530)	(35,063)	35.6%
Provision for credit losses	(1,068)	(2,944)	nm
Changes in fair value of loans	(178,345)	(159,171)	12.0%
Net margin	\$ 118,223	\$ 93,528	26.4%
Total operating expenses	\$ 77,355	\$ 60,707	27.4%
Net income	\$ 31,122	\$ 25,819	20.5%
Net income attributable to controlling interests	\$ 31,520	\$ 26,170	20.4%
Preferred stock and preferred unit dividends and discount accretion	\$ (3,574)	\$ (6,292)	(43.2%)
Net income attributable to common shareholders	\$ 27,946	\$ 19,878	40.6%
Net income attributable to common shareholders per common share—basic	\$ 1.85	\$ 1.35	37.0%
Net income attributable to common shareholders per common share—diluted	\$ 1.49	\$ 1.09	36.7%

*\*nm = not meaningful*

## **Managed Receivables**

Managed receivables increased 16.7% to \$2.7 billion with over \$388.7 million in net receivables growth from March 31, 2024 driven by growth both in the private label credit and general purpose credit card products offered by our bank partners. Total accounts served increased 8.1% to 3.8 million. The addition of large private label credit retail partners and ongoing purchases of receivables arising in accounts issued by our bank partners to customers of our existing retail partners helped grow our private label credit receivables by \$345.8 million in the twelve months ended March 31, 2025. Our general purpose credit card receivables grew by \$42.8 million during the twelve months ended March 31, 2025. While some of our merchant partners continue to face year-over-year growth challenges, others are benefiting from continued consumer spending and a growing economy and have expanded their relationship with us. We expect continued growth in 2025 in our managed receivables when compared to prior periods in 2024.

## **Total Operating Revenue and Other Income**

*Total operating revenue and other income 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) interchange and servicing income on loan portfolios and other customer related fees.*

We are currently experiencing continued period-over-period growth in private label credit and general purpose credit card receivables — growth that we expect to result in net period-over-period growth in our total interest income and related fees for these operations throughout 2025. During 2024 we experienced higher growth rates for our private label credit receivables than for our general purpose credit card receivables. We expect growth in our private label credit receivables to exceed growth in our general purpose receivables through the second quarter of 2025. Future periods' growth is dependent on the addition of new retail partners to expand the reach of private label credit operations as well as growth within existing partnerships and the level of marketing investment for the general purpose credit card operations.

During the quarter ended March 31, 2025, total operating revenue and other income increased 18.9% to \$344.9 million. General purpose credit card receivables tend to have higher total yields than private label credit receivables (and corresponding higher charge off rates). As a result, in periods where we have declines in rates of growth of these general purpose credit card receivables, as was noted in 2024 (relative to growth in private label credit card receivables), we expect to have slightly lower total managed yield ratios. We currently expect increases in the rates

of acquisition of our general purpose credit card receivables relative to private label credit receivables in the third and fourth quarters of 2025 and correspondingly higher period-over-period operating revenue and other income for all periods in 2025. This growth includes an expected seasonal shift in our mix of acquired private label receivables to higher FICO receivables that have lower gross yields (and correspondingly lower charge-off expectations) in the third quarter each year, which may result in marginally lower managed yield ratios when compared to the corresponding periods in 2024.

### **Interest Expense**

Interest expense was \$47.5 million for the quarter ended March 31, 2025, compared to \$35.1 million for the quarter ended March 31, 2024. The higher expenses were primarily driven by the increases in outstanding debt in proportion to growth in our receivables coupled with increases in the cost of borrowing.

Outstanding notes payable, net of unamortized debt issuance costs and discounts, associated with our private label credit and general purpose credit card platform increased to \$2,137.6 million as of March 31, 2025 from \$1,795.4 million as of March 31, 2024. The majority of this increase in outstanding debt relates to the addition of multiple credit facilities in 2024 and 2025 coupled with the issuance of our 9.25% Senior Notes due 2029. Recent increases in the effective interest rates on debt have increased our interest expense as we have raised additional capital (or replaced existing facilities) over the last two years. We anticipate additional debt financing over the next few quarters as we continue to grow coupled with higher effective interest rates on new debt compared to rates on maturing debt. As such, we expect our quarterly interest expense for these operations to increase compared to prior periods.

### **Changes in Fair Value of Loans**

Changes in fair value of loans increased to \$178.3 million for the quarter ended March 31, 2025 compared to \$159.2 million for the quarter ended March 31, 2024. This increase was largely driven by growth in our acquisition and relative mix of receivables, offset by improvements in the fair value assessment for receivables due to improvements in the underlying performance in the form of improved delinquencies and improved net returns.

We include asset performance degradation in our forecasts to reflect both changes in assumed asset level economics and 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 current trends would suggest. Based on observed asset stabilization, implementation of product, policy, and pricing changes and general improvements in U.S. economic expectations due to the improved inflation environment, some expected degradation has been removed in recent periods. Tightened underwriting standards have resulted in improved overall credit performance of our acquired receivables. When coupled with those existing assets negatively impacted by inflation gradually becoming a smaller

percentage of the outstanding portfolio, we expect to see overall improvements in the measured fair value of our portfolios of acquired receivables.

### **Total Operating Expenses**

Total operating expenses increased 27.4% in the quarter when compared to the same period in 2024, driven primarily by increases in variable servicing costs associated with growth in our receivables and costs associated with the implementation of product, policy and pricing changes. In addition, we experienced growth in both the number of employees and inflationary compensation pressure, partially offset by decreases in certain other nonrecurring accounting and legal expenditures as compared to the first quarter of 2024.

We expect some continued increase in salaries and benefits in 2025 compared to corresponding periods in 2024 as we continue to add resources across our business and as a result we expect to increase our number of employees.

We expect increased levels of expenditures associated with anticipated growth in private label credit and general purpose credit card operations. These expenses will primarily relate to the variable costs of marketing efforts and card and loan servicing expenses associated with new receivable acquisitions. Offsetting a portion of this increase are significant reductions in our servicing costs per account, resulting from the realization of greater economies of scale and increased use of automation as our receivables have grown.

In addition, as we continue to adjust our underwriting standards to reflect changes in fee and finance assumptions on new receivables, and allow for overall increases in the cost to successfully market to consumers, we expect period over period marketing costs for 2025 to increase relative to those experienced in 2024, although the frequency and timing of increased marketing efforts could vary and are dependent on macroeconomic factors such as national unemployment rates and federal funds rates.

### **Net Income Attributable to Common Shareholders**

Net income attributable to common shareholders increased 40.6% to \$27.9 million, or \$1.49 per diluted share for the quarter ended March 31, 2025.

### **Share Repurchases**

We repurchased and retired 27,252 shares of our common stock at an aggregate cost of \$1.25 million, in the quarter ended March 31, 2025.

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 enables bank, retail, and healthcare partners to offer more inclusive financial services to everyday Americans through the use of proprietary technology and analytics. We apply the experience gained and infrastructure built from servicing over 20 million customers and \$43 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, long-term growth plans and opportunities, operations, return on capital, financial performance, revenue and other income, amount and pace of growth of managed receivables, mix of receivables, underwriting approach, total interest income and related fees and charges, managed yield ratio, debt financing, liquidity, interest rates, interest expense, operating expense, marketing efforts and fair value of receivables. 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, 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**  
**Condensed Consolidated Balance Sheets (Unaudited)**  
*(Dollars in thousands)*

	March 31, 2025	December 31, 2024
<b>Assets</b>		
Unrestricted cash and cash equivalents (including \$164.3 million and \$140.2 million associated with variable interest entities at March 31, 2025 and December 31, 2024, respectively)	\$350,390	\$375,416
Restricted cash and cash equivalents (including \$86.9 million and \$98.8 million associated with variable interest entities at March 31, 2025 and December 31, 2024, respectively)	111,059	124,220
Loans at fair value (including \$2,622.4 million and \$2,542.9 million associated with variable interest entities at March 31, 2025 and December 31, 2024, respectively)	2,668,503	2,630,274
Loans at amortized cost, net (including \$4.8 million and \$4.9 million of allowance for credit losses at March 31, 2025 and December 31, 2024, respectively; and \$20.1 million and \$19.8 million of deferred revenue at March 31, 2025 and December 31, 2024, respectively)	81,238	84,332
Property at cost, net of depreciation	12,401	10,519
Operating lease right-of-use assets	13,844	13,878
Prepaid expenses and other assets	34,730	32,068
Total assets	<u>\$3,272,165</u>	<u>\$3,270,707</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$81,108	\$72,088
Operating lease liabilities	24,145	24,188
Notes payable, net (including \$2,137.6 million and \$2,128.0 million associated with variable interest entities at March 31, 2025 and December 31, 2024, respectively)	2,174,632	2,199,448
Senior notes, net	299,656	281,552
Income tax liability	123,775	114,068
Total liabilities	<u>2,703,316</u>	<u>2,691,344</u>
<b>Commitments and contingencies</b>		
Preferred stock, no par value, 10,000,000 shares authorized:		
Series A preferred stock, 400,000 shares issued and outstanding (liquidation preference - \$40.0 million) at March 31, 2025 and December 31, 2024(1)	40,000	40,000
Class B preferred units issued to noncontrolling interests	-	50,000
<b>Shareholders' Equity</b>		
Series B preferred stock, no par value, 3,314,840 shares issued and outstanding at March 31, 2025 (liquidation preference - \$82.9 million); 3,301,179 shares issued and outstanding at December 31, 2024 (liquidation preference - \$82.5 million) (1)	-	-
Common stock, no par value, 150,000,000 shares authorized: 15,097,243 and 14,904,192 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	-	-
Paid-in capital	110,138	98,278
Retained earnings	422,574	394,628
Total shareholders' equity attributable to Atlanticus Holdings Corporation	<u>532,712</u>	<u>492,906</u>
Noncontrolling interests	(3,863)	(3,543)
Total equity	<u>528,849</u>	<u>489,363</u>
Total liabilities, shareholders' equity and temporary equity	<u>\$3,272,165</u>	<u>\$3,270,707</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**  
**Condensed Consolidated Statements of Income (Unaudited)**  
(Dollars in thousands, except per share data)

	For the Three Months Ended March 31,	
	2025	2024
Revenue and other income:		
Consumer loans, including past due fees	\$247,655	\$230,374
Fees and related income on earning assets	78,341	47,905
Other revenue	18,877	11,895
Total operating revenue and other income	344,873	290,174
Other non-operating income	293	532
Total revenue and other income	345,166	290,706
Interest expense	(47,530)	(35,063)
Provision for credit losses	(1,068)	(2,944)
Changes in fair value of loans	(178,345)	(159,171)
Net margin	118,223	93,528
Operating expenses:		
Salaries and benefits	(15,503)	(13,312)
Card and loan servicing	(32,152)	(26,822)
Marketing and solicitation	(20,334)	(10,428)
Depreciation	(797)	(654)
Other	(8,569)	(9,491)
Total operating expenses	(77,355)	(60,707)
Income before income taxes	40,868	32,821
Income tax expense	(9,746)	(7,002)
Net income	31,122	25,819
Net loss attributable to noncontrolling interests	398	351
Net income attributable to controlling interests	31,520	26,170
Preferred stock and preferred unit dividends and discount accretion	(3,574)	(6,292)
Net income attributable to common shareholders	\$27,946	\$19,878
Net income attributable to common shareholders per common share—basic	\$1.85	\$1.35
Net income attributable to common shareholders per common share—diluted	\$1.49	\$1.09

## 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 Form 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 total managed receivables 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 at fair value to Total managed receivables is as follows:

(in Millions)	At or for the Three Months Ended							
	2025	2024				2023		
	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Loans at fair value	\$2,668.5	\$2,630.3	\$2,511.6	\$2,277.4	\$2,150.6	\$2,173.8	\$2,050.0	\$1,916.1
Fair value mark against receivable (1)	37.8	94.5	142.5	137.7	167.5	237.5	265.2	257.9
Total managed receivables (2)	\$2,706.3	\$2,724.8	\$2,654.1	\$2,415.1	\$2,318.1	\$2,411.3	\$2,315.2	\$2,174.0
Fair value to Total managed receivables ratio (3)	98.6%	96.5%	94.6%	94.3%	92.8%	90.2%	88.5%	88.1%

(1) 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.

(2) Total managed receivables are equal to the aggregate unpaid gross balance of loans carried at fair value.

(3) The Fair value to Total managed receivables ratio is calculated using Loans at fair value as the numerator, and Total managed receivables as the denominator.

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							
	2025	2024				2023		
	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Consumer loans, including past due fees	\$238.5	\$242.1	\$245.3	\$232.1	\$220.0	\$214.6	\$214.6	\$210.3
Fees and related income on earning assets	78.3	83.8	78.5	59.5	47.9	71.7	59.8	62.9
Other revenue	18.7	17.5	16.8	13.6	11.7	12.0	10.2	7.6
Total operating revenue and other income - CaaS Segment	335.5	343.4	340.6	305.2	279.6	298.3	284.6	280.8
Adjustments due to acceleration of merchant fee discount amortization under fair value accounting	0.1	0.7	(15.1)	(12.6)	4.0	6.5	(6.8)	(10.6)
Adjustments due to acceleration of annual fees recognition under fair value accounting	(4.2)	(10.5)	(8.0)	1.1	10.1	(12.6)	(3.1)	(9.8)
Removal of finance charge-offs	(70.0)	(64.9)	(60.6)	(62.9)	(63.7)	(59.5)	(47.1)	(54.2)
Total managed yield	\$261.4	\$268.7	\$256.9	\$230.8	\$230.0	\$232.7	\$227.6	\$206.2

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

(in Millions)	At or for the Three Months Ended							
	2025	2024				2023		
	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Charge-offs on loans at fair value	\$233.5	\$213.1	\$201.5	\$217.0	\$231.7	\$215.2	\$173.5	\$180.0
Finance charge-offs (1)	(70.0)	(64.9)	(60.6)	(62.9)	(63.7)	(59.5)	(47.1)	(54.2)
Combined principal net charge-offs	\$163.5	\$148.2	\$140.9	\$154.1	\$168.0	\$155.7	\$126.4	\$125.8

(1) Finance charge-offs are included as a component of our Changes in fair value of loans in the condensed consolidated statements of income.

Source: Atlanticus Holdings Corp