NEWS RELEASE

Atlanticus Reports Fourth Quarter and Full Year 2024 Financial Results

2025-03-13

Fourth Quarter 2024 net margin growth of 28.0% over prior year, with 3.7 million accounts served *(1)*

ATLANTA, March 13, 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 fourth quarter and full year ended December 31, 2024. 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

Fourth Quarter 2024 Highlights (all comparisons to the Fourth Quarter 2023)

- Managed receivables2 increased 13.0% to $2.7 billion
- Total operating revenue and other income increased 14.4% to $353.2 million
- Return on average equity of 22.3 %3
- Purchase volume of $660.2 million
- Over 368,000 new accounts served during the quarter, 3.7 million total accounts served1
- Net income attributable to common shareholders of $26.3 million, or $1.42 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 ofDecember 31, 2024 and September 30, 2024 as the denominator, annualized.

Management Commentary

Jeff Howard, President and Chief Executive Officer at Atlanticus stated, “We are pleased to have once again achieved our return on capital targets while prudently growing our business. The past few years have had numerous disruptions – a pandemic, credit score inflation resulting from trillions of dollars of government stimulus, rapid increases in inflation, recessionary pressure on everyday Americans, an unforeseen potential regulatory change and an irrational competitive environment brought on by numerous new entrants into our lines of business. I am incredibly proud of the way the Atlanticus team has managed through this tumultuous period. Despite these challenges, over the last 5 years we have grown managed receivables on a compounded annual growth rate of 24%, revenue by 31%, and earnings by 29%, all while maintaining a return on common equity capital of over 20%.”

“Although we continue to manage through lingering effects from these challenges, we are excited about what lies ahead. While our primary focus is on achieving at or above targeted returns on our capital, we see opportunity to continue achieving above market rates of growth across our business.”

Financial Results ($ in thousands, except per share data)	For the Three Months Ended December 31, 2024	2023	% Change	For the Year Ended December 31, 2024	2023	% Change
Total operating revenue and other income	$ 353,186	$ 308,600	14.4%	$ 1,309,955	$ 1,155,246	13.4%
Other non-operating income	305	490	nm	1,489	630	nm
Total revenue and other income	353,491	309,090	14.4%	1,311,444	1,155,876	13.5%
Interest expense	(44,670)	(32,619)	36.9%	(160,173)	(109,342)	46.5%
Provision for credit losses	(7,045)	(601)	nm	(16,368)	(2,152)	nm
Changes in fair value of loans	(184,310)	(184,072)	nm	(733,471)	(689,577)	6.4%
Net margin	$ 117,466	$ 91,798	28.0%	$ 401,432	$ 354,805	13.1%
Total operating expenses	$ 77,599	$ 61,093	27.0%	$ 262,855	$ 226,247	16.2%
Net income	$ 30,971	$ 26,273	17.9%	$ 110,106	$ 101,954	8.0%
Net income attributable to controlling interests	$ 31,303	$ 26,304	19.0%	$ 111,296	$ 102,845	8.2%
Preferred stock and preferred unit dividends and discount accretion	$ (5,012)	$ (6,341)	nm	$ (23,928)	$ (25,198)	nm
Net income attributable to common shareholders	$ 26,291	$ 19,963	31.7%	$ 87,368	$ 77,647	12.5%
Net income attributable to common shareholders per common share—basic	$ 1.77	$ 1.37	29.9%	$ 5.92	$ 5.35	10.7%
Net income attributable to common shareholders per common share—diluted	$ 1.42	$ 1.10	29.1%	$ 4.77	$ 4.24	12.5%

**nm = not meaningful*

Managed Receivables

Managed receivables increased 13.0% to $2.7 billion with over $313.5 million in net receivables growth from December 31, 2023, driven by growth both in the private label credit and general purpose credit card products offered by our bank partners. Total accounts served increased 4.1% to 3.7 million. Ongoing purchases by customers of our existing retail partners and new private label credit retail partners helped grow our private label credit receivables by $292.4 million in the twelve months ended December 31, 2024. Our general purpose credit card receivables grew by $21.7 million during the twelve months ended December 31, 2024. 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. Our general purpose credit card portfolio continues to experience modest growth in total managed receivables. 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. 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 December 31, 2024, total operating revenue and other income increased 14.4% to $353.2 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 acquisition of receivables, and correspondingly higher period-over-period operating revenue for 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 $44.7 million for the quarter ended December 31, 2024, compared to $32.6 million for the quarter ended December 31, 2023. 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 $2,157.8 million as of December 31, 2024 from $1,796.0 million as of December 31, 2023. The majority of this increase in outstanding debt relates to the addition of multiple credit facilities in 2023 and 2024. 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 $184.3 million for the quarter ended December 31, 2024 compared to $184.1 million for the quarter ended December 31, 2023. 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, as well as the indefinite extension in assumed implementation dates of recent CFPB rules limiting late fees charged to consumers.

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 performance, implementation of mitigants to a potential change in late fee billings 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 shifted new receivable acquisitions to consumers at the higher end of the FICO bands in which our bank partners participate, presumably resulting 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 27.0% in the quarter when compared to the same period in 2023, 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. Certain other nonrecurring accounting and legal expenditures also contributed to increases for the quarter.

We expect some continued increase in salaries and benefits in 2025 compared to corresponding periods in 2024 as we continue to invest in technology, risk underwriting and compliance 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 31.7% to $26.3 million, or $1.42 per diluted share for the quarter ended December 31, 2024.

Share Repurchases

We repurchased and retired 925 shares of our common stock at an aggregate cost of $0.03 million, in the quarter ended December 31, 2024.

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 over $40 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, financial performance, revenue, amount and pace of growth of managed receivables, mix of receivables, underwriting approach, total interest income and related fees and charges, the new CFPB late fee rules and our response thereto, debt financing, liquidity, interest rates, interest expense, operating expense, marketing efforts, fair value of receivables, consumer spending, and the economy. 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
Consolidated Balance Sheets
(Dollars in thousands)

	December 31, 2024	December 31, 2023
Assets		
Unrestricted cash and cash equivalents (including $140.2 million and $158.0 million associated with variable interest entities at December 31, 2024 and December 31, 2023, respectively)	$375,416	$339,338
Restricted cash and cash equivalents (including $98.8 million and $20.5 million associated with variable interest entities at December 31, 2024 and December 31, 2023, respectively)	124,220	44,315
Loans at fair value (including $2,542.9 million and $2,128.6 million associated with variable interest entities at December 31, 2024 and December 31, 2023, respectively)	2,630,274	2,173,759
Loans at amortized cost, net (including $4.9 million and $1.8 million of allowance for credit losses at December 31, 2024 and December 31, 2023, respectively; and $19.8 million and $17.9 million of deferred revenue at December 31, 2024 and December 31, 2023, respectively)	84,332	98,425
Property at cost, net of depreciation	10,519	11,445
Operating lease right-of-use assets	13,878	11,310
Prepaid expenses and other assets	32,068	27,853
Total assets	$3,270,707	$2,706,445
Liabilities		
Accounts payable and accrued expenses	$72,088	$61,634
Operating lease liabilities	24,188	20,180
Notes payable, net (including $2,128.0 million and $1,795.9 million associated with variable interest entities at December 31, 2024 and December 31, 2023, respectively)	2,199,448	1,861,685
Senior notes, net	281,552	144,453
Income tax liability	114,068	85,826
Total liabilities	2,691,344	2,173,778
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 December 31, 2024 and December 31, 2(1)	40,000	40,000
Class B preferred units issued to noncontrolling interests	50,000	100,250
Shareholders' Equity		
Series B preferred stock, no par value, 3,301,179 shares issued and outstanding at December 31, 2024 (liquidation preference - $82.5 million); 3,256,561 shares issued and outstanding at December 31, 2023 (liquidation preference - $81.4 million) (1)	–	–
Common stock, no par value, 150,000,000 shares authorized: 14,904,192 and 14,603,563 shares issued and outstanding at December 31, 2024 and December 31, 2023, respectively	–	–
Paid-in capital	98,278	87,415
Retained earnings	394,628	307,260
Total shareholders’ equity attributable to Atlanticus Holdings Corporation	492,906	394,675
Noncontrolling interests	(3,543)	(2,258)
Total equity	489,363	392,417
Total liabilities, shareholders' equity and temporary equity	$3,270,707	$2,706,445

(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
(Dollars in thousands, except per share data)

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2024	**2023**	**2024**	**2023**
Revenue and other income:				
Consumer loans, including past due fees	$251,702	$224,698	$979,814	$879,123
Fees and related income on earning assets	83,788	71,691	269,771	238,775
Other revenue	17,696	12,211	60,370	37,348
Total operating revenue and other income	353,186	308,600	1,309,955	1,155,246
Other non-operating income	305	490	1,489	630
Total revenue and other income	353,491	309,090	1,311,444	1,155,876
Interest expense	(44,670)	(32,619)	(160,173)	(109,342)
Provision for credit losses	(7,045)	(601)	(16,368)	(2,152)
Changes in fair value of loans	(184,310)	(184,072)	(733,471)	(689,577)
Net margin	117,466	91,798	401,432	354,805
Operating expenses:				
Salaries and benefits	(12,559)	(11,313)	(50,143)	(43,906)
Card and loan servicing	(35,811)	(26,607)	(118,400)	(100,620)
Marketing and solicitation	(17,338)	(14,930)	(56,186)	(52,421)
Depreciation	(752)	(652)	(2,715)	(2,560)
Other	(11,139)	(7,591)	(35,411)	(26,740)
Total operating expenses	(77,599)	(61,093)	(262,855)	(226,247)
Income before income taxes	39,867	30,705	138,577	128,558
Income tax expense	(8,896)	(4,432)	(28,471)	(26,604)
Net income	30,971	26,273	110,106	101,954
Net loss attributable to noncontrolling interests	332	31	1,190	891
Net income attributable to controlling interests	31,303	26,304	111,296	102,845
Preferred stock and preferred unit dividends and discount accretion	(5,012)	(6,341)	(23,928)	(25,198)
Net income attributable to common shareholders	$26,291	$19,963	$87,368	$77,647
Net income attributable to common shareholders per common share—basic	$1.77	$1.37	$5.92	$5.35
Net income attributable to common shareholders per common share—diluted	$1.42	$1.10	$4.77	$4.24

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-K 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:

	At or for the Three Months Ended							
	2024				2023			
(in Millions)	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31
Loans at fair value	$2,630.3	$2,511.6	$2,277.4	$2,150.6	$2,173.8	$2,050.0	$1,916.1	$1,795.6
Fair value mark against receivable (1)	94.5	142.5	137.7	167.5	237.5	265.2	257.9	260.1
Total managed receivables (2)	$2,724.8	$2,654.1	$2,415.1	$2,318.1	$2,411.3	$2,315.2	$2,174.0	$2,055.7
Fair value to Total managed receivables ratio (3)	96.5%	94.6%	94.3%	92.8%	90.2%	88.5%	88.1%	87.3%

(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 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:

	At or for the Three Months Ended							
	2024				2023			
(in Millions)	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31
Consumer loans, including past due fees	$242.1	$245.3	$232.1	$220.0	$214.6	$214.6	$210.3	$200.5
Fees and related income on earning assets	83.8	78.5	59.5	47.9	71.7	59.8	62.9	44.3
Other revenue	17.5	16.8	13.6	11.7	12.0	10.2	7.6	6.7
Total operating revenue and other income - CaaS Segment	343.4	340.6	305.2	279.6	298.3	284.6	280.8	251.5
Adjustments due to acceleration of merchant fee discount amortization under fair value accounting	0.7	(15.1)	(12.6)	4.0	6.5	(6.8)	(10.6)	(0.5)
Adjustments due to acceleration of annual fees recognition under fair value accounting	(10.5)	(8.0)	1.1	10.1	(12.6)	(3.1)	(9.8)	7.3
Removal of finance charge-offs	(64.9)	(60.6)	(62.9)	(63.7)	(59.5)	(47.1)	(54.2)	(61.7)
Total managed yield	$268.7	$256.9	$230.8	$230.0	$232.7	$227.6	$206.2	$196.6

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

	At or for the Three Months Ended							
	2024				2023			
(in Millions)	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31
Charge-offs on loans at fair value	$213.1	$201.5	$217.0	$231.7	$215.2	$173.5	$180.0	$191.9
Finance charge-offs (1)	(64.9)	(60.6)	(62.9)	(63.7)	(59.5)	(47.1)	(54.2)	(61.7)
Combined principal net charge-offs	$148.2	$140.9	$154.1	$168.0	$155.7	$126.4	$125.8	$130.2

(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