America’s Car-Mart Q4 Earnings Transcript

Jonathan Collins – Safe Harbor and Intro

Good morning, and welcome to America's Car-Mart's fourth quarter fiscal 2026 earnings call, for the period ended April 30, 2026. I'm Jonathan Collins, the company’s CFO. Joining me today are Doug Campbell, our President and CEO; Jamie Fischer, our COO; and Marie Persichetti, our SVP of Capital Markets.

We issued our earnings release earlier this morning, and a supplemental presentation is available on our website. Because our strategic review is still ongoing, we will not be able to host a question-and-answer session today. For any follow-up questions, our Investor Relations team can be reached through the contact information posted on our website at ir.car-mart.com.

During today's call, certain statements we make may be considered forward-looking. These statements involve risks and uncertainties that could cause actual results to differ materially from management's current view. They are made under the Safe Harbor provision of the Private Securities Litigation Reform Act of 1995. The company cannot guarantee the accuracy of any forecast or estimate, and does not undertake any obligation to update these statements.

For more information, including important cautionary notes, please see Part One of our annual report on Form 10-K for the fiscal year ended April 30, 2026, which will be filed later today. You can also refer to our current and quarterly reports on Forms 8-K and 10-Q, filed with the Securities and Exchange Commission.

Finally, unless otherwise stated, our comparisons are for the fourth quarter of fiscal 2026 versus the fourth quarter of fiscal 2025.

Doug, I'll turn it over to you now.

Doug Campbell – Opening Remarks

Thank you, Jonathan, and good morning, everyone. Thank you for joining us.

Fiscal year 2026 was a transitional year, defined by our work to strengthen liquidity and our capital structure. Throughout the year we've been managing capital which meant reduced originations, lower inventory levels, and tightened underwriting. Beginning in the third quarter, we started optimizing our dealership footprint, consolidating select locations into higher-performing nearby stores. These were complex decisions, but they were the right ones for the business.

The fourth quarter reflected the same dynamic. Faced with limited origination capital and no revolving warehouse facility, we intentionally reduced originations and inventory to protect liquidity and avoid originating loans we lacked the capacity to carry. That flowed through to our top line and operating leverage as units sold declined 27.1% to 11,411. Jonathan will walk through the full financial picture shortly.

I want to be direct about how to read this year's results, because the headline numbers invite the wrong conclusion. Our results were shaped by our capital structure — not by a change in what our customers need, how they pay us, or how we underwrite. On credit, our charge-off ratio rose compared to last year. Part of that is simply a smaller book — with fewer new loans, our receivables balance is smaller, and a smaller balance raises the percentage. The rest reflects our customers paying more at the pump for much of the 4th quarter, along with some disruption from the dealership consolidations we carried out — and we are watching both closely. But this is not a credit-quality problem or an underwriting failure; our best-tier customers make up a bigger share of the book than a year ago. It is a liquidity and capital-structure story.

Our geographical footprint changes this year were deliberate, and it followed a plan we laid out for you in December. On our Q2 call and in our supplemental materials, we

outlined a three-phase strategy to optimize our store base and cost structure — and we were explicit that we would stay agile and pursue additional opportunities for cost reduction as conditions evolved. We completed phase one in November and phase two in January. Phase three, in April, was the largest step, and it went deeper than initially modeled. That was a deliberate choice as the capital environment made accelerating our footprint optimization and associated timing the priority. For the full year, that brought us to 60 consolidations, reducing our active store count from 154 to 94.

The result is a more productive network. The stores that remain are our stronger performers — on a historical units-per-store basis approximately 30% above our FY26 average. Some of the consolidated operations moved into nearby locations; some moved to a centralized collections team that we stood up during the fiscal year to serve accounts where the nearest store was no longer a practical fit.

These were still hard decisions, particularly for the associates affected, and I don’t want that to get lost in the numbers.

Alongside that work, we tightened underwriting to protect portfolio quality, put retention programs in place for key talent we need regardless of how the strategic review resolves, and strengthened board governance, including the formation of our Special Committee.

Every one of these actions comes back to the same constraint: access to financing. Until we have additional financing capacity in place — whether through a warehouse facility, a recapitalization, or another financing transaction — our liquidity, and our ability to originate at the volume our customers want and need, will remain limited. Bringing the right counterparties together has taken longer than we initially expected. We continue to advance those discussions, and the demand for what we do is very real and durable — working families need reliable transportation and fair access to financing, and that need isn’t going away.

Through all of this, our highest operational priority has been protecting the infrastructure that services our portfolio — the teams, the technology, and the processes behind it. While originations are constrained, collections on our existing book are what fund this business and service our debt, so safeguarding that capability comes first. That focus holds regardless of how the path ahead resolves. We've made deliberate staffing and cost reductions to service this book as efficiently as possible, and we'll keep running lean while we work to secure the right long-term solution for the business. Protecting the value in this portfolio and pursuing the right path forward are not competing priorities — they're the same discipline applied to both the present and the future.

On June 19, we entered into an amendment to our Credit and Guaranty Agreement. It provides temporary covenant relief, with a path to permanent relief if we satisfy specified milestones, and a defined window to complete our review of strategic and financing alternatives. That review is being led by a Special Committee of the Board — independent directors with restructuring experience, working alongside our advisors — evaluating the full range of alternatives to identify the path that best preserves value for our stakeholders. We'll share updates when we have something definitive to report.

You'll also see a going-concern disclosure in our Form 10-K. It's there because we have not secured the additional financing or alternative transaction we need to resolve our liquidity constraint — not because anything changed in how our customers pay us back.

Before I turn to our path forward, a word on our CFO transition, which we announced last month. Jonathan Collins will leave Car-Mart on July 31st to become CFO of Genesco. Marie Persichetti, our SVP of Capital Markets, becomes CFO on August 1st. Marie was a finalist in the search that brought Jonathan here a year ago, and she's been close to our financing and capital-structure work since — including the June amendment. I want to thank Jonathan for his partnership and his contributions during a demanding period for this company and wish him well in his next chapter.

Looking forward, the long-term industry outlook remains attractive. The need for reliable transportation and affordable financing isn’t going away, and that need continues to underpin this business. Our focus is on making sure the company is capitalized, structured, and operated to meet it. The investments we’ve made in underwriting, pricing, payment technology, and collections all support that objective.

With that, I’ll turn the call over to Jamie to discuss our operating performance in more detail.

Jamie Fischer – Operating Performance

Thanks, Doug, and good morning, everyone.

Our operating performance this quarter reflected the deliberate actions we took to protect liquidity, preserve portfolio quality, and position the business for greater efficiency.

Unit sales were down 27.1%, to 11,411 units, and revenue was down 18.2% year-over-year, to $302.8 million. Gross profit margin was 31.2%, compared to 36.4% a year ago. That compression is really a volume story. Some of it is mix. We sold more lower-margin wholesale relative to retail. The other piece is that a significant portion of our cost of goods sold tracks the size of our portfolio, not the vehicles we sold this quarter. For example, service-contract and customer-repair costs scale with the portfolio, so they don't come down as origination volume falls. Stepping back to the full year, though, the per-unit economics actually held up — full-year gross margin was 35.4%, and gross profit per unit rose 1.0%, to $7,442 — highlighting that this quarter's compression was about mix and volume, not the quality or economics of the deals we write.

History tells us that when money gets tight for our customers, affordable and reliable transportation becomes more essential, not less — and demand for our model tends to grow. In the earliest part of the quarter, applications were up year-over-year, even on a smaller footprint and less inventory on the ground.

Also consider the backdrop we did this against. During the quarter, gas prices rose sharply. The escalation of conflict involving Iran drove pump prices to multi-year highs and put real pressure on exactly the working households we serve. Certainly, when they are spending materially more money at the pump, collections can be impacted. However, better underwriting over the past year has aided in creating more headroom in our customers' monthly budgets and combined with material operational improvements to how we collect, we delivered remarkable collections results. Full-year collections grew 2.2% to $730.0 million, and cash collected as a percentage of average finance receivables improved 12 basis points year-over-year — and, notably, we did that on a smaller footprint.

Our tax-refund season, which falls in the fourth quarter, also held up well. On scheduled tax-season dollars, we collected within 1% of the prior fiscal year— essentially flat, even with the added weight of higher pump prices on our customers and having to do that remotely for the dealerships that we closed during the fiscal year. That is the resilience of the collections platform we have built, and it is our Pay Your Way tools doing their job: more customers paying remotely, more customers than ever with auto-recurring payments, and ultimately more customers paying consistently.

Our loan origination system helped our teams stay disciplined on underwriting credit by taking higher down payments and shorter terms from our higher-risk applicants, and we kept shifting the mix toward higher-quality bookings. The bottom line is that we are booking a better-quality customer than we did last year.

This builds on the SG&A cost-control strategy we laid out and executed over the past year. Here is what that bought us: As Doug mentioned, the stores in our footprint today are made up of our strongest, most productive stores — and accomplished exactly what we said we would do: to concentrate our resources in our best markets so that when volume recovers, we can recover into a more efficient and more productive footprint.

Optimizing the footprint also raised a servicing question about what to do with the book from the stores we've closed. Typically, we have consolidated those accounts into a nearby location — but some of the stores we closed this quarter did not have one close enough to take them on. To service those accounts — roughly 8% of our receivables — we stood up centralized servicing for the first time in the company's history, run remotely from our home office here in Rogers, Arkansas with no physical location assigned.

A move like this would not have been practical for us in the past; we simply did not have the remote tools to service customers well without a physical store. Over the past quarter, we built and implemented them — a company-wide customer self-service Account Center that now houses our Pay Your Way platform, remote contract modifications and centralized service contract repair management.

Repairs are a good example of that build. We created centralized management of service-contract repairs, so a customer can self-service by starting a claim and managing it themselves through their Account Center rather than bringing the vehicle into a store. On our end, we are using AI to assist with the decision-making by automatically reviewing contract coverage, auto-approving straightforward claims, and validating the accuracy of invoices — which makes the process faster and more consistent and gets the customer back on the road quickly.

Taken together, this gives us another way to reach customers and improve their collection experience where a nearby store isn't a practical fit. It's still early, and we'll lean on it as much or as little as the results — and our customers — call for.

Let me close by summing up where we stand today. Our remaining stores have historically higher productivity per rooftop, and they are led by long-tenured general managers — impressive Car-Mart leaders who know their customers and their communities. We continue to evolve, building technology and servicing models to meet our customers where they need to be met. And through it all, we are servicing our book, we are taking payments, we are handling repairs, and we are taking care of our

customers every single day, regardless of what is happening around us. This is a strong, durable, and evolving business — and we are working through the process to secure the capital to support it.

Before I hand it over to Jonathan, I would be remiss if I did not take a moment to say thank you. To our customers — thank you for your business and for the trust you place in us every day. We do not take it for granted, and we are committed to continuing to earn it.

To our partners and vendors — thank you as well. So much of what we did this quarter — from servicing our accounts and managing repairs to the transporting and wholesaling of our vehicles — depended on having good partners alongside us, and we counted on you throughout the year.

And to our associates. The teams in the field and in the dealerships, our home-office and technology teams, and the servicing teams who took on hard, new work this year and delivered — thank you. None of this happens without you. You continue to show up and put our customers first, and I could not be prouder of this team.

With that, I will turn it back to Jonathan for the financial performance review.

Jonathan Collins – Financial Performance

Thank you, Jamie.

Jamie covered the top line, so let me start with SG&A.

SG&A totaled $47.6 million for the quarter, or 19.6% of sales, compared to $48.3 million and 15.6% a year ago. In our financials, you'll see impairment reported on a separate line from SG&A. We recognized $6.4 million of non-cash impairment in the quarter and $11.0 million for the full year on the closed locations. Excluding $4.0 million of restructuring charges tied to our strategic review, which is included in our SG&A line,

adjusted SG&A was $43.6 million, or 18.0% of sales, with the full run-rate benefit of the consolidations flowing through in future periods.

Turning to credit performance. Net charge-offs as a percentage of average finance receivables were 7.5% for the quarter, compared to 6.9% in the prior-year quarter. The increase partly reflects a smaller receivables base — the principal balance of finance receivables at period end declined 6.4% compared to the prior year quarter as originations sharply declined this quarter, which mechanically elevates a ratio measured against a smaller book. Adjusting for that base, net charge-offs would have been lower, with only a modest increase tied to continued fuel and cost-of-living pressure on our customers — not to any change in underwriting standards.

Our highest credit-tier customers, ranks 5 through 7, now represent 66.6% of accounts receivable, up from 64.6% a year ago, continuing the improvement in receivables mix even as origination volumes have declined. For the quarter, the average down payment came down to 6.1% from 6.2% a year ago, reflecting that richer mix — higher-tier customers qualify for lower down payments than our lower-tier customers. That mix also drove a marginally longer weighted-average contract term of 49 months, up about 0.7 months from last year.

Accounts over 30 days past due were 4.1% at year-end, up from 3.4% a year ago but down sequentially from 4.4% at January 31st. Keep in mind this is a month-end measure, and it was further affected by the timing of the April closures — when accounts were being moved to nearby stores and to the centralized collections team — and by the smaller receivables base against which delinquency is calculated. Further, the sequential improvement is notable as the January reading had been elevated by Winter Storm Fern and the third-quarter store closures.

Collections, which Jamie detailed, remain the primary source of the operating cash flow that services our debt and funds the business while originations are constrained. We collected $185.7 million in the fourth quarter, roughly $60 million a month. That's down

only 2.8% from the prior year quarter — even as the principal balance of our receivables fell 6.4% — so collections held up better than the book contracted. Average collected per active customer per month improved to $617, from $612 a year ago. Let me take a moment to explain the collections dynamic that makes a financing facility so important. Under the accelerated — or 'turbo' — amortization structure on most of our securitizations, collections on those pools are routed straight to the trusts to pay down the non-recourse notes rather than generating cash flow that can be used to operate the business. As of year-end, approximately 60% of our receivables were securitized. As those notes amortize and are called, a significant portion of the residual collateral held in the trusts is scheduled to release back to us over roughly the next 15 months. Without a revolving warehouse facility, collections from our unsecuritized receivables, plus cash on hand, become the primary funding mechanism for the business.

Our allowance for credit losses was $329.9 million at April 30, 2026, or 25.15% of finance receivables, net of deferred revenue and pending accident protection plan claims, compared to 23.25% a year ago and 25.53% at January 31. The increase from a year ago primarily reflects the broader macro environment, rather than a change in underlying credit behavior, together with the reduction in originations that lowered the receivables base against which the allowance is measured. Those effects were partially offset by improvements in our portfolio mix, including the growing share of receivables originated under our loan origination system. The modest sequential decline from January reflects the contraction in the receivables base and stable underlying credit trends. Our reserve represents approximately 3.0 times quarterly net charge-offs, compared to approximately 3.6 times last quarter and 3.1 times a year ago. We consider the allowance adequate to reflect the risk profile of the portfolio at year-end. Before I turn to leverage and liquidity — a quick note on the going-concern disclosure Doug just addressed. You'll find the specific factors and management's plans in Note B in our Form 10-K, which will be filed later today.

Doug already walked through the amendment we entered in June. As of the June 30 testing date under the amendment, we were in compliance with all applicable

covenants, and we remain in compliance as of today. Now to the balance sheet. Net debt — total debt, net of cash, to finance receivables — was 41.8% at April 30, 2026. That's actually the lowest that ratio has been in three years, since April 30, 2023. Total debt, net of cash, came down to $590.7 million, a reduction of $61.5 million, or 9.4%, from $652.2 million a year ago. On a gross basis, debt to finance receivables was 51.1%, compared to 51.5% a year ago.

Total cash, including restricted cash, increased to $131.6 million, compared to $124.5 million at April 30, 2025. Unrestricted cash — available to fund operations and capital needs — was $47.0 million, at April 30, 2026.

Total debt decreased to $722.4 million from $776.8 million a year ago.
Interest expense for the quarter was $20.0 million, up $2.6 million, or 15.1%, from $17.4 million in the prior-year quarter. The increase reflects the full-quarter impact of the $300 million term loan we closed in October and the December ABS transaction.

On taxes, our full-year effective rate was negative 28.8%, reflecting the non-cash deferred tax asset valuation allowance we established in the third quarter at Colonial Auto Finance, which we've already discussed and disclosed. It has no impact on our cash tax position or our ability to use our net operating loss carryforwards if we return to profitability.

Loss per share for the quarter was $3.56 on a GAAP basis; adjusted earnings per share was a profit of $0.48. For the full year, loss per share was $16.79, and adjusted loss per share was $3.71. The difference between GAAP and adjusted results for the quarter reflects $6.4 million of impairment, now on a separate line, $4.0 million of restructuring charges included in SG&A, a $24.9 million credit-loss impact from the allowance percentage adjustment, and an $8.4 million tax impact related to the deferred tax asset valuation allowance; the full reconciliation is in the tables accompanying our release.

Before I finish, I want to take a moment personally. It's been an honor to serve this company, and I'm deeply grateful to the Board, to Doug, to our entire leadership team, and to every associate for the trust and partnership since I joined. You're in great hands with Marie.

With that, I'd like to turn it over to Marie Persichetti, our incoming CFO, to briefly share her perspective on our finance priorities.

Marie Persichetti

Thank you, Jonathan, and thank you, Doug and Jamie. I'm honored to step into the CFO role on August 1st, and grateful to Jonathan for a thoughtful transition. Jonathan and I have worked side by side on our financing and capital-structure priorities, including the amendment we discussed today, so we are both confident the transition will go smoothly. I look forward to continuing this work with Doug, Vickie and Jamie.

What drew me to America's Car-Mart is straightforward: this is a mission-driven company built to keep its customers on the road, with an integrated sales and financing model that is genuinely differentiated. In my 30 years in this space, I've rarely seen a need as durable as the one we serve. That mission is still intact, and so is the underlying quality of our portfolio.

My focus in the near term is simple. The immediate priority is supporting the strategic review process and meeting the milestones under our amendment as the Special Committee completes its review.

One note on something I’ve been personally involved with at the company and I’m quite proud of: Our securitization platform continues to be a core part of our funding. In late June, S&P affirmed its ratings across our outstanding ACM Auto Trust transactions. The structures were built with credit enhancement designed to perform across a range of loss scenarios, and that affirmation reflects their resilience. The performance of the underlying collateral comes back to the collections discipline Jamie described — and to

how our platform is built: we originate and service the loan, the service contract, and the ancillary protection product for each customer on a single, integrated platform, through one relationship. That integration is what keeps servicing consistent and collections stable, and it's a core strength of this business and is relevant in any environment.

I also want to recognize our finance and field teams, who have carried an extraordinary load this year and kept showing up for our customers. I look forward to spending time with many of you in the investment community in the months ahead.

Doug, over to you.

Doug Campbell – Closing Remarks

I want to thank our associates, who have shown up for our customers and for each other through a demanding year. To our customers — thank you for continuing to trust us with your transportation needs. To our lenders and vendors — thank you for your patience and continued engagement as we work through this period. And to our shareholders — thank you for staying with us.

The financing gap between the demand we see every day and the volume we're able to serve is the problem this process is working to solve. The Special Committee's review is moving on the timeline set out in the amendment, evaluating the full range of alternatives to identify the path that best preserves value for our stakeholders. That's our focus in the months ahead, and we intend to work through it with urgency and discipline.

Thank you all for joining us this morning. This concludes America's Car-Mart's fourth quarter and fiscal year 2026 earnings call.