



NEWS RELEASE

# Atlanticus Reports Second Quarter 2022 Financial Results

2022-08-09

ATLANTA--(BUSINESS WIRE)-- 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 second quarter ended June 30, 2022. 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](#).

## Second Quarter 2022 Highlights (all comparisons to the prior year period)

- Total operating revenue increased 50.3% to \$269.8 million.
- Purchase volume increased 40.2% to \$769.1 million.
- Total number of accounts serviced(1) at period end increased 47.0% to 3.2 million.
- Over 290,000 new serviced accounts added during the quarter.
- Managed receivables(2) increased 53.0% to \$1.9 billion, and 18.5% from December 31
- Net earnings of \$33.8 million, or \$1.46 per diluted common share.
- Repurchased and retired 355,036 shares of our common stock at an aggregate cost of \$12.9 million.

---

(1) In 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.

(2) Managed 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.



**For the Three Months Ended June 30,**

(\$ In Thousands)	<b>2022</b>	<b>2021</b>	<b>% Change</b>
Total operating revenue	\$ 269,796	\$ 179,519	50.3
Other non-operating revenue	239	2,586	(90.8)
Total Revenue	<u>270,035</u>	<u>182,105</u>	<u>48.3</u>
Interest expense	(18,925)	(13,790)	37.2
Provision for losses on loans, interest and fees receivable recorded at net realizable value	(182)	(11,096)	(98.4)
Changes in fair value of loans, interest and fees receivable and notes payable associated with structured financings recorded at fair value	(146,559)	(58,763)	nm
Net margin	<u>\$ 104,369</u>	<u>\$ 98,456</u>	<u>6.0</u>
Total Operating Expense	<u>\$ 61,829</u>	<u>\$ 46,065</u>	<u>34.2</u>
Loss on repurchase and redemption of convertible senior notes	<u>\$ —</u>	<u>\$ 5,448</u>	<u>nm</u>
Net income	\$ 33,797	\$ 36,826	(8.2)
Net loss attributable to noncontrolling interests	228	50	nm
Net income attributable to controlling interests	<u>34,025</u>	<u>36,876</u>	<u>(7.7)</u>
Preferred dividends and discount accretion	(6,257)	(4,738)	32.1
Net income attributable to controlling interests to common shareholders	<u>\$ 27,768</u>	<u>\$ 32,138</u>	<u>(13.6)</u>
Per Share Data			
Net income attributable to common shareholders per common share—basic	<u>\$ 1.88</u>	<u>\$ 2.12</u>	<u>(11.3)</u>
Net income attributable to common shareholders per common share—diluted	<u>\$ 1.46</u>	<u>\$ 1.56</u>	<u>(6.4)</u>

\*nm = not meaningful

## Management Commentary

Jeff Howard, President and Chief Executive Officer at Atlanticus stated, "We are excited to have achieved yet another important milestone during the second quarter of 2022, now servicing more than 3 million accounts as we seek to empower better financial outcomes for everyday Americans. We are pleased with our financial results which reflect continued growth in both revenue and managed receivables of over 50%. This growth is indicative of the value we bring our bank, retail, and healthcare partners as we work to meet the needs of their customers."

"While we are pleased with our second quarter results and our long term prospects for continued growth, we are mindful of the economic environment and the impact it has on the customers we serve. In the second quarter we began tightening underwriting criteria and as a result, we expect slower growth near term. Given our experience managing through uncertain economic times, we believe we are well positioned should a downturn occur. Any short-term macro-economic headwinds do not detract from our belief in the value we bring our partners, the customers we serve and the long-term value creation capability of our team and our credit-as-a-service platform," continued Mr. Howard.

## Managed Receivables

Managed receivables increased over 53.0% to \$1.9 billion as of June 30, 2022, from \$1.2 billion as of June 30, 2021 as total accounts serviced increased 47.0% to 3.2 million. Managed receivables also increased 18.5% or \$297.9 million from December 31, 2021. This increase is primarily due to continued strength in consumer spending behavior on our private label and general-purpose credit cards during the second quarter of 2022 for both new and existing accounts serviced. While we expect continued period over period growth in the receivable loan balances, we do expect that the pace of growth in these receivables will slow.

## Total revenue

Total operating revenue consists of interest income, finance charges, fees, ancillary income, interchange and servicing income on loan portfolios.

Total operating revenue increased 50.3% to \$269.8 million in the quarter. This revenue increase was primarily driven by 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. While we noted some disruptions in consumer spending behavior due to the COVID-19 pandemic and related economic impacts, including inflation, labor shortages and supply chain disruptions, we are currently experiencing continued period-over-period growth in private label credit and general purpose credit card receivables and to a lesser extent in our CAR receivables—growth which we expect to result in net period-over-period growth (albeit at a slower pace of growth) in our total interest income and related fees for these operations for 2022.

## Interest expense

Interest expense was \$18.9 million for the quarter, compared to \$13.8 million in the prior year period. 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 \$1,359.7 million as of June 30, 2022 from \$911.9 million as of June 30, 2021. The majority of this increase in outstanding debt relates to the addition of multiple revolving credit facilities during 2021. Additionally, the issuance of \$150.0 million of senior notes in November 2021 also served to increase interest expense during the period, as expected.

Offsetting these increases in interest expense was an overall decrease in the weighted average cost of funds, coupled with the repurchase and redemption of our convertible senior notes. Recent increases in the federal funds rate have thus far had a minimal 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

receivables coupled with increased effective interest rates resulting from both recently enacted and anticipated federal funds rate increases. As such we expect our quarterly interest expense to be above that experienced in the prior periods for these operations.

#### **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 \$182 thousand for the quarter, compared to \$11.1 million in the prior year period. This reduction is due to the adoption of fair value accounting for the majority of our outstanding receivables. We do not anticipate having meaningful impacts from this line item for 2022.

#### **Changes in fair value of loans, interest and fees receivable and notes payable associated with structured financings recorded at fair value**

Changes in fair value of loans, interest and fees receivable and notes payable associated with structured financings recorded at fair value increased to \$146.6 million in the quarter, compared to \$58.8 million in the prior year period, largely driven by growth in receivables coupled with increased fee billings on those receivables and inclusive of modeled 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. Fee billings on our fair value receivables increased from \$129.1 million for the six months ended June 30, 2021 to \$412.4 million for the six months ended June 30, 2022. Offsetting this increase in Changes in fair value of loans, interest and fees receivable and notes payable associated with structured financings recorded at fair value was a reduction in the discount rate applied to the net cash flows associated with these investments. The reduction in this discount rate for the period ended June 30, 2022 reflects the asset level returns we believe would be required by market participants.

#### **Total operating expense**

Total operating expense increased 34.2% to \$61.8 million for the quarter, compared to \$46.1 million in the prior year period, primarily driven by salaries, reflecting growth in the number of employees and related benefit cost. Additionally, card and loan servicing expenses including marketing and solicitation costs and other third-party expenses increased the total operating expense in the quarter due to growth in receivables. While we expect to see continued increases in these variable related expenses, their relative impact as a percentage of our average managed receivables is expected to decline.

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

Net income attributable to common shareholders decreased 13.6% to \$27.8 million from \$32.1 million in the prior year period.

Net income attributable to common shareholders per basic common share was \$1.88 compared to \$2.12 in the prior year period.

Net income attributable to common shareholders per common share diluted decreased to \$1.46 compared to \$1.56 in the prior year period.

### **Share Repurchases**

During the three and six months ended June 30, 2022, we repurchased and contemporaneously retired 355,036 and 1,360,248 shares of our common stock at an aggregate cost of \$12,861,000 and \$78,075,000, respectively, pursuant to both open market and private purchases and the return of stock by holders of equity incentive awards to pay tax withholding obligations.

### **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 \$27 billion in consumer loans over our 25-year 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 CAR 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, amount and pace of growth of managed receivables, total interest income and related fees and charges, debt financing, liquidity, interest expense, interest rates, underwriting, consumer performance trends 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.

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

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Revenue:				
Consumer loans, including past due fees	\$ 191,547	\$ 122,654	\$ 356,353	\$ 224,950
Fees and related income on earning assets	65,839	49,553	120,537	86,573
Other revenue	12,410	7,312	22,676	11,891
Total operating revenue, net	<u>269,796</u>	<u>179,519</u>	<u>499,566</u>	<u>323,414</u>
Other non-operating revenue	239	2,586	300	3,426
Total revenue	<u>270,035</u>	<u>182,105</u>	<u>499,866</u>	<u>326,840</u>
Interest expense	(18,925)	(13,790)	(36,335)	(26,088)
Provision for losses on loans, interest and fees receivable recorded at net realizable value	(182)	(11,096)	(329)	(15,231)
Changes in fair value of loans, interest and fees receivable and notes payable associated with structured financings recorded at fair value	(146,559)	(58,763)	(251,239)	(86,254)
Net margin	<u>104,369</u>	<u>98,456</u>	<u>211,963</u>	<u>199,267</u>
Operating expense:				
Salaries and benefits	10,099	7,883	21,525	16,122
Card and loan servicing	23,997	18,212	46,672	35,599
Marketing and solicitation	20,231	13,678	40,804	23,979
Depreciation	549	320	1,142	632
Other	6,953	5,972	21,646	10,940
Total operating expense	<u>61,829</u>	<u>46,065</u>	<u>131,789</u>	<u>87,272</u>
Loss on repurchase and redemption of convertible senior notes	—	5,448	—	13,255
Income before income taxes	<u>42,540</u>	<u>46,943</u>	<u>80,174</u>	<u>98,740</u>
Income tax expense	(8,743)	(10,117)	(1,622)	(17,887)
Net income	<u>33,797</u>	<u>36,826</u>	<u>78,552</u>	<u>80,853</u>
Net loss attributable to noncontrolling interests	228	50	483	98
Net income attributable to controlling interests	<u>34,025</u>	<u>36,876</u>	<u>79,035</u>	<u>80,951</u>
Preferred dividends and discount accretion	(6,257)	(4,738)	(12,463)	(9,425)
Net income attributable to common shareholders	<u>\$ 27,768</u>	<u>\$ 32,138</u>	<u>\$ 66,572</u>	<u>\$ 71,526</u>
Net income attributable to common shareholders per common share—basic	<u>\$ 1.88</u>	<u>\$ 2.12</u>	<u>\$ 4.50</u>	<u>\$ 4.74</u>
Net income attributable to common shareholders per common share—diluted	<u>\$ 1.46</u>	<u>\$ 1.56</u>	<u>\$ 3.43</u>	<u>\$ 3.47</u>

**Atlanticus Holdings Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows (Unaudited)**  
(Dollars in thousands)

	<b>For the Six Months Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Operating activities</b>		
Net income	\$ 78,552	\$ 80,853
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion, net	3,400	1,727
Provision for losses on loans, interest and fees receivable	329	15,231
Interest expense from accretion of discount on notes	—	435
Income from accretion of merchant fees and discount associated with receivables purchases	(69,417)	(50,410)
Changes in fair value of loans, interest and fees receivable and notes payable associated with structured financings recorded at fair value	251,239	86,254
Amortization of deferred loan costs	2,345	2,934
Income from equity-method investments	—	(8)
Loss on repurchase and redemption of convertible senior notes	—	13,255
Deferred stock-based compensation costs	2,297	1,232
Lease liability payments	(3,635)	(5,202)
Changes in assets and liabilities:		
Increase in uncollected fees on earning assets	(113,786)	(36,636)
(Decrease) increase in income tax liability	(2,583)	11,279
Increase (decrease) in accounts payable and accrued expenses	6,117	(769)
Other	(2,252)	4,346
Net cash provided by operating activities	<u>152,606</u>	<u>124,521</u>
<b>Investing activities</b>		
Proceeds from equity-method investee	—	390
Proceeds from recoveries on charged off receivables	12,847	6,626
Investments in earning assets	(1,293,526)	(895,287)
Proceeds from earning assets	927,169	728,533
Purchases and development of property, net of disposals	(601)	(95)
Net cash used in investing activities	<u>(354,111)</u>	<u>(159,833)</u>
<b>Financing activities</b>		
Noncontrolling interests contributions	4	4
Proceeds from issuance of Series B preferred stock, net of issuance costs	—	66,148
Preferred dividends	(12,365)	(9,325)
Proceeds from exercise of stock options	2,821	1,697
Purchase and retirement of outstanding stock	(78,075)	(601)
Proceeds from borrowings	249,762	430,534
Repayment of borrowings	(100,914)	(378,363)
Net cash provided by financing activities	<u>61,233</u>	<u>110,094</u>
<b>Effect of exchange rate changes on cash</b>	<u>(36)</u>	<u>10</u>
Net (decrease) increase in cash and cash equivalents and restricted cash	(140,308)	74,792
Cash and cash equivalents and restricted cash at beginning of period	506,628	258,961
Cash and cash equivalents and restricted cash at end of period	<u>\$ 366,320</u>	<u>\$ 333,753</u>
<b>Supplemental cash flow information</b>		
Cash paid for interest	<u>\$ 33,162</u>	<u>\$ 23,146</u>
Net cash income tax payments	<u>\$ 4,205</u>	<u>\$ 6,608</u>
Decrease in accrued and unpaid preferred dividends	<u>\$ (52)</u>	<u>\$ (50)</u>

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

	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
<b>Assets</b>		
Unrestricted cash and cash equivalents (including \$184.5 million and \$209.5 million associated with variable interest entities at June 30, 2022 and December 31, 2021, respectively)	\$ 316,331	\$ 409,660
Restricted cash and cash equivalents (including \$25.0 million and \$75.9 million associated with variable interest entities at June 30, 2022 and December 31, 2021, respectively)	49,989	96,968
Loans, interest and fees receivable:		
Loans, interest and fees receivable, at fair value (including \$1,461.3 million and \$925.5 million associated with variable interest entities at June 30, 2022 and December 31, 2021, respectively)	1,616,875	1,026,424
Loans, interest and fees receivable, gross (including \$369.6 million associated with variable interest entities at December 31, 2021)	104,563	470,293
Allowances for uncollectible loans, interest and fees receivable (including \$55.1 million associated with variable interest entities at December 31, 2021)	(1,643)	(57,201)
Deferred revenue (including \$8.2 million associated with variable interest entities at December 31, 2021)	(16,738)	(29,281)
Net loans, interest and fees receivable	<u>1,703,057</u>	<u>1,410,235</u>
Property at cost, net of depreciation	6,794	7,335
Operating lease right-of-use assets	12,264	4,016
Prepaid expenses and other assets	28,019	15,649
Total assets	<u>\$ 2,116,454</u>	<u>\$ 1,943,863</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 46,971	\$ 42,287
Operating lease liabilities	19,764	4,842
Notes payable, net (including \$1,359.7 million and \$1,223.4 million associated with variable interest entities at June 30, 2022 and December 31, 2021, respectively)	1,429,340	1,278,864
Senior notes, net	143,668	142,951
Income tax liability	47,694	47,770
Total liabilities	<u>1,687,437</u>	<u>1,516,714</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 at June 30, 2022 (liquidation preference - \$40.0 million); 400,000 shares issued and outstanding at December 31, 2021 (1)	40,000	40,000
Class B preferred units issued to noncontrolling interests	99,800	99,650
<b>Shareholders' Equity</b>		
Series B preferred stock, no par value, 3,188,533 shares issued and outstanding at June 30, 2022 (liquidation preference - \$79.7 million); 3,188,533 shares issued and outstanding at December 31, 2021 (1)	—	—
Common stock, no par value, 150,000,000 shares authorized: 14,561,078 and 14,804,408 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	—	—
Paid-in capital	142,343	227,763
Retained earnings	147,853	60,236
Total shareholders' equity	290,196	287,999
Noncontrolling interests	(979)	(500)
Total equity	<u>289,217</u>	<u>287,499</u>
Total liabilities, preferred stock and equity	<u>\$ 2,116,454</u>	<u>\$ 1,943,863</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.

At or for the three months ended June 30,

	2022				2021			
	Jun 30.		Mar 31.		31-Dec		Sep 30.	
	Total	% (1)	Total	% (1)	Total	% (1)	Total	% (1)
Period-end managed receivables	\$ 1,908,884		\$ 1,677,610		\$ 1,611,000		\$ 1,446,134	
30-59 days past due	\$ 83,390	4.4%	\$ 56,860	3.4%	\$ 60,914	3.8%	\$ 45,605	3.2%
60-89 days past due	\$ 66,935	3.5%	\$ 52,995	3.2%	\$ 53,088	3.3%	\$ 38,216	2.6%
90 or more days past due	\$ 148,907	7.8%	\$ 142,654	8.5%	\$ 116,171	7.2%	\$ 91,457	6.3%
Average managed receivables	\$ 1,793,247		\$ 1,644,305		\$ 1,528,567		\$ 1,346,829	
Total managed yield ratio, annualized (2)	44.8%		46.0%		44.9%		45.3%	
Combined principal net charge-off ratio, annualized (3)	19.0%		16.7%		13.9%		10.0%	
Interest expense ratio, annualized (4)	4.1%		4.2%		4.0%		3.6%	
Net interest margin ratio, annualized (5)	21.7%		25.1%		27.0%		31.7%	

At or for the three months ended June 30,

	2021				2020			
	Jun 30.		Mar 31.		31-Dec		Sep 30.	
	Total	% (1)	Total	% (1)	Total	% (1)	Total	% (1)
Period-end managed receivables	\$ 1,247,524		\$ 1,092,509		\$ 1,090,373		\$ 987,385	
30-59 days past due	\$ 36,576	1.9%	\$ 21,877	1.3%	\$ 31,617	2.0%	\$ 20,691	1.4%
60-89 days past due	\$ 33,662	1.8%	\$ 16,613	1.0%	\$ 22,128	1.4%	\$ 15,867	1.1%
90 or more days past due	\$ 55,739	2.9%	\$ 53,743	3.2%	\$ 48,880	3.0%	\$ 39,073	2.7%
Average managed receivables	\$ 1,170,017		\$ 1,091,441		\$ 1,038,879		\$ 943,791	
Total managed yield ratio, annualized (2)	42.9%		42.0%		44.0%		39.2%	
Combined principal net charge-off ratio, annualized (3)	10.4%		9.7%		9.7%		15.6%	
Interest expense ratio, annualized (4)	4.6%		4.4%		4.9%		5.3%	
Net interest margin ratio, annualized (5)	27.9%		27.9%		29.4%		18.3%	

(1) % is of Period-end managed receivables

(2) The total managed yield ratio, annualized is calculated using the annualized Total managed yield as the numerator and Period-end average managed receivables as the denominator.

(3) The Combined principal net charge-off ratio, annualized is calculated using the annualized Combined principal net charge-offs as the numerator and Period-end average managed receivables as the denominator.

(4) Interest expense ratio, annualized is calculated using the annualized interest expense associated with the CaaS segment as the numerator and period-end average managed receivables as the denominator.

(5) Net interest margin ratio, annualized is calculated using the Total managed yield ratio, annualized less the Combined principal net charge-off ratio, annualized less the Interest expense ratio, annualized.

### 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”). This non-GAAP financial measure aids 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 origination 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.

This non-GAAP financial measure is presented for supplemental informational purposes only. This non-GAAP financial measure has limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, GAAP financial measures. This non-GAAP financial measure may differ from the non-GAAP financial measures used by other companies.

Below are (i) the reconciliation of Loans, interest and fees receivable, at fair value to Loans, interest and fees receivable, at face value (ii) the calculation of managed receivables, (iii) the calculation of managed yield, and (iv) the calculation of combined principal net charge-offs:

i)

	At or for the Three Months Ended							
	2022		2021				2020	
	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30
(in Millions)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Loans, interest and fees receivable, at fair value	\$ 1,616.9	\$ 1,405.8	\$ 1,026.4	\$ 846.2	\$ 644.7	\$ 481.4	\$ 417.1	\$ 310.8
Fair value mark against receivable (2)	\$ 293.0	\$ 272.9	\$ 208.9	\$ 182.2	\$ 148.6	\$ 112.3	\$ 99.0	\$ 71.8
Loans, interest and fees receivable, at face value	\$ 1,909.9	\$ 1,678.7	\$ 1,235.3	\$ 1,028.4	\$ 793.3	\$ 593.7	\$ 516.1	\$ 382.6

(1) We elected the fair value option to account for certain loans receivable associated with our private label credit and general purpose credit card platform that were acquired on or after January 1, 2020. 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.

ii)

(in Millions)	At or for the Three Months Ended							
	2022		2021				2020	
	Jun. 30 (1)	Mar. 31 (1)	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30
Loans, interest and fees receivable, gross	\$ —	\$ —	\$ 375.7	\$ 417.8	\$ 454.2	\$ 498.8	\$ 574.3	\$ 604.8
Loans, interest and fees receivable, gross from fair value reconciliation above	1,909.9	1,678.7	1,235.3	1,028.4	793.3	593.7	516.1	382.6
Total managed receivables	<u>\$ 1,909.9</u>	<u>\$ 1,678.7</u>	<u>\$ 1,611.0</u>	<u>\$ 1,446.2</u>	<u>\$ 1,247.5</u>	<u>\$ 1,092.5</u>	<u>\$ 1,090.4</u>	<u>\$ 987.4</u>

(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.

iii)

A reconciliation of our operating revenues to comparable amounts used in our calculation of Total managed yield ratios follows (in millions):

(in Millions)	At or for the Three Months Ended							
	2022		2021				2020	
	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30
Consumer loans, including past due fees	\$ 182.8	\$ 156.5	\$ 144.1	\$ 132.7	\$ 114.3	\$ 94.1	\$ 95.7	\$ 95.6
Fees and related income on earning assets	65.8	54.7	53.8	54.1	49.5	37.0	31.4	35.5
Other revenue	12.2	10.0	9.7	8.4	7.0	4.2	4.8	4.5
Adjustments due to acceleration of merchant fee discount amortization under fair value accounting	(12.1)	1.8	(3.4)	(14.7)	(18.6)	(5.5)	(6.6)	(19.2)
Adjustments due to acceleration of annual fees recognition under fair value accounting	(6.6)	(1.3)	(4.4)	(12.0)	(12.3)	(4.6)	(1.1)	(7.8)
Removal of expense accruals under GAAP	—	—	—	0.2	(0.4)	0.2	(0.1)	(0.7)
Removal of finance charge-offs	(41.2)	(32.5)	(28.1)	(16.3)	(14.1)	(10.7)	(9.8)	(15.5)
Total managed yield	<u>\$ 200.9</u>	<u>\$ 189.2</u>	<u>\$ 171.7</u>	<u>\$ 152.4</u>	<u>\$ 125.4</u>	<u>\$ 114.7</u>	<u>\$ 114.3</u>	<u>\$ 92.4</u>

iv)

The calculation of Combined principal net charge-offs used in our Combined principal net charge-off ratio, annualized is as follows:

(in Millions)	At or for the Three Months Ended							
	2022		2021				2020	
	Jun. 30 (1)	Mar. 31 (1)	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30
Net losses on impairment of loans, interest and fees receivable recorded at fair value	\$ 126.5	\$ 101.3	\$ 46.7	\$ 25.6	\$ 22.7	\$ 14.3	\$ 8.6	\$ 3.3
Gross charge-offs on non-fair value accounts	—	—	38.7	27.1	27.6	26.3	30.6	54.3
Finance charge-offs (2)	(41.2)	(32.5)	(28.1)	(16.3)	(14.1)	(10.7)	(9.8)	(15.5)
Recoveries on non-fair value accounts	—	—	(4.1)	(2.7)	(5.7)	(3.4)	(4.3)	(5.4)
Combined principal net charge-offs	<u>\$ 85.3</u>	<u>\$ 68.8</u>	<u>\$ 53.2</u>	<u>\$ 33.7</u>	<u>\$ 30.5</u>	<u>\$ 26.5</u>	<u>\$ 25.1</u>	<u>\$ 36.7</u>

(1) 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 and notes payable associated with structured financings recorded at fair value in the consolidated statements of income.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20220809005876/en/): <https://www.businesswire.com/news/home/20220809005876/en/>

Investor Relations

Karin Daly, Vice President, The Equity Group Inc. (212) 836-9623

[kdaly@equityny.com](mailto:kdaly@equityny.com)

Source: Atlanticus Holdings Corporation