



NEWS RELEASE

Atlanticus Reports First Quarter 2026 Financial Results

2026-05-07

First Quarter Earnings of \$2.23 Per Diluted Common Share Resulting from Strong Asset Level Performance and Continued Acquisition Integration

ATLANTA, May 07, 2026 (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, 2026. 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 2026 Highlights (all comparisons to the First Quarter 2025)

- Total operating revenue and other income increased 97.0% to \$679.5 million
- Managed receivables¹ increased 148.5% to \$6.7 billion
- Net income attributable to common shareholders of \$41.9 million, an increase of 49.8%, or \$2.23 per Diluted common share
- Return on average equity of 26.8%²
- Purchase volume of \$1,351.0 million
- We serve over 5.9 million total accounts³
- Over 600,000 new customers served during the quarter



1) 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.

2) 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, 2026 and December 31, 2025 as the denominator, annualized.

3) 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.

Management Commentary

Jeff Howard, President and Chief Executive Officer of Atlanticus, stated, "First and foremost, I want to congratulate and thank the entire Atlanticus team. Their efforts over the last six months have enabled us to be well ahead of plan in the integration of the Mercury acquisition, while providing exceptional service for the millions of customers we serve and generating positive results for our shareholders. For the quarter, we earned \$2.23 per share, an increase of 49.8% over last year, and exceeded our return on capital target with a return on equity of 26.8%. This was accomplished through a number of value drivers including the Mercury portfolio, as well as our legacy business lines, which saw a 41% increase in new accounts originated on behalf of our bank partners, a 12% increase in purchase volume, and a substantial reduction in our net charge-off rate compared to first quarter of 2025.

As mentioned, we are well ahead of both our financial and operational integration plans for Mercury. Our initial pricing, product and policy changes on the acquired portfolio have been executed and are showing better than modeled results and credit performance remains in line with expectations. As a result, this quarter's earnings include the benefit of a release of some reserves associated with the Mercury portfolio acquisition. Originations through the Mercury platform, using our historical focus on unit level economics, are also ahead of plan. And most importantly, the entire team is truly coming together as one Atlanticus. As a result, we are a more scaled, better resourced, more talented and capable company than we were this time last year."

Financial Results

(Dollars in thousands, except per share data)

	For the Three Months Ended March 31,		
	2026	2025	% Change
Total operating revenue and other income	\$679,534	\$344,873	97.0%
Other non-operating income	55	293	nm
Total revenue and other income	679,589	345,166	96.9%
Interest expense	(122,761)	(47,530)	158.3%
Provision for credit losses	(1,600)	(1,068)	nm
Changes in fair value of loans	(365,524)	(178,345)	105.0%
Net margin	\$189,704	\$118,223	60.5%
Total operating expenses	(\$130,856)	(\$77,355)	69.2%
Net income	\$44,577	\$31,122	43.2%
Net income attributable to controlling interests	\$44,175	\$31,520	40.1%
Preferred stock and preferred unit dividends and discount accretion	(2,308)	(3,574)	nm
Net income attributable to common shareholders	\$41,867	\$27,946	49.8%
Net income attributable to common shareholders per common share—basic	\$2.80	\$1.85	51.4%
Net income attributable to common shareholders per common share—diluted	\$2.23	\$1.49	49.7%

*nm = not meaningful

Managed Receivables

Managed receivables increased 148.5% to \$6.7 billion, including \$3.1 billion in receivables associated with our Mercury brand. Excluding receivables associated with Mercury, managed receivables grew by \$0.9 billion from March 31, 2025 (an increase of 34.7%) driven by growth in both private label credit and general purpose credit card products offered by our bank partners. Total accounts served increased 56.6% to over 5.9 million (inclusive of 1.2 million accounts served associated with our Mercury brand). The increased 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 \$533.8 million in the twelve months ended March 31, 2026. Our general purpose credit card receivables grew by \$3.5 billion during the twelve months ended March 31, 2026, including \$3.1 billion of credit card receivables (as of March 31, 2026) associated with our acquisition of Mercury. Absent our Mercury transaction, our general purpose credit card receivables grew 27.9%. One of our larger merchant partners recently expanded their relationships with us, primarily driving growth in our private label receivables. The seasonal expansion with this retail partner tends to peak in the second and third quarters and declines in the fourth quarter of each year. While we currently expect continued period-over-period quarterly growth in our general purpose credit card

receivables, we expect purchases associated with the above mentioned retail partner to moderate, resulting in modest increases in expected period over period retail receivables.

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 increases in private label credit and general purpose credit card receivables. Growth in these receivables includes general purpose credit card receivables associated with our acquisition, and subsequent growth of Mercury, which added \$3,078.7 million in receivables as of March 31, 2026. Growth in our general purpose credit card receivables is expected to continue throughout 2026 and to outpace growth in our private label credit receivables as we continue to expand our marketing efforts. We currently expect our private label credit receivable balance to modestly increase in 2026 as volumes of receivables acquisitions for which we have limited loss exposure due to agreements with retail partners, are expected to slow, offsetting general growth from other retail partners.

During the quarter ended March 31, 2026, total operating revenue and other income increased 97.0% to \$679.5 million. This increase was primarily due to our acquisition of Mercury which contributed \$224.4 million to Total operating revenue and other income in the period. Adding to this was quarterly growth in both new credit card and private label customers serviced, the total accounts of which increased over 900,000 for the quarter ended March 31, 2026 (excluding those serviced accounts added as part of our acquisition of Mercury) compared to the same period in 2025. As part of our acquisition of Mercury, we are currently enacting a number of product, policy and pricing changes on the newly acquired portfolio of general purpose credit card receivables. These changes should result in meaningful additions to our Total operating revenue and other income in 2026 and beyond, although certain of the changes will take several quarters to be fully realized.

Interest Expense

Interest expense was \$122.8 million for the quarter ended March 31, 2026, compared to \$47.5 million for the quarter ended March 31, 2025. The higher expenses were primarily driven by 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 (including those associated with the Mercury acquisition) increased to \$5,606.7 million as of March 31, 2026, from \$2,137.6 million as of March 31, 2025. This growth, period over

period, included notes payable associated with our Mercury acquisition of \$2,747.6 million as of March 31, 2026. Interest expense increased \$75.2 million for the quarter ended March 31, 2026, when compared to the quarter ended March 31, 2025. The majority of this increase in interest expense relates to the addition of multiple credit facilities in 2025 associated with growth in our card and loan receivables, coupled with the issuances of 9.25% Senior Notes due 2029 and our issuance of \$400.0 million aggregate principal amount of 9.750% Senior Notes due 2030. Recent increases in the effective interest rates on debt have increased our interest expense as we have raised additional capital (or replaced existing facilities). We anticipate additional debt financing over the next few quarters as we continue to grow our receivables. As such, and when coupled with the interest expense associated with the acquired Mercury debt facilities, we expect our quarterly interest expense to increase compared to prior periods throughout 2026.

Changes in Fair Value of Loans

Changes in fair value of loans increased to \$(365.5) million for the quarter ended March 31, 2026 compared to \$(178.3) million for the quarter ended March 31, 2025. This increase was largely driven by increased losses in our Changes in fair value of loans due to charge-offs (net of recoveries) associated with a much larger receivable base. These charge-offs were offset somewhat by favorable assumption changes for the first quarter of 2026 which were largely due to improvements in new customers served added in the third and fourth quarters of 2025. As newly serviced accounts tend to have lower initial fair values until the associated receivables have seasoned through peak charge off periods, the maturation of these accounts, and seasonal declines in new receivables acquisitions in the first quarter of 2026, led to an expected increase in the fair value of the associated receivables. Additionally offsetting these losses was a \$13.0 million gain related to a reduction in the fair value of contingent consideration associated with our acquisition of Mercury. Receivables acquired as part of our acquisition of Mercury were initially valued at a lower fair value than our existing portfolio of credit card receivables (as a percentage of the gross outstanding receivable). We are currently enacting a number of product, policy and pricing changes on the Mercury portfolio of general purpose credit card receivables. Once implemented, we would expect to see continued improvement in the fair value of these receivables.

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, and general improvements in U.S. economic expectations due to the improved inflation environment, some expected degradation has been removed in recent periods.

Total Operating Expenses

Total operating expenses increased 69.2% in the quarter when compared to the same period in 2025, driven

primarily, in all expense categories, by our acquisition of Mercury. Additional increases were noted due to increased marketing and solicitation costs associated with assisting our bank partners acquire new customers and variable servicing costs associated with growth in our receivables. We also experienced growth in the number of employees and related compensation expenses. Certain other expenditures related to occupancy and other third-party expenses, which are largely fixed in nature, also contributed to the increase for the quarter as compared to the first quarter of 2025.

We expect some continued increase in year over year salaries and benefits in 2026 compared to corresponding periods in 2025 resulting from the acquisition of Mercury and its associated employee base.

As many of our expenses associated with our card and loan servicing efforts are now variable based on the amount of underlying receivables, we would expect certain expenses to continue to grow in 2026 commensurate with planned growth in our receivables balances. These expenses will primarily relate to the variable costs card and loan servicing expenses associated with new receivable acquisitions.

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 2026 to increase relative to those experienced in 2025. 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 49.8% to \$41.9 million, or \$2.23 per diluted share for the quarter ended March 31, 2026.

Share Repurchases

We repurchased and retired 72,008 shares of our common stock in the quarter ended March 31, 2026.

About Atlanticus Holdings Corporation

Empowering Better Financial Outcomes for Everyday Americans

Atlanticus Holdings Corporation empowers better financial outcomes for Everyday Americans by enabling bank, retail, healthcare, and automotive partners to offer more inclusive financial solutions to consumers. Leveraging proprietary technology and advanced analytics, Atlanticus applies more than 30 years of operating experience,

servicing over 20 million customers and more than \$50 billion in consumer loans, to support lenders across a broad range of consumer credit products. These offerings span retail and healthcare private-label credit and general purpose credit cards, through an omnichannel platform, including strategic partnerships. Additionally, through its Auto Finance subsidiary, Atlanticus helps address the specific needs of automotive dealerships and non-prime automotive finance organizations with a range of financing and service programs.

Atlanticus is guided by the principles of responsible lending, smart innovation, and expanding access to credit for consumers working toward a stronger financial future.

Forward-Looking Statements

This press release contains forward-looking statements that reflect the Company's current views with respect to, among other things, expectations for the benefits of the acquisition of Mercury, including expected synergies and future financial and operating results; the Company's plans, objectives, expectations and intentions for Mercury including the product, policy and pricing changes to the acquired portfolio and the timing and results related thereto; long-term growth plans and opportunities; operations; financial performance; amount and pace of growth of managed receivables; mix of receivables; fair value of receivables; debt financing; interest expense; operating expense; and marketing efforts. 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 integration of the Mercury business and the management of the Mercury portfolio; 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, 2026</u>	<u>December 31, 2025</u>
Assets		
Unrestricted cash and cash equivalents (including \$234.4 million and \$209.6 million associated with variable interest entities at March 31, 2026 and December 31, 2025, respectively)	\$ 651,128	\$ 621,093
Restricted cash and cash equivalents (including \$126.2 million and \$117.6 million associated with variable interest entities at March 31, 2026 and December 31, 2025, respectively)	152,931	146,314
Loans at fair value (including \$6,337.6 million and \$6,522.9 million associated with variable interest entities at March 31, 2026 and December 31, 2025, respectively)	6,452,121	6,647,882
Loans at amortized cost, net (including \$3.8 million and \$4.1 million of allowance for credit losses at March 31, 2026 and December 31, 2025, respectively; and \$19.5 million and \$20.1 million of deferred revenue at March 31, 2026 and December 31, 2025, respectively)	80,719	82,884
Property at cost, net of depreciation	11,823	12,589
Intangible assets	27,699	30,268
Operating lease right-of-use assets	14,515	15,104
Prepaid expenses and other assets	74,098	66,954
Total assets	<u>\$ 7,465,034</u>	<u>\$ 7,623,088</u>
Liabilities		
Accounts payable and accrued expenses	\$ 258,338	\$ 284,514
Operating lease liabilities	24,453	25,283
Notes payable, net (including \$5,607.2 million and \$5,739.1 million associated with variable interest entities at March 31, 2026 and December 31, 2025, respectively)	5,637,437	5,818,761
Senior notes, net	692,373	698,562
Income tax liability	168,463	152,138
Total liabilities	<u>6,781,064</u>	<u>6,979,258</u>
Commitments and contingencies		
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, 2026 and December 31, 2025(1)	40,000	40,000
Commitments and contingencies	-	-
Shareholders' Equity		
Series B preferred stock, no par value, 3,584,646 shares issued and outstanding at March 31, 2026 (liquidation preference - \$89.6 million); 3,584,131 shares issued and outstanding at December 31, 2025 (liquidation preference - \$89.6 million) (1)	-	-
Common stock, no par value, 150,000,000 shares authorized: 15,086,414 and 14,922,462 shares issued and outstanding at March 31, 2026 and December 31, 2025, respectively	-	-
Paid-in capital	100,144	102,276
Retained earnings	548,291	506,424
Total shareholders' equity attributable to Atlanticus Holdings Corporation	<u>648,435</u>	<u>608,700</u>
Noncontrolling interests	(4,465)	(4,870)
Total equity	<u>643,970</u>	<u>603,830</u>
Total liabilities, shareholders' equity and temporary equity	<u>\$ 7,465,034</u>	<u>\$ 7,623,088</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,	
	2026	2025
Revenue and other income:		
Consumer loans, including past due fees	\$ 529,445	\$ 247,655
Fees and related income on earning assets	110,429	78,341
Other revenue	39,660	18,877
Total operating revenue and other income	679,534	344,873
Other non-operating income	55	293
Total revenue and other income	679,589	345,166
Interest expense	(122,761)	(47,530)
Provision for credit losses	(1,600)	(1,068)
Changes in fair value of loans	(365,524)	(178,345)
Net margin	189,704	118,223
Operating expenses:		
Salaries and benefits	(28,646)	(15,503)
Card and loan servicing	(44,918)	(32,152)
Marketing and solicitation	(36,473)	(20,334)
Depreciation and amortization	(3,586)	(797)
Other	(17,233)	(8,569)
Total operating expenses	(130,856)	(77,355)
Income before income taxes	58,848	40,868
Income tax expense	(14,271)	(9,746)
Net income	44,577	31,122
Net loss attributable to noncontrolling interests	(402)	398
Net income attributable to controlling interests	44,175	31,520
Preferred stock and preferred unit dividends and discount accretion	(2,308)	(3,574)
Net income attributable to common shareholders	\$ 41,867	\$ 27,946
Net income attributable to common shareholders per common share—basic	\$ 2.80	\$ 1.85
Net income attributable to common shareholders per common share—diluted	\$ 2.23	\$ 1.49

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.

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							
	2026	2025				2024		
	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Loans at fair value	\$ 6,452.1	\$ 6,647.9	\$ 6,350.0	\$ 3,004.7	\$ 2,668.5	\$ 2,630.3	\$ 2,511.6	\$ 2,277.4
Fair value mark against receivable (1)	272.8	305.5	250.1	41.8	37.8	94.5	142.5	137.7
Total managed receivables (2)	\$ 6,724.9	\$ 6,953.4	\$ 6,600.1	\$ 3,046.5	\$ 2,706.3	\$ 2,724.8	\$ 2,654.1	\$ 2,415.1
Fair value to Total managed receivables ratio (3)	95.9%	95.6%	96.2%	98.6%	98.6%	96.5%	94.6%	94.3%

(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 at fair value.

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

A reconciliation of our operating revenues and other income, 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							
	2026	2025				2024		
	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Consumer loans, including past due fees	\$ 519.9	\$ 528.7	\$ 331.7	\$ 267.2	\$ 238.5	\$ 242.1	\$ 245.3	\$ 232.1
Fees and related income on earning assets	110.1	155.8	122.5	94.3	78.3	83.8	78.5	59.5
Other revenue	39.4	39.5	30.4	23.0	18.7	17.5	16.8	13.6
Total operating revenue and other income - CaaS Segment	669.4	724.0	484.6	384.5	335.5	343.4	340.6	305.2
Adjustments due to acceleration of merchant fee discount amortization under fair value accounting	9.6	(6.1)	(16.0)	(26.6)	0.1	0.7	(15.1)	(12.6)
Adjustments due to acceleration of annual fees recognition under fair value accounting	9.6	(8.3)	(24.4)	(8.8)	(4.2)	(10.5)	(8.0)	1.1
Removal of finance charge-offs	(114.7)	(114.1)	(78.8)	(68.2)	(70.0)	(64.9)	(60.6)	(62.9)
Total managed yield	\$ 573.9	\$ 595.5	\$ 365.4	\$ 280.9	\$ 261.4	\$ 268.7	\$ 256.9	\$ 230.8

The calculation of Combined principal net charge-offs is as

(in Millions)	At or for the Three Months Ended							
	2026	2025				2024		
	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Charge-offs on loans at fair value	\$ 406.4	\$ 377.9	\$ 231.8	\$ 211.8	\$ 233.5	\$ 213.1	\$ 201.5	\$ 217.0
Finance charge-offs (1)	(114.7)	(114.1)	(78.8)	(68.2)	(70.0)	(64.9)	(60.6)	(62.9)
Combined principal net charge-offs	\$ 291.7	\$ 263.8	\$ 153.0	\$ 143.6	\$ 163.5	\$ 148.2	\$ 140.9	\$ 154.1

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

Source: Atlanticus Holdings Corp