UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 000-20202

CREDIT ACCEPTANCE CORPORATION

(Exact name of registrant as specified in its charter)

Michigan	**38-1999511**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
25505 W. Twelve Mile Road	
Southfield, Michigan	**48034-8339**
(Address of principal executive offices)	(Zip Code)

(248) 353-2700
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, $.01 par value	CACC	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The number of shares of Common Stock, $.01 par value, outstanding on July 24, 2025 was 11,237,661.

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PART I. - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(Dollars in millions, except per share data)	As of June 30, 2025	As of December 31, 2024
ASSETS:		
Cash and cash equivalents	$ 70.0	$ 343.7
Restricted cash and cash equivalents	493.8	501.3
Restricted securities available for sale	107.1	106.4
Loans receivable	11,563.0	11,289.1
Allowance for credit losses	(3,561.1)	(3,438.8)
Loans receivable, net	8,001.9	7,850.3
Property and equipment, net	13.2	14.7
Income taxes receivable	9.4	4.2
Other assets	29.2	34.0
Total assets	$ 8,724.6	$ 8,854.6
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Accounts payable and accrued liabilities	$ 378.8	$ 315.8
Revolving secured lines of credit	1.5	0.1
Secured financing	5,383.3	5,361.5
Senior notes	1,086.4	991.3
Deferred income taxes, net	306.1	319.1
Income taxes payable	13.8	117.2
Total liabilities	7,169.9	7,105.0
Commitments and Contingencies - See Note 15		
Shareholders' Equity:		
Preferred stock, $.01 par value, 1,000,000 shares authorized, none issued	—	—
Common stock, $.01 par value, 80,000,000 shares authorized, 11,237,396 and 12,048,151 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	0.1	0.1
Paid-in capital	369.3	335.1
Retained earnings	1,184.3	1,414.7
Accumulated other comprehensive income (loss)	1.0	(0.3)
Total shareholders' equity	1,554.7	1,749.6
Total liabilities and shareholders' equity	$ 8,724.6	$ 8,854.6

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Dollars in millions, except per share data)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue:				
Finance charges	$ 540.7	$ 497.7	$ 1,067.4	$ 966.9
Premiums earned	24.1	24.3	47.6	46.2
Other income	19.0	16.2	39.9	33.1
Total revenue	583.8	538.2	1,154.9	1,046.2
Costs and expenses:				
Salaries and wages	83.7	75.8	172.3	154.3
General and administrative	45.2	23.2	67.3	46.9
Sales and marketing	26.6	25.4	51.4	49.3
Total operating expenses	155.5	124.4	291.0	250.5
Provision for credit losses on forecast changes	101.3	237.8	177.6	325.0
Provision for credit losses on new Consumer Loan assignments	71.3	82.8	156.9	181.6
Total provision for credit losses	172.6	320.6	334.5	506.6
Interest	118.1	104.5	232.8	197.0
Provision for claims	19.8	20.3	35.9	37.3
Loss on extinguishment of debt	—	—	1.2	—
Loss on sale of building	—	23.7	—	23.7
Total costs and expenses	466.0	593.5	895.4	1,015.1
Income (loss) before provision (benefit) for income taxes	117.8	(55.3)	259.5	31.1
Provision (benefit) for income taxes	30.4	(8.2)	65.8	13.9
Net income (loss)	$ 87.4	$ (47.1)	$ 193.7	$ 17.2
Net income (loss) per share:				
Basic	$ 7.55	$ (3.83)	$ 16.37	$ 1.39
Diluted	$ 7.42	$ (3.83)	$ 16.11	$ 1.37
Weighted average shares outstanding:				
Basic	11,574,018	12,282,174	11,831,094	12,381,656
Diluted	11,771,525	12,282,174	12,023,903	12,533,246

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Net income (loss)	$ 87.4	$ (47.1)	$ 193.7	$ 17.2
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on securities, net of tax	0.4	—	1.3	(0.2)
Other comprehensive income (loss)	0.4	—	1.3	(0.2)
Comprehensive income (loss)	$ 87.8	$ (47.1)	$ 195.0	$ 17.0

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)

(Dollars in millions)

	For the Three Months Ended June 30, 2025					
	Common Stock					
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, beginning of period	11,747,851	$ 0.1	$ 351.7	$ 1,358.5	$ 0.6	$ 1,710.9
Net income	—	—	—	87.4	—	87.4
Other comprehensive income	—	—	—	—	0.4	0.4
Stock-based compensation	—	—	12.7	—	—	12.7
Repurchase of common stock	(529,605)	—	(0.6)	(261.6)	—	(262.2)
Restricted stock units settled in common stock	3,375	—	—	—	—	—
Stock options exercised	15,775	—	5.5	—	—	5.5
Balance, end of period	11,237,396	$ 0.1	$ 369.3	$ 1,184.3	$ 1.0	$ 1,554.7

(Dollars in millions)

	For the Three Months Ended June 30, 2024					
	Common Stock					
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, beginning of period	12,220,580	$ 0.1	$ 303.5	$ 1,349.8	$ (1.2)	$ 1,652.2
Net loss	—	—	—	(47.1)	—	(47.1)
Stock-based compensation	—	—	10.6	—	—	10.6
Repurchase of common stock	(110,677)	—	(0.3)	(60.5)	—	(60.8)
Restricted stock units settled in common stock	1,225	—	—	—	—	—
Balance, end of period	12,111,128	$ 0.1	$ 313.8	$ 1,242.2	$ (1.2)	$ 1,554.9

(Dollars in millions)

	For the Six Months Ended June 30, 2025					
	Common Stock					
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, beginning of period	12,048,151	$ 0.1	$ 335.1	$ 1,414.7	$ (0.3)	$ 1,749.6
Net income	—	—	—	193.7	—	193.7
Other comprehensive income	—	—	—	—	1.3	1.3
Stock-based compensation	—	—	25.6	—	—	25.6
Repurchase of common stock	(858,669)	—	(2.5)	(424.1)	—	(426.6)
Restricted stock units settled to common stock	15,339	—	—	—	—	—
Stock options exercised	32,575	—	11.1	—	—	11.1
Balance, end of period	11,237,396	$ 0.1	$ 369.3	$ 1,184.3	$ 1.0	$ 1,554.7

(Dollars in millions)

	For the Six Months Ended June 30, 2024					
	Common Stock					
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, beginning of period	12,522,397	$ 0.1	$ 279.0	$ 1,475.6	$ (1.0)	$ 1,753.7
Net income	—	—	—	17.2	—	17.2
Other comprehensive income	—	—	—	—	(0.2)	(0.2)
Stock-based compensation	—	—	21.5	—	—	21.5
Repurchase of common stock	(462,045)	—	(1.3)	(250.6)	—	(251.9)
Restricted stock units settled to common stock	8,350	—	—	—	—	—
Stock options exercised	42,426	—	14.6	—	—	14.6
Balance, end of period	12,111,128	$ 0.1	$ 313.8	$ 1,242.2	$ (1.2)	$ 1,554.9

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In millions)	For the Six Months Ended June 30,	
	2025	2024
Cash Flows From Operating Activities:		
Net income	$ 193.7	$ 17.2
Adjustments to reconcile cash provided by operating activities:		
Provision for credit losses	334.5	506.6
Depreciation	2.1	4.2
Amortization	11.6	9.8
Provision (credit) for deferred income taxes	(13.3)	20.3
Stock-based compensation	25.6	21.5
Loss on extinguishment of debt	1.2	—
Loss on sale of building	—	23.7
Other	0.1	0.4
Change in operating assets and liabilities:		
Increase in accounts payable and accrued liabilities	33.5	14.2
Increase in income taxes receivable	(5.2)	(35.6)
Decrease in income taxes payable	(103.4)	(80.8)
Decrease in other assets	5.5	12.5
Net cash provided by operating activities	485.9	514.0
Cash Flows From Investing Activities:		
Purchases of restricted securities available for sale	(19.2)	(34.3)
Proceeds from sale of restricted securities available for sale	12.6	16.0
Maturities of restricted securities available for sale	7.5	4.9
Principal collected on Loans receivable	1,755.9	1,610.4
Advances to Dealers	(1,517.8)	(1,959.1)
Purchases of Consumer Loans	(592.9)	(586.4)
Accelerated payments of Dealer Holdback	(27.8)	(33.4)
Payments of Dealer Holdback	(103.5)	(130.5)
Purchases of property and equipment	(0.6)	(0.7)
Proceeds from sale of building	—	3.2
Net cash used in investing activities	(485.8)	(1,109.9)
Cash Flows From Financing Activities:		
Borrowings under revolving secured lines of credit	40.5	4,505.7
Repayments under revolving secured lines of credit	(39.1)	(4,500.6)
Proceeds from secured financing	651.0	2,249.9
Repayments of secured financing	(635.8)	(1,365.6)
Proceeds from issuance of senior notes	500.0	—
Repayment of senior notes	(400.0)	—
Payments of debt issuance costs	(12.3)	(13.0)
Repurchase of common stock	(426.6)	(251.9)
Proceeds from stock options exercised	11.1	14.6
Other	29.9	3.5
Net cash provided by (used in) financing activities	(281.3)	642.6
Net increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents	(281.2)	46.7
Cash and cash equivalents and restricted cash and cash equivalents beginning of period	845.0	470.9
Cash and cash equivalents and restricted cash and cash equivalents end of period	$ 563.8	$ 517.6
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for interest	$ 217.4	$ 182.6
Cash paid during the period for income taxes, net of refunds	$ 183.4	$ 101.2

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for interim periods are not necessarily indicative of actual results achieved for full fiscal years. The consolidated balance sheet as of December 31, 2024 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by GAAP for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2024 for Credit Acceptance Corporation (the "Company", "Credit Acceptance", "we", "our" or "us").

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

We have evaluated events and transactions occurring subsequent to the consolidated balance sheet date of June 30, 2025, for items that could potentially be recognized or disclosed in these financial statements. For additional information regarding subsequent events, see Note 16.

2. DESCRIPTION OF BUSINESS

We make vehicle ownership possible by providing innovative financing solutions that enable automobile dealers to sell vehicles to consumers regardless of their credit history. Our financing programs are offered through a nationwide network of automobile dealers who benefit from sales of vehicles to consumers who otherwise could not obtain financing; from repeat and referral sales generated by these same customers; and from sales to customers responding to advertisements for our financing programs, but who actually end up qualifying for traditional financing.

Without our financing programs, consumers are often unable to purchase vehicles or they purchase unreliable ones. Further, as we report to the three national credit reporting agencies, an important ancillary benefit of our programs is that we provide consumers with an opportunity to improve their lives by improving their credit score and move on to more traditional sources of financing.

We refer to automobile dealers who participate in our programs and who share our desire to provide an opportunity to consumers to improve their lives as "Dealers." Upon enrollment in our financing programs, the Dealer enters into a Dealer servicing agreement with us that defines the legal relationship between Credit Acceptance and the Dealer. The Dealer servicing agreement assigns the responsibilities for administering, servicing, and collecting the amounts due on retail installment contracts (referred to as "Consumer Loans") from the Dealers to us. We are an indirect lender from a legal perspective, meaning the Consumer Loan is originated by the Dealer and assigned to us.

The majority of the Consumer Loans assigned to us are made to consumers with impaired or limited credit histories. The following table shows the percentage of Consumer Loans assigned to us with either FICO® scores below 650 or no FICO® scores:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Consumer Loan Assignment Volume	**2025**	**2024**	**2025**	**2024**
Percentage of total unit volume with either FICO® scores below 650 or no FICO® scores	78.5 %	80.2 %	80.4 %	81.8 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

We have two programs: the Portfolio Program and the Purchase Program. Under the Portfolio Program, we advance money to Dealers (referred to as a "Dealer Loan") in exchange for the right to service the underlying Consumer Loans. Under the Purchase Program, we buy the Consumer Loans from the Dealers (referred to as a "Purchased Loan") and keep all amounts collected from the consumer. Dealer Loans and Purchased Loans are collectively referred to as "Loans." The following table shows the percentage of Consumer Loans assigned to us as Dealer Loans and Purchased Loans for each of the last eight quarters:

	Unit Volume		Dollar Volume (1)	
Three Months Ended	Dealer Loans	Purchased Loans	Dealer Loans	Purchased Loans
September 30, 2023	74.8 %	25.2 %	71.7 %	28.3 %
December 31, 2023	77.2 %	22.8 %	75.0 %	25.0 %
March 31, 2024	78.2 %	21.8 %	76.6 %	23.4 %
June 30, 2024	78.5 %	21.5 %	77.3 %	22.7 %
September 30, 2024	79.5 %	20.5 %	78.4 %	21.6 %
December 31, 2024	78.7 %	21.3 %	77.7 %	22.3 %
March 31, 2025	77.0 %	23.0 %	75.1 %	24.9 %
June 30, 2025	71.6 %	28.4 %	68.3 %	31.7 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under the Purchase Program. Payments of Dealer Holdback (as defined below) and accelerated Dealer Holdback are not included.

In 2025, we expanded Dealer access to the Purchase Program for Consumer Loans to consumers with higher credit ratings. The increase in the percentage of Purchased Loans in 2025 Consumer Loan assignment volume was primarily related to Consumer Loans assigned under this expanded Dealer access.

Portfolio Program

As payment for the vehicle, the Dealer generally receives the following:

- a down payment from the consumer;
- a non-recourse cash payment ("advance") from us; and
- after the advance balance (cash advance and related Dealer Loan fees and costs) has been recovered by us, the cash from payments made on the Consumer Loan, net of certain collection costs and our servicing fee ("Dealer Holdback").

We record the amount advanced to the Dealer as a Dealer Loan, which is classified within Loans receivable in our consolidated balance sheets. Cash advanced to the Dealer is automatically assigned to the Dealer's open pool of advances. Dealers make an election as to how many Consumer Loans (either 50 or 100) will be assigned to an open pool before it is closed, and subsequent advances are assigned to a new pool. Unless we receive a request from the Dealer to keep a pool open, we automatically close each pool based on the Dealer's election. All advances within a Dealer's pool are secured by the future collections on the related Consumer Loans assigned to the pool. For Dealers with more than one pool, the pools are cross-collateralized so the performance of other pools is considered in determining eligibility for Dealer Holdback. We perfect our security interest with respect to the Dealer Loans by obtaining control or taking possession of the Consumer Loans, which list us as lien holder on the vehicle title.

The Dealer servicing agreement provides that collections received by us during a calendar month on Consumer Loans assigned by a Dealer are applied on a pool-by-pool basis as follows:

- first, to reimburse us for certain collection costs;
- second, to pay us our servicing fee, which generally equals 20% of collections;
- third, to reduce the aggregate advance balance and to pay any other amounts due from the Dealer to us; and
- fourth, to the Dealer as payment of Dealer Holdback.

If the collections on Consumer Loans from a Dealer's pool are not sufficient to repay the advance balance and any other amounts due to us, the Dealer will not receive Dealer Holdback. Certain events may also result in Dealers forfeiting their rights to Dealer Holdback, including becoming inactive before assigning 100 Consumer Loans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

Dealers have an opportunity to receive an accelerated Dealer Holdback payment each time a pool of Consumer Loans is closed. The amount paid to the Dealer is calculated using a formula that considers the number of Consumer Loans assigned to the pool and the related forecasted collections and advance balance.

Since typically the combination of the advance and the consumer's down payment provides the Dealer with a cash profit at the time of sale, the Dealer's risk in the Consumer Loan is limited. We cannot demand repayment of the advance from the Dealer except in the event the Dealer is in default of the Dealer servicing agreement. Advances are made only after the consumer and Dealer have signed a Consumer Loan contract, we have received the executed Consumer Loan contract and supporting documentation in either physical or electronic form, and we have approved all of the related stipulations for funding.

For accounting purposes, the transactions described under the Portfolio Program are not considered to be loans to consumers. Instead, our accounting reflects that of a lender to the Dealer. The classification as a Dealer Loan for accounting purposes is primarily a result of (1) the Dealer's financial interest in the Consumer Loan and (2) certain elements of our legal relationship with the Dealer.

Purchase Program

The Purchase Program differs from the Portfolio Program in that the Dealer receives a one-time payment from us at the time of assignment to purchase the Consumer Loan instead of a cash advance at the time of assignment and future Dealer Holdback payments. For accounting purposes, the transactions described under the Purchase Program are considered to be originated by the Dealer and then purchased by us.

Program Enrollment

Dealers are granted access to the Portfolio Program upon enrollment. Access to the Purchase Program is typically only granted to Dealers that meet one of the following:

- assigned at least 50 Consumer Loans under the Portfolio Program;
- franchise dealership; or
- independent dealership that meets certain criteria upon enrollment.

Seasonality

Our business is seasonal with peak Consumer Loan assignments and collections occurring during the first quarter of the year. This seasonality has a material impact on our interim results, as we are required to recognize a significant provision for credit losses expense at the time of assignment. For additional information, see Note 3.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Segment Information

We currently operate in one reportable segment which represents our core business of offering innovative financing solutions that enable automobile dealers to sell vehicles to consumers regardless of their credit history. For information regarding our one reportable segment and related entity wide disclosures, see Note 14.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

Cash equivalents consist of readily marketable securities with original maturities at the date of acquisition of three months or less. As of June 30, 2025 and December 31, 2024, we had $69.2 million and $342.7 million, respectively, in cash and cash equivalents that were not insured by the Federal Deposit Insurance Corporation ("FDIC").

Restricted cash and cash equivalents consist of cash pledged as collateral for secured financings and cash held in a trust for future vehicle service contract claims. As of June 30, 2025 and December 31, 2024, we had $489.0 million and $497.0 million, respectively, in restricted cash and cash equivalents that were not insured by the FDIC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents reported in our consolidated balance sheets to the total shown in our consolidated statements of cash flows:

(In millions)	As of			
	June 30, 2025	December 31, 2024	June 30, 2024	December 31, 2023
Cash and cash equivalents	$ 70.0	$ 343.7	$ 8.3	$ 13.2
Restricted cash and cash equivalents	493.8	501.3	509.3	457.7
Total cash and cash equivalents and restricted cash and cash equivalents	$ 563.8	$ 845.0	$ 517.6	$ 470.9

Restricted Securities Available for Sale

Restricted securities available for sale consist of amounts held in a trust for future vehicle service contract claims. We determine the appropriate classification of our investments in debt securities at the time of purchase and reevaluate such determinations at each balance sheet date. Debt securities for which we do not have the intent or ability to hold to maturity are classified as available for sale, and stated at fair value with unrealized gains and losses, net of income taxes included in the determination of comprehensive income and reported as a component of shareholders' equity.

Loans Receivable and Allowance for Credit Losses

Consumer Loan Assignment. For legal purposes, a Consumer Loan is considered to have been assigned to us after the following has occurred:

- the consumer and Dealer have signed a Consumer Loan contract; and
- we have received the executed Consumer Loan contract and supporting documentation in either physical or electronic form.

For accounting and financial reporting purposes, a Consumer Loan is considered to have been assigned to us after the following has occurred:

- the Consumer Loan has been legally assigned to us; and
- we have made a funding decision and generally have provided funding to the Dealer in the form of either an advance under the Portfolio Program or one-time purchase payment under the Purchase Program.

Portfolio Segments and Classes. Our Loan portfolio consists of two portfolio segments: Dealer Loans and Purchased Loans. Our determination is based on the following:

- We have two financing programs: the Portfolio Program and the Purchase Program. We are considered to be a lender to Dealers for Consumer Loans assigned under the Portfolio Program and a purchaser of Consumer Loans assigned under the Purchase Program.
- The Portfolio Program and the Purchase Program have different levels of risk in relation to credit losses. Under the Portfolio Program, the impact of negative variances in Consumer Loan performance is mitigated by Dealer Holdback and the cross-collateralization of Consumer Loan assignments. Under the Purchase Program, we are impacted by the full amount of negative variances in Consumer Loan performance.
- Our business model is narrowly focused on Consumer Loan assignments from one industry with expected cash flows that are significantly lower than the contractual cash flows owed to us due to credit quality. We do not believe that it is meaningful to disaggregate our Loan portfolio beyond the Dealer Loans and Purchased Loans portfolio segments.

Each portfolio segment consists of one class of Consumer Loan assignments, which is Consumer Loans originated by Dealers to finance purchases of vehicles and related ancillary products predominantly by consumers with impaired or limited credit histories. Our determination is based on the following:

- All of the Consumer Loans assigned to us have similar risk characteristics in relation to the categorization of borrowers, type of financing receivable, industry sector, and type of collateral.
- We only accept Consumer Loan assignments from Dealers located within the United States.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

Recognition and Measurement Policy. On January 1, 2020, we adopted Accounting Standards Update 2016-13, Measurement of Credit Losses on Financial Instruments, which is known as the current expected credit loss model, or CECL. Loans outstanding prior to the adoption date are no longer material to our consolidated financial statements. Consumer Loans assigned to us on or subsequent to January 1, 2020 are accounted for as originated financial assets ("Originated Method").

Under the Originated Method, at the time of assignment, we:

- calculate the effective interest rate based on contractual future net cash flows;
- record a Loan receivable equal to the advance paid to the Dealer under the Portfolio Program or purchase price paid to the Dealer under the Purchase Program; and
- record an allowance for credit losses equal to the difference between the initial Loan receivable balance and the present value of expected future net cash flows discounted at the effective interest rate. The initial allowance for credit losses is recognized as provision for credit losses expense.

The effective interest rate and initial allowance for credit losses are significantly higher for Consumer Loans assigned under the Purchase Program than for Consumer Loans assigned under the Portfolio Program, as contractual net cash flows exceed expected net cash flows by a significantly greater margin under the Purchase Program. Under the Purchase Program, we retain all contractual collections that exceed our initial expectations. Under the Portfolio Program, contractual collections that exceed our initial expectations are substantially offset by additional Dealer Holdback payments.

Under the Originated Method, for each reporting period subsequent to assignment, we:

- recognize finance charge revenue using the effective interest rate that was calculated at the time of assignment based on contractual future net cash flows; and
- adjust the allowance for credit losses so that the net carrying amount of each Loan equals the present value of expected future net cash flows discounted at the effective interest rate. The adjustment to the allowance for credit losses is recognized as either provision for credit losses expense or a reversal of provision for credit losses expense.

Loans Receivable. Amounts advanced to Dealers for Consumer Loans assigned under the Portfolio Program are recorded as Dealer Loans and are aggregated by Dealer for purposes of recognizing revenue and measuring credit losses. Amounts paid to Dealers for Consumer Loans assigned under the Purchase Program are recorded as Purchased Loans and, for purposes of recognizing revenue and measuring credit losses, are not aggregated.

The outstanding balance of each Loan included in Loans receivable is comprised of the following:

- cash paid to the Dealer (or to third-party ancillary product providers on the Dealer's behalf) for the Consumer Loan assignment (advance under the Portfolio Program or one-time purchase payment under the Purchase Program);
- finance charges;
- Dealer Holdback payments;
- accelerated Dealer Holdback payments;
- recoveries;
- transfers in;
- less: collections (net of certain collection costs);
- less: write-offs; and
- less: transfers out.

Under the Portfolio Program, certain events may result in Dealers forfeiting their rights to Dealer Holdback. We transfer the Dealer's outstanding Dealer Loan balance and the related allowance for credit losses balance to Purchased Loans in the period this forfeiture occurs. We aggregate these Purchased Loans by Dealer for purposes of recognizing revenue and measuring credit losses.

Allowance for Credit Losses. The outstanding balance of the allowance for credit losses of each Loan represents the amount required to reduce the net carrying amount of Loans (Loans receivable less allowance for credit losses) to the present value of expected future net cash flows discounted at the effective interest rate. Expected future net cash flows for Dealer Loans are comprised of expected future collections on the assigned Consumer Loans, less any expected future Dealer Holdback payments. Expected future net cash flows for Purchased Loans are comprised of expected future collections on the assigned Consumer Loans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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Expected future collections are forecasted for each individual Consumer Loan based on the historical performance of Consumer Loans with similar characteristics, adjusted for recent trends in payment patterns. Our forecast of expected future collections includes estimates for prepayments and post-contractual-term cash flows. Unless the consumer is no longer contractually obligated to pay us, we forecast future collections on each Consumer Loan for a 120 month period after the origination date. Expected future Dealer Holdback payments are forecasted for each individual Dealer based on the expected future collections and current advance balance of each Dealer Loan.

We fully write off the outstanding balance of a Loan and the related allowance for credit losses once we are no longer forecasting any expected future net cash flows on the Loan. Under our partial write-off policy, we write off the amount of the outstanding balance of a Loan and the related allowance for credit losses, if any, that exceeds 200% of the present value of expected future net cash flows on the Loan, as we deem this amount to be uncollectable.

Credit Quality. The vast majority of the Consumer Loans assigned to us are made to individuals with impaired or limited credit histories. Consumer Loans made to these individuals generally entail a higher risk of delinquency, default, and repossession and higher losses than loans made to consumers with better credit. Since most of our revenue and cash flows are generated from these Consumer Loans, our ability to accurately forecast Consumer Loan performance is critical to our business and financial results. At the time a Consumer Loan is submitted to us for assignment, we forecast future expected cash flows from the Consumer Loan. Based on these forecasts, an advance or one-time purchase payment is made to the related Dealer at a price designed to maximize our economic profit, a non-GAAP financial measure that considers our return on capital, our cost of capital, and the amount of capital invested.

We monitor and evaluate the credit quality of Consumer Loans on a monthly basis by comparing our current forecasted collection rates to our initial expectations. We use a statistical model that considers a number of credit quality indicators to estimate the expected collection rate for each Consumer Loan at the time of assignment. The credit quality indicators considered in our model include attributes contained in the consumer's credit bureau report, data contained in the consumer's credit application, the structure of the proposed transaction, vehicle information, and other factors. We continue to evaluate the expected collection rate for each Consumer Loan subsequent to assignment primarily through the monitoring of consumer payment behavior. Our evaluation becomes more accurate as the Consumer Loans age, as we use actual performance data in our forecast. Since all known, significant credit quality indicators have already been factored into our forecasts and pricing, we are not able to use any specific credit quality indicators to predict or explain variances in actual performance from our initial expectations. Any variances in performance from our initial expectations are a result of Consumer Loans performing differently from historical Consumer Loans with similar characteristics. We periodically adjust our statistical pricing model for new trends that we identify through our evaluation of these forecasted collection rate variances.

When overall forecasted collection rates underperform our initial expectations, the decline in forecasted collections has a more adverse impact on the profitability of the Purchased Loans than on the profitability of the Dealer Loans. For Purchased Loans, the decline in forecasted collections is absorbed entirely by us. For Dealer Loans, the decline in the forecasted collections is substantially offset by a decline in forecasted payments of Dealer Holdback.

Methodology Changes. During the second quarter of 2025, we applied an adjustment to our methodology for forecasting the amount of future net cash flows from our Loan portfolio, which reduced the forecasted collection rates for Consumer Loans assigned in 2024. During the second quarter of 2024, we applied an adjustment to our methodology for forecasting the amount of future net cash flows from our Loan portfolio, which reduced the forecasted collection rates for Consumer Loans assigned in 2022 through 2024. For additional information, see Note 6. For the three and six months ended June 30, 2025 and 2024, we did not make any other methodology changes for Loans that had a material impact on our financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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Finance Charges

Sources of Revenue. Finance charges is comprised of: (1) interest income earned on Loans; (2) administrative fees earned from ancillary products; (3) program fees charged to Dealers under the Portfolio Program; (4) Consumer Loan assignment fees charged to Dealers; and (5) direct origination costs incurred on Dealer Loans.

We provide Dealers the ability to offer vehicle service contracts to consumers through our relationships with Third-Party Providers ("TPPs"). A vehicle service contract provides the consumer protection by paying for the repair or replacement of certain components of the vehicle in the event of a mechanical failure. The retail price of the vehicle service contract is included in the principal balance of the Consumer Loan. The wholesale cost of the vehicle service contract is paid to the TPP, net of an administrative fee retained by us. The difference between the wholesale cost and the retail price to the consumer is paid to the Dealer as a commission. Under the Portfolio Program, the wholesale cost of the vehicle service contract and the commission paid to the Dealer are charged to the Dealer's advance balance. TPPs process claims on vehicle service contracts that are underwritten by third-party insurers. We bear the risk of loss for claims on certain vehicle service contracts that are reinsured by us. We market the vehicle service contracts directly to Dealers.

We provide Dealers the ability to offer Guaranteed Asset Protection ("GAP") to consumers through our relationships with TPPs. GAP provides the consumer protection by paying the difference between the loan balance and the amount covered by the consumer's insurance policy in the event of a total loss of the vehicle due to severe damage or theft. The retail price of GAP is included in the principal balance of the Consumer Loan. The wholesale cost of GAP is paid to the TPP, net of an administrative fee retained by us. The difference between the wholesale cost and the retail price to the consumer is paid to the Dealer as a commission. Under the Portfolio Program, the wholesale cost of GAP and the commission paid to the Dealer are charged to the Dealer's advance balance. TPPs process claims on GAP contracts that are underwritten by third-party insurers.

Program fees represent monthly fees charged to Dealers for access to our Credit Approval Processing System ("CAPS"); administration, servicing, and collection services offered by us; documentation related to or affecting our program; and all tangible and intangible property owned by Credit Acceptance. We charge a monthly fee of $599 to Dealers participating in the Portfolio Program and we collect it from future Dealer Holdback payments.

Recognition Policy. We recognize finance charges under the interest method such that revenue is recognized on a level-yield basis over the life of the Loan. We calculate finance charges on a monthly basis by applying the effective interest rate of the Loan to the net carrying amount of the Loan (Loan receivable less the related allowance for credit losses). The effective interest rate is based on contractual future net cash flows.

We report the change in the present value of credit losses attributable to the passage of time as a reduction to finance charges. Accordingly, we allocate finance charges recognized on each Loan between the Loan receivable and the related allowance for credit losses. The amount of finance charges allocated to the Loan receivable is equal to the effective interest rate applied to the Loans receivable balance. The reduction of finance charges allocated to the allowance for credit losses is equal to the effective interest rate applied to the allowance for credit losses balance.

Reinsurance

Our wholly owned subsidiary VSC Re Company ("VSC Re") is engaged in the business of reinsuring coverage under vehicle service contracts sold to consumers by Dealers on vehicles indirectly financed by us. VSC Re currently reinsures vehicle service contracts that are offered through one of our TPPs. Vehicle service contract premiums, which represent the selling price of the vehicle service contract to the consumer, less fees and certain administrative costs, are contributed to a trust account controlled by VSC Re. These premiums are used to fund claims covered under the vehicle service contracts. VSC Re is a bankruptcy remote entity. As such, our exposure to fund claims is limited to the trust assets controlled by VSC Re and our net investment in VSC Re.

Premiums from the reinsurance of vehicle service contracts are recognized over the life of the policy in proportion to expected costs of servicing those contracts. Expected costs are determined based on our historical claims experience. Claims are expensed through a provision for claims in the period the claim was incurred. Capitalized acquisition costs are comprised of premium taxes and are amortized as general and administrative expense over the life of the contracts in proportion to premiums earned.

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We have consolidated the trust within our financial statements based on our determination of the following:

- *We have a variable interest in the trust.* We have a residual interest in the assets of the trust, which is variable in nature, given that it increases or decreases based upon the actual loss experience of the related service contracts. In addition, VSC Re is required to absorb any losses in excess of the trust's assets.
- *The trust is a variable interest entity.* The trust has insufficient equity at risk as no parties to the trust were required to contribute assets that provide them with any ownership interest.
- *We are the primary beneficiary of the trust.* We control the amount of premiums written and placed in the trust through Consumer Loan assignments under our Programs, which is the activity that most significantly impacts the economic performance of the trust. We have the right to receive benefits from the trust that could potentially be significant. In addition, VSC Re has the obligation to absorb losses of the trust that could potentially be significant.

New Accounting Updates Not Yet Adopted

Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative. In October 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-06, which amends the disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification (the "Codification"). The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. If, by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity. We are currently evaluating the impact the adoption of ASU 2023-06 will have on our consolidated financial statements and related disclosures.

Improvements to Income Tax Disclosures. In December 2023, the FASB issued ASU 2023-09, which intends to improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments intended to improve the effectiveness of income tax disclosures. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. Early adoption is permitted, but we have not yet adopted ASU 2023-09. We expect that the adoption of ASU 2023-09 will expand our income tax disclosures.

Disaggregation of Income Statement Expenses. In November 2024, the FASB issued ASU 2024-03, which requires disaggregated disclosure of income statement expenses. ASU 2024-03 does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU 2024-03 is effective for annual periods beginning after December 15, 2026 and interim periods beginning after December 15, 2027. We are currently evaluating the impact the adoption of ASU 2024-03 will have on our consolidated financial statements and related disclosures.

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4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate their value.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents. The carrying amounts approximate their fair value due to the short maturity of these instruments.

Restricted Securities Available for Sale. The fair value of U.S. Government and agency securities, corporate bonds, and municipal bonds is based on quoted market values in active markets. For asset-backed securities, mortgage-backed securities, and commercial paper, we use model-based valuation techniques for which all significant assumptions are observable in the market.

Loans Receivable, net. The fair value is determined by calculating the present value of expected future net cash flows estimated by us by utilizing the discount rate used to calculate the value of our Loans under our non-GAAP floating yield methodology.

Revolving Secured Lines of Credit. The fair value is determined by calculating the present value of the debt instrument based on current rates for debt with a similar risk profile and maturity.

Secured Financing. The fair value of certain asset-backed secured financings ("Term ABS" financings) is determined using quoted market prices in an active market. For our warehouse facilities and certain other Term ABS financings, the fair values are determined by calculating the present value of each debt instrument based on current rates for debt with similar risk profiles and maturities.

Senior Notes. The fair value is determined using quoted market prices in an active market.

A comparison of the carrying amount and estimated fair value of these financial instruments is as follows:

(In millions)	As of June 30, 2025		As of December 31, 2024	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Cash and cash equivalents	$ 70.0	$ 70.0	$ 343.7	$ 343.7
Restricted cash and cash equivalents	493.8	493.8	501.3	501.3
Restricted securities available for sale	107.1	107.1	106.4	106.4
Loans receivable, net	8,001.9	9,098.3	7,850.3	8,922.7
Liabilities				
Revolving secured lines of credit	$ 1.5	$ 1.5	$ 0.1	$ 0.1
Secured financing	5,383.3	5,448.5	5,361.5	5,431.9
Senior notes	1,086.4	1,141.0	991.3	1,035.3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. We group assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1	Valuation is based upon quoted prices for identical instruments traded in active markets.
Level 2	Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
Level 3	Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates or assumptions that market participants would use in pricing the asset or liability.

The following table provides the level of measurement used to determine the fair value for each of our financial instruments measured or disclosed at fair value:

(In millions)	As of June 30, 2025			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Cash and cash equivalents (1)	$ 70.0	$ —	$ —	$ 70.0
Restricted cash and cash equivalents (1)	493.8	—	—	493.8
Restricted securities available for sale (2)	86.9	20.2	—	107.1
Loans receivable, net (1)	—	—	9,098.3	9,098.3
Liabilities				
Revolving secured lines of credit (1)	$ —	$ 1.5	$ —	$ 1.5
Secured financing (1)	3,848.4	1,600.1	—	5,448.5
Senior notes (1)	1,141.0	—	—	1,141.0

(In millions)	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Cash and cash equivalents (1)	$ 343.7	$ —	$ —	$ 343.7
Restricted cash and cash equivalents (1)	501.3	—	—	501.3
Restricted securities available for sale (2)	84.5	21.9	—	106.4
Loans receivable, net (1)	—	—	8,922.7	8,922.7
Liabilities				
Revolving secured lines of credit (1)	$ —	$ 0.1	$ —	$ 0.1
Secured financing (1)	3,831.7	1,600.2	—	5,431.9
Senior notes (1)	1,035.3	—	—	1,035.3

(1) Measured at amortized cost with fair value disclosed.
(2) Measured at fair value on a recurring basis.

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5. RESTRICTED SECURITIES AVAILABLE FOR SALE

Restricted securities available for sale consist of the following:

(In millions)	As of June 30, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate bonds	$ 52.6	$ 0.7	$ (0.1)	$ 53.2
U.S. Government and agency securities	33.3	0.4	—	33.7
Asset-backed securities	18.3	0.2	—	18.5
Mortgage-backed securities	1.7	—	—	1.7
Total restricted securities available for sale	$ 105.9	$ 1.3	$ (0.1)	$ 107.1

(In millions)	As of December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate bonds	$ 49.4	$ 0.2	$ (0.4)	$ 49.2
U.S. Government and agency securities	35.6	0.1	(0.4)	35.3
Asset-backed securities	20.1	0.1	—	20.2
Mortgage-backed securities	1.7	—	—	1.7
Total restricted securities available for sale	$ 106.8	$ 0.4	$ (0.8)	$ 106.4

The fair value and gross unrealized losses for restricted securities available for sale, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are as follows:

(In millions)	Securities Available for Sale with Gross Unrealized Losses as of June 30, 2025					
	Less than 12 Months		12 Months or More			
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
Corporate bonds	$ 2.2	$ —	$ 3.9	$ (0.1)	$ 6.1	$ (0.1)
U.S. Government and agency securities	2.6	—	1.5	—	4.1	—
Asset-backed securities	0.2	—	3.2	—	3.4	—
Total restricted securities available for sale	$ 5.0	$ —	$ 8.6	$ (0.1)	$ 13.6	$ (0.1)

(In millions)	Securities Available for Sale with Gross Unrealized Losses as of December 31, 2024					
	Less than 12 Months		12 Months or More			
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
Corporate bonds	$ 13.1	$ (0.2)	$ 8.4	$ (0.2)	$ 21.5	$ (0.4)
U.S. Government and agency securities	19.8	(0.2)	4.9	(0.2)	24.7	(0.4)
Asset-backed securities	2.4	—	3.6	—	6.0	—
Mortgage-backed securities	1.7	—	—	—	1.7	—
Total restricted securities available for sale	$ 37.0	$ (0.4)	$ 16.9	$ (0.4)	$ 53.9	$ (0.8)

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The cost and estimated fair values of debt securities by contractual maturity were as follows (securities with multiple maturity dates are classified in the period of final maturity). Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(In millions)	As of			
	June 30, 2025		December 31, 2024	
Contractual Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Within one year	$ 8.5	$ 8.5	$ 9.5	$ 9.4
Over one year to five years	90.0	91.1	84.7	84.3
Over five years to ten years	7.4	7.5	12.6	12.7
Over ten years	—	—	—	—
Total restricted securities available for sale	$ 105.9	$ 107.1	$ 106.8	$ 106.4

6. LOANS RECEIVABLE

Loans receivable and allowance for credit losses consist of the following:

(In millions)	As of June 30, 2025		
	Dealer Loans	Purchased Loans	Total
Loans receivable	$ 8,791.0	$ 2,772.0	$ 11,563.0
Allowance for credit losses	(3,005.9)	(555.2)	(3,561.1)
Loans receivable, net	$ 5,785.1	$ 2,216.8	$ 8,001.9

(In millions)	As of December 31, 2024		
	Dealer Loans	Purchased Loans	Total
Loans receivable	$ 8,521.0	$ 2,768.1	$ 11,289.1
Allowance for credit losses	(2,844.5)	(594.3)	(3,438.8)
Loans receivable, net	$ 5,676.5	$ 2,173.8	$ 7,850.3

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A summary of changes in Loans receivable and allowance for credit losses is as follows:

(In millions)	For the Three Months Ended June 30, 2025								
	Loans Receivable			Allowance for Credit Losses			Loans Receivable, Net		
	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 8,734.1	$ 2,742.6	$ 11,476.7	$ (2,934.4)	$ (564.1)	$ (3,498.5)	$ 5,799.7	$ 2,178.5	$ 7,978.2
Finance charges	548.1	224.2	772.3	(188.8)	(42.8)	(231.6)	359.3	181.4	540.7
Provision for credit losses	—	—	—	(102.0)	(70.6)	(172.6)	(102.0)	(70.6)	(172.6)
New Consumer Loan assignments (1)	682.0	316.0	998.0	—	—	—	682.0	316.0	998.0
Collections (2)	(993.4)	(416.0)	(1,409.4)	—	—	—	(993.4)	(416.0)	(1,409.4)
Accelerated Dealer Holdback payments	14.6	—	14.6	—	—	—	14.6	—	14.6
Dealer Holdback payments	48.7	—	48.7	—	—	—	48.7	—	48.7
Transfers (3)	(39.6)	39.6	—	12.1	(12.1)	—	(27.5)	27.5	—
Write-offs	(207.6)	(135.9)	(343.5)	207.6	135.9	343.5	—	—	—
Recoveries (4)	0.4	1.5	1.9	(0.4)	(1.5)	(1.9)	—	—	—
Deferral of Loan origination costs	3.7	—	3.7	—	—	—	3.7	—	3.7
Balance, end of period	$ 8,791.0	$ 2,772.0	$ 11,563.0	$ (3,005.9)	$ (555.2)	$ (3,561.1)	$ 5,785.1	$ 2,216.8	$ 8,001.9

(In millions)	For the Three Months Ended June 30, 2024								
	Loans Receivable			Allowance for Credit Losses			Loans Receivable, Net		
	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 7,553.0	$ 2,930.5	$ 10,483.5	$ (2,471.2)	$ (666.7)	$ (3,137.9)	$ 5,081.8	$ 2,263.8	$ 7,345.6
Finance charges	473.5	229.0	702.5	(157.0)	(47.8)	(204.8)	316.5	181.2	497.7
Provision for credit losses	—	—	—	(212.3)	(108.3)	(320.6)	(212.3)	(108.3)	(320.6)
New Consumer Loan assignments (1)	949.7	278.8	1,228.5	—	—	—	949.7	278.8	1,228.5
Collections (2)	(879.0)	(412.5)	(1,291.5)	—	—	—	(879.0)	(412.5)	(1,291.5)
Accelerated Dealer Holdback payments	18.3	—	18.3	—	—	—	18.3	—	18.3
Dealer Holdback payments	65.6	—	65.6	—	—	—	65.6	—	65.6
Transfers (3)	(34.5)	34.5	—	10.9	(10.9)	—	(23.6)	23.6	—
Write-offs	(171.2)	(157.8)	(329.0)	171.2	157.8	329.0	—	—	—
Recoveries (4)	1.1	1.1	2.2	(1.1)	(1.1)	(2.2)	—	—	—
Deferral of Loan origination costs	4.1	—	4.1	—	—	—	4.1	—	4.1
Balance, end of period	$ 7,980.6	$ 2,903.6	$ 10,884.2	$ (2,659.5)	$ (677.0)	$ (3,336.5)	$ 5,321.1	$ 2,226.6	$ 7,547.7

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(In millions)	For the Six Months Ended June 30, 2025								
	Loans Receivable			Allowance for Credit Losses			Loans Receivable, Net		
	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 8,521.0	$ 2,768.1	$ 11,289.1	$ (2,844.5)	$ (594.3)	$ (3,438.8)	$ 5,676.5	$ 2,173.8	$ 7,850.3
Finance charges	1,079.3	445.4	1,524.7	(370.7)	(86.6)	(457.3)	708.6	358.8	1,067.4
Provision for credit losses	—	—	—	(206.7)	(127.8)	(334.5)	(206.7)	(127.8)	(334.5)
New Consumer Loan assignments (1)	1,517.8	592.9	2,110.7	—	—	—	1,517.8	592.9	2,110.7
Collections (2)	(1,995.1)	(835.4)	(2,830.5)	—	—	—	(1,995.1)	(835.4)	(2,830.5)
Accelerated Dealer Holdback payments	27.8	—	27.8	—	—	—	27.8	—	27.8
Dealer Holdback payments	103.5	—	103.5	—	—	—	103.5	—	103.5
Transfers (3)	(80.0)	80.0	—	25.5	(25.5)	—	(54.5)	54.5	—
Write-offs	(391.2)	(281.7)	(672.9)	391.2	281.7	672.9	—	—	—
Recoveries (4)	0.7	2.7	3.4	(0.7)	(2.7)	(3.4)	—	—	—
Deferral of Loan origination costs	7.2	—	7.2	—	—	—	7.2	—	7.2
Balance, end of period	$ 8,791.0	$ 2,772.0	$ 11,563.0	$ (3,005.9)	$ (555.2)	$ (3,561.1)	$ 5,785.1	$ 2,216.8	$ 8,001.9

(In millions)	For the Six Months Ended June 30, 2024								
	Loans Receivable			Allowance for Credit Losses			Loans Receivable, Net		
	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 7,065.5	$ 2,954.6	$ 10,020.1	$ (2,355.7)	$ (709.1)	$ (3,064.8)	$ 4,709.8	$ 2,245.5	$ 6,955.3
Finance charges	912.0	457.0	1,369.0	(305.2)	(96.9)	(402.1)	606.8	360.1	966.9
Provision for credit losses	—	—	—	(334.0)	(172.6)	(506.6)	(334.0)	(172.6)	(506.6)
New Consumer Loan assignments (1)	1,959.1	586.4	2,545.5	—	—	—	1,959.1	586.4	2,545.5
Collections (2)	(1,743.9)	(841.3)	(2,585.2)	—	—	—	(1,743.9)	(841.3)	(2,585.2)
Accelerated Dealer Holdback payments	33.4	—	33.4	—	—	—	33.4	—	33.4
Dealer Holdback payments	130.5	—	130.5	—	—	—	130.5	—	130.5
Transfers (3)	(71.4)	71.4	—	22.9	(22.9)	—	(48.5)	48.5	—
Write-offs	(314.0)	(326.4)	(640.4)	314.0	326.4	640.4	—	—	—
Recoveries (4)	1.5	1.9	3.4	(1.5)	(1.9)	(3.4)	—	—	—
Deferral of Loan origination costs	7.9	—	7.9	—	—	—	7.9	—	7.9
Balance, end of period	$ 7,980.6	$ 2,903.6	$ 10,884.2	$ (2,659.5)	$ (677.0)	$ (3,336.5)	$ 5,321.1	$ 2,226.6	$ 7,547.7

(1) The Dealer Loans amount represents advances paid to Dealers on Consumer Loans assigned under the Portfolio Program. The Purchased Loans amount represents one-time payments made to Dealers to purchase Consumer Loans assigned under the Purchase Program.
(2) Represents repayments that we collected on Consumer Loans assigned under our programs.
(3) Under the Portfolio Program, certain events may result in Dealers forfeiting their rights to Dealer Holdback. We transfer the Dealer's outstanding Dealer Loan balance and related allowance for credit losses balance to Purchased Loans in the period this forfeiture occurs.
(4) The Dealer Loans amount represents net cash flows received (collections less any related Dealer Holdback payments) on Dealer Loans that were previously written off in full. The Purchased Loans amount represents collections received on Purchased Loans that were previously written off in full.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

We recognize provision for credit losses on new Consumer Loan assignments for contractual net cash flows that were not expected to be realized at the time of assignment. We also recognize provision for credit losses on forecast changes in the amount and timing of expected future net cash flows subsequent to assignment. The following table summarizes the provision for credit losses for each of these components:

(In millions)	For the Three Months Ended June 30, 2025		
Provision for Credit Losses	**Dealer Loans**	**Purchased Loans**	**Total**
New Consumer Loan assignments	$ 36.8	$ 34.5	$ 71.3
Forecast changes	65.2	36.1	101.3
Total	$ 102.0	$ 70.6	$ 172.6

(In millions)	For the Three Months Ended June 30, 2024		
Provision for Credit Losses	**Dealer Loans**	**Purchased Loans**	**Total**
New Consumer Loan assignments	$ 48.6	$ 34.2	$ 82.8
Forecast changes	163.7	74.1	237.8
Total	$ 212.3	$ 108.3	$ 320.6

(In millions)	For the Six Months Ended June 30, 2025		
Provision for Credit Losses	**Dealer Loans**	**Purchased Loans**	**Total**
New Consumer Loan assignments	$ 88.9	$ 68.0	$ 156.9
Forecast changes	117.8	59.8	177.6
Total	$ 206.7	$ 127.8	$ 334.5

(In millions)	For the Six Months Ended June 30, 2024		
Provision for Credit Losses	**Dealer Loans**	**Purchased Loans**	**Total**
New Consumer Loan assignments	$ 106.0	$ 75.6	$ 181.6
Forecast changes	228.0	97.0	325.0
Total	$ 334.0	$ 172.6	$ 506.6

The net Loan income (finance charge revenue less provision for credit losses expense) that we recognize over the life of a Loan equals the cash we collect from the underlying Consumer Loan less the cash we pay to the Dealer. Under CECL, we are required to recognize:

- a significant provision for credit losses expense at the time of the Loan's assignment to us for contractual net cash flows we do not expect to realize; and
- finance charge revenue in subsequent periods that is significantly in excess of our expected yield.

Additional information related to new Consumer Loan assignments is as follows:

(In millions)	For the Three Months Ended June 30, 2025		
New Consumer Loan Assignments	**Dealer Loans**	**Purchased Loans**	**Total**
Contractual net cash flows at the time of assignment (1)	$ 1,087.2	$ 614.1	$ 1,701.3
Expected net cash flows at the time of assignment (2)	984.1	447.9	1,432.0
Loans receivable at the time of assignment (3)	682.0	316.0	998.0
Provision for credit losses expense at the time of assignment	$ (36.8)	$ (34.5)	$ (71.3)
Expected future finance charges at the time of assignment (4)	338.9	166.4	505.3
Expected net Loan income at the time of assignment (5)	$ 302.1	$ 131.9	$ 434.0

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(UNAUDITED)

(In millions)	For the Three Months Ended June 30, 2024		
New Consumer Loan Assignments	**Dealer Loans**	**Purchased Loans**	**Total**
Contractual net cash flows at the time of assignment (1)	$ 1,474.4	$ 565.4	$ 2,039.8
Expected net cash flows at the time of assignment (2)	1,341.6	404.8	1,746.4
Loans receivable at the time of assignment (3)	949.7	278.8	1,228.5
Provision for credit losses expense at the time of assignment	$ (48.6)	$ (34.2)	$ (82.8)
Expected future finance charges at the time of assignment (4)	440.5	160.2	600.7
Expected net Loan income at the time of assignment (5)	$ 391.9	$ 126.0	$ 517.9

(In millions)	For the Six Months Ended June 30, 2025		
New Consumer Loan Assignments	**Dealer Loans**	**Purchased Loans**	**Total**
Contractual net cash flows at the time of assignment (1)	$ 2,426.9	$ 1,177.7	$ 3,604.6
Expected net cash flows at the time of assignment (2)	2,190.8	849.2	3,040.0
Loans receivable at the time of assignment (3)	1,517.8	592.9	2,110.7
Provision for credit losses expense at the time of assignment	$ (88.9)	$ (68.0)	$ (156.9)
Expected future finance charges at the time of assignment (4)	761.9	324.3	1,086.2
Expected net Loan income at the time of assignment (5)	$ 673.0	$ 256.3	$ 929.3

(In millions)	For the Six Months Ended June 30, 2024		
New Consumer Loan Assignments	**Dealer Loans**	**Purchased Loans**	**Total**
Contractual net cash flows at the time of assignment (1)	$ 3,060.6	$ 1,201.9	$ 4,262.5
Expected net cash flows at the time of assignment (2)	2,779.4	853.0	3,632.4
Loans receivable at the time of assignment (3)	1,959.1	586.4	2,545.5
Provision for credit losses expense at the time of assignment	$ (106.0)	$ (75.6)	$ (181.6)
Expected future finance charges at the time of assignment (4)	926.3	342.2	1,268.5
Expected net Loan income at the time of assignment (5)	$ 820.3	$ 266.6	$ 1,086.9

(1) The Dealer Loans amount represents repayments that we were contractually owed at the time of assignment on Consumer Loans assigned under the Portfolio Program, less the related Dealer Holdback payments that we would be required to make if we collected all of the contractual repayments. The Purchased Loans amount represents repayments that we were contractually owed at the time of assignment on Consumer Loans assigned under the Purchase Program.
(2) The Dealer Loans amount represents repayments that we expected to collect at the time of assignment on Consumer Loans assigned under the Portfolio Program, less the related Dealer Holdback payments that we expected to make. The Purchased Loans amount represents repayments that we expected to collect at the time of assignment on Consumer Loans assigned under the Purchase Program. The Loan amounts also represent the fair value at the time of assignment.
(3) The Dealer Loans amount represents advances paid to Dealers on Consumer Loans assigned under the Portfolio Program. The Purchased Loans amount represents one-time payments made to Dealers to purchase Consumer Loans assigned under the Purchase Program.
(4) Represents revenue that is expected to be recognized on a level-yield basis over the lives of the Loans.
(5) Represents the amount that expected net cash flows at the time of assignment exceed Loans receivable at the time of assignment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

A summary of changes in expected future net cash flows is as follows:

(In millions)	For the Three Months Ended June 30, 2025		
Expected Future Net Cash Flows	**Dealer Loans**	**Purchased Loans**	**Total**
Balance, beginning of period	$ 8,383.2	$ 3,412.8	$ 11,796.0
New Consumer Loan assignments (1)	984.1	447.9	1,432.0
Realized net cash flows (2)	(930.1)	(416.0)	(1,346.1)
Forecast changes	(39.6)	(16.2)	(55.8)
Transfers (3)	(42.1)	43.7	1.6
Balance, end of period	$ 8,355.5	$ 3,472.2	$ 11,827.7

(In millions)	For the Three Months Ended June 30, 2024		
Expected Future Net Cash Flows	**Dealer Loans**	**Purchased Loans**	**Total**
Balance, beginning of period	$ 7,295.9	$ 3,527.1	$ 10,823.0
New Consumer Loan assignments (1)	1,341.6	404.8	1,746.4
Realized net cash flows (2)	(795.1)	(412.5)	(1,207.6)
Forecast changes	(102.4)	(86.9)	(189.3)
Transfers (3)	(35.4)	37.3	1.9
Balance, end of period	$ 7,704.6	$ 3,469.8	$ 11,174.4

(In millions)	For the Six Months Ended June 30, 2025		
Expected Future Net Cash Flows	**Dealer Loans**	**Purchased Loans**	**Total**
Balance, beginning of period	$ 8,176.3	$ 3,383.9	$ 11,560.2
New Consumer Loan assignments (1)	2,190.8	849.2	3,040.0
Realized net cash flows (2)	(1,863.8)	(835.4)	(2,699.2)
Forecast changes	(64.2)	(12.5)	(76.7)
Transfers (3)	(83.6)	87.0	3.4
Balance, end of period	$ 8,355.5	$ 3,472.2	$ 11,827.7

(In millions)	For the Six Months Ended June 30, 2024		
Expected Future Net Cash Flows	**Dealer Loans**	**Purchased Loans**	**Total**
Balance, beginning of period	$ 6,707.2	$ 3,472.0	$ 10,179.2
New Consumer Loan assignments (1)	2,779.4	853.0	3,632.4
Realized net cash flows (2)	(1,580.0)	(841.3)	(2,421.3)
Forecast changes	(129.4)	(90.7)	(220.1)
Transfers (3)	(72.6)	76.8	4.2
Balance, end of period	$ 7,704.6	$ 3,469.8	$ 11,174.4

(1) The Dealer Loans amount represents repayments that we expected to collect at the time of assignment on Consumer Loans assigned under the Portfolio Program, less the related Dealer Holdback payments that we expected to make. The Purchased Loans amount represents repayments that we expected to collect at the time of assignment on Consumer Loans assigned under the Purchase Program.
(2) The Dealer Loans amount represents repayments that we collected on Consumer Loans assigned under the Portfolio Program, less the Dealer Holdback and Accelerated Dealer Holdback payments that we made. Purchased Loans amount represents repayments that we collected on Consumer Loans assigned under the Purchase Program.
(3) Under the Portfolio Program, certain events may result in Dealers forfeiting their rights to Dealer Holdback. We transfer the Dealer's outstanding Dealer Loan balance, related allowance for credit losses balance, and related expected future net cash flows to Purchased Loans in the period this forfeiture occurs.

Credit Quality

We monitor and evaluate the credit quality of Consumer Loans assigned under our Portfolio and Purchase Programs on a monthly basis by comparing our current forecasted collection rates to our prior forecasted collection rates and our initial expectations. For additional information regarding credit quality, see Note 3.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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The following table compares our aggregated forecast of Consumer Loan collection rates as of June 30, 2025 with the aggregated forecasts as of March 31, 2025, December 31, 2024, and at the time of assignment, segmented by year of assignment:

Total Loans

Consumer Loan Assignment Year	Forecasted Collection Percentage as of (1)				Current Forecast Variance from		
	June 30, 2025	March 31, 2025	December 31, 2024	Initial Forecast	March 31, 2025	December 31, 2024	Initial Forecast
2016	63.9 %	63.9 %	63.9 %	65.4 %	0.0 %	0.0 %	-1.5 %
2017	64.8 %	64.8 %	64.7 %	64.0 %	0.0 %	0.1 %	0.8 %
2018	65.6 %	65.5 %	65.5 %	63.6 %	0.1 %	0.1 %	2.0 %
2019	67.3 %	67.2 %	67.2 %	64.0 %	0.1 %	0.1 %	3.3 %
2020	68.0 %	67.9 %	67.7 %	63.4 %	0.1 %	0.3 %	4.6 %
2021	63.8 %	63.9 %	63.8 %	66.3 %	-0.1 %	0.0 %	-2.5 %
2022	59.7 %	60.0 %	60.2 %	67.5 %	-0.3 %	-0.5 %	-7.8 %
2023	64.1 %	64.3 %	64.3 %	67.5 %	-0.2 %	-0.2 %	-3.4 %
2024	65.7 %	66.3 %	66.5 %	67.2 %	-0.6 %	-0.8 %	-1.5 %
2025	66.9 %	66.0 %	—	66.9 %	0.9 %	—	0.0 %

Dealer Loans

Consumer Loan Assignment Year	Forecasted Collection Percentage as of (1) (2)				Current Forecast Variance from		
	June 30, 2025	March 31, 2025	December 31, 2024	Initial Forecast	March 31, 2025	December 31, 2024	Initial Forecast
2016	63.1 %	63.1 %	63.1 %	65.1 %	0.0 %	0.0 %	-2.0 %
2017	64.1 %	64.1 %	64.1 %	63.8 %	0.0 %	0.0 %	0.3 %
2018	65.0 %	64.9 %	64.9 %	63.6 %	0.1 %	0.1 %	1.4 %
2019	66.9 %	66.9 %	66.8 %	63.9 %	0.0 %	0.1 %	3.0 %
2020	67.8 %	67.7 %	67.5 %	63.3 %	0.1 %	0.3 %	4.5 %
2021	63.6 %	63.6 %	63.5 %	66.3 %	0.0 %	0.1 %	-2.7 %
2022	58.9 %	59.2 %	59.5 %	67.3 %	-0.3 %	-0.6 %	-8.4 %
2023	62.9 %	63.0 %	63.1 %	66.8 %	-0.1 %	-0.2 %	-3.9 %
2024	64.5 %	65.2 %	65.4 %	66.3 %	-0.7 %	-0.9 %	-1.8 %
2025	65.4 %	64.7 %	—	65.4 %	0.7 %	—	0.0 %

Purchased Loans

Consumer Loan Assignment Year	Forecasted Collection Percentage as of (1) (2)				Current Forecast Variance from		
	June 30, 2025	March 31, 2025	December 31, 2024	Initial Forecast	March 31, 2025	December 31, 2024	Initial Forecast
2016	66.1 %	66.1 %	66.1 %	66.5 %	0.0 %	0.0 %	-0.4 %
2017	66.4 %	66.4 %	66.3 %	64.6 %	0.0 %	0.1 %	1.8 %
2018	66.8 %	66.8 %	66.8 %	63.5 %	0.0 %	0.0 %	3.3 %
2019	67.9 %	67.9 %	67.9 %	64.2 %	0.0 %	0.0 %	3.7 %
2020	68.3 %	68.1 %	67.9 %	63.6 %	0.2 %	0.4 %	4.7 %
2021	64.3 %	64.4 %	64.3 %	66.3 %	-0.1 %	0.0 %	-2.0 %
2022	61.7 %	61.9 %	62.1 %	68.0 %	-0.2 %	-0.4 %	-6.3 %
2023	67.6 %	67.7 %	67.7 %	69.4 %	-0.1 %	-0.1 %	-1.8 %
2024	70.0 %	70.6 %	70.7 %	70.7 %	-0.6 %	-0.7 %	-0.7 %
2025	71.5 %	70.5 %	—	71.5 %	1.0 %	—	0.0 %

(1) Represents the total forecasted collections we expect to collect on the Consumer Loans as a percentage of the repayments that we were contractually owed on the Consumer Loans at the time of assignment. Contractual repayments include both principal and interest. Forecasted collection rates are negatively impacted by canceled Consumer Loans as the contractual amount owed is not removed from the denominator for purposes of computing forecasted collection rates in the table.
(2) The forecasted collection rates presented for Dealer Loans and Purchased Loans reflect the Consumer Loan classification at the time of assignment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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We evaluate and adjust the expected collection rate for each Consumer Loan subsequent to assignment primarily through the monitoring of consumer payment behavior. The following table summarizes the past-due status of Consumer Loan assignments as of June 30, 2025 and December 31, 2024, segmented by year of assignment:

(In millions)

	Total Loans as of June 30, 2025 (1) (2)				
	Pre-term Consumer Loans (3)				
Consumer Loan Assignment Year	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2020 and prior	$ 61.8	$ 37.2	$ 147.6	$ 259.9	$ 506.5
2021	167.0	74.1	199.4	11.6	452.1
2022	566.9	182.3	313.2	3.0	1,065.4
2023	1,557.3	425.1	419.5	0.1	2,402.0
2024	3,250.7	790.8	352.2	—	4,393.7
2025	2,472.9	261.2	9.2	—	2,743.3
	$ 8,076.6	$ 1,770.7	$ 1,441.1	$ 274.6	$ 11,563.0

(In millions)

	Dealer Loans as of June 30, 2025 (1)				
	Pre-term Consumer Loans (3)				
Consumer Loan Assignment Year	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2020 and prior	$ 35.6	$ 20.9	$ 83.8	$ 147.1	$ 287.4
2021	111.9	48.6	132.3	9.1	301.9
2022	405.6	128.5	220.9	2.4	757.4
2023	1,128.3	314.9	309.5	0.1	1,752.8
2024	2,600.4	658.1	294.4	—	3,552.9
2025	1,912.8	217.9	7.9	—	2,138.6
	$ 6,194.6	$ 1,388.9	$ 1,048.8	$ 158.7	$ 8,791.0

(In millions)

	Purchased Loans as of June 30, 2025 (2)				
	Pre-term Consumer Loans (3)				
Consumer Loan Assignment Year	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2020 and prior	$ 26.2	$ 16.3	$ 63.8	$ 112.8	$ 219.1
2021	55.1	25.5	67.1	2.5	150.2
2022	161.3	53.8	92.3	0.6	308.0
2023	429.0	110.2	110.0	—	649.2
2024	650.3	132.7	57.8	—	840.8
2025	560.1	43.3	1.3	—	604.7
	$ 1,882.0	$ 381.8	$ 392.3	$ 115.9	$ 2,772.0

(In millions)

	Total Loans as of December 31, 2024 (1) (2)				
	Pre-term Consumer Loans (3)				
Consumer Loan Assignment Year	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2019 and prior	$ 25.5	$ 18.8	$ 87.3	$ 239.7	$ 371.3
2020	113.3	64.2	179.1	25.7	382.3
2021	267.8	125.2	259.0	3.8	655.8
2022	795.2	269.8	371.7	1.0	1,437.7
2023	2,033.7	576.5	420.6	—	3,030.8
2024	4,412.3	819.1	179.8	—	5,411.2
	$ 7,647.8	$ 1,873.6	$ 1,497.5	$ 270.2	$ 11,289.1

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(In millions)

	Dealer Loans as of December 31, 2024 (1)				
	Pre-term Consumer Loans (3)				
Consumer Loan Assignment Year	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2019 and prior	$ 11.3	$ 8.2	$ 39.7	$ 132.4	$ 191.6
2020	67.9	37.7	106.4	18.5	230.5
2021	180.2	82.6	171.0	3.0	436.8
2022	569.7	191.5	262.1	0.8	1,024.1
2023	1,487.0	429.4	312.8	—	2,229.2
2024	3,571.3	686.8	150.7	—	4,408.8
	$ 5,887.4	$ 1,436.2	$ 1,042.7	$ 154.7	$ 8,521.0

(In millions)

	Purchased Loans as of December 31, 2024 (2)				
	Pre-term Consumer Loans (3)				
Consumer Loan Assignment Year	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2019 and prior	$ 14.2	$ 10.6	$ 47.6	$ 107.3	$ 179.7
2020	45.4	26.5	72.7	7.2	151.8
2021	87.6	42.6	88.0	0.8	219.0
2022	225.5	78.3	109.6	0.2	413.6
2023	546.7	147.1	107.8	—	801.6
2024	841.0	132.3	29.1	—	1,002.4
	$ 1,760.4	$ 437.4	$ 454.8	$ 115.5	$ 2,768.1

(1) As Consumer Loans are aggregated by Dealer for purposes of recognizing revenue and measuring credit losses, the Dealer Loan amount was estimated by allocating the balance of each Dealer Loan to the underlying Consumer Loans based on the forecasted future collections of each Consumer Loan.
(2) As certain Consumer Loans are aggregated by Dealer or month of purchase for purposes of recognizing revenue and measuring credit losses, the Purchased Loan amount was estimated by allocating the balance of certain Purchased Loans to the underlying Consumer Loans based on the forecasted future collections of each Consumer Loan.
(3) Represents the Loan balance attributable to Consumer Loans outstanding within their initial loan terms.
(4) Represents the Loan balance attributable to Consumer Loans outstanding beyond their initial loan terms.
(5) We consider a Consumer Loan to be current for purposes of forecasting expected collection rates if contractual repayments are less than 11 days past due.

The following table summarizes the write-offs for Consumer Loan assignments for the three and six months ended June 30, 2025 and 2024, segmented by year of assignment:

(In millions)

	For the Three Months Ended June 30, 2025		
Write-offs by Consumer Loan Assignment Year	Dealer Loans	Purchased Loans	Total
2020 and prior	$ 73.8	$ 25.5	$ 99.3
2021	38.2	14.6	52.8
2022	58.5	23.9	82.4
2023	20.7	33.1	53.8
2024	12.3	29.5	41.8
2025	4.1	9.3	13.4
	$ 207.6	$ 135.9	$ 343.5

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(UNAUDITED)

(In millions)	For the Three Months Ended June 30, 2024		
Write-offs by Consumer Loan Assignment Year	**Dealer Loans**	**Purchased Loans**	**Total**
2019 and prior	$ 46.4	$ 35.8	$ 82.2
2020	28.8	19.2	48.0
2021	35.0	22.9	57.9
2022	45.9	36.1	82.0
2023	13.2	37.6	50.8
2024	1.9	6.2	8.1
	$ 171.2	$ 157.8	$ 329.0

(In millions)	For the Six Months Ended June 30, 2025		
Write-offs by Consumer Loan Assignment Year	**Dealer Loans**	**Purchased Loans**	**Total**
2020 and prior	$ 143.1	$ 56.9	$ 200.0
2021	72.4	31.7	104.1
2022	110.8	53.3	164.1
2023	35.4	70.6	106.0
2024	24.9	58.4	83.3
2025	4.6	10.8	15.4
	$ 391.2	$ 281.7	$ 672.9

(In millions)	For the Six Months Ended June 30, 2024		
Write-offs by Consumer Loan Assignment Year	**Dealer Loans**	**Purchased Loans**	**Total**
2019 and prior	$ 91.6	$ 77.3	$ 168.9
2020	54.1	41	95.1
2021	63.9	50.8	114.7
2022	79.1	76.2	155.3
2023	22.2	73.5	95.7
2024	3.1	7.6	10.7
	$ 314.0	$ 326.4	$ 640.4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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During the second quarter of 2025, we applied an adjustment to our methodology for forecasting the amount of future net cash flows from our Loan portfolio, which reduced the forecasted collection rates for Consumer Loans assigned in 2024. Consumer Loans assigned in 2024 prior to the implementation of our scorecard adjustment during the third quarter of 2024 had underperformed relative to the forecast adjustment we implemented during the second quarter of 2024. Accordingly, in the second quarter of 2025, we applied an adjustment to that segment of the Consumer Loans assigned in 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change as a provision for credit losses. The implementation of this forecast adjustment during the second quarter of 2025 reduced forecasted net cash flows by $18.6 million, or 0.2%, and increased provision for credit losses by $16.5 million.

During the second quarter of 2024, we applied an adjustment to our methodology for forecasting the amount of future net cash flows from our Loan portfolio, which reduced the forecasted collection rates for Consumer Loans assigned in 2022 through 2024. Consumer Loans assigned in 2022 had continued to underperform our expectations for several quarters. Consumer Loans assigned in 2023 had also begun exhibiting similar trends of underperformance, although not as severe as Consumer Loans assigned in 2022. During the second quarter of 2024, we determined that we had sufficient Consumer Loan performance experience to estimate the magnitude by which we expected Consumer Loans assigned in 2022 through 2024 would likely underperform our historical collection rates on Consumer Loans with similar characteristics. Accordingly, we applied an adjustment to Consumer Loans assigned in 2022 through 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change as a provision for credit losses. The implementation of this forecast adjustment during the second quarter of 2024 reduced forecasted net cash flows by $147.2 million, or 1.4%, and increased provision for credit losses by $127.5 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

7. REINSURANCE

A summary of reinsurance activity is as follows:

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Net assumed written premiums	$ 23.7	$ 27.3	$ 49.3	$ 58.5
Net premiums earned	24.1	24.3	47.6	46.2
Provision for claims	19.8	20.3	35.9	37.3
Amortization of capitalized acquisition costs	0.7	0.6	1.3	1.2

The trust assets and related reinsurance liabilities are as follows:

(In millions)		As of	
	Balance Sheet Location	June 30, 2025	December 31, 2024
Trust assets	Restricted cash and cash equivalents	$ 0.8	$ 0.3
Trust assets	Restricted securities available for sale	107.1	106.4
Unearned premium	Accounts payable and accrued liabilities	77.6	75.9
Claims reserve (1)	Accounts payable and accrued liabilities	6.3	6.0

(1) The claims reserve represents our liability for incurred-but-not-reported claims and is estimated based on historical claims experience.

8. OTHER INCOME

Other income consists of the following:

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Ancillary product profit sharing	$ 7.5	$ 6.4	$ 16.2	$ 13.7
Interest	7.8	6.4	16.2	12.2
Remarketing fees	3.3	2.9	6.7	6.2
Other	0.4	0.5	0.8	1.0
Total	$ 19.0	$ 16.2	$ 39.9	$ 33.1

Ancillary product profit sharing consists of payments received from TPPs based upon the performance of vehicle service contracts and GAP contracts, and is recognized as income over the life of the vehicle service contracts and GAP contracts.

Interest consists of income earned on cash and cash equivalents, restricted cash and cash equivalents, and restricted securities available for sale. Interest income is generally recognized over time as it is earned. Interest income on restricted securities available for sale is recognized over the life of the underlying financial instruments using the interest method.

Remarketing fees consist of fees charged to Dealers that are retained from the sale of repossessed vehicles by Vehicle Remarketing Services, Inc. (“VRS”), our wholly owned subsidiary that is responsible for remarketing vehicles for Credit Acceptance. VRS coordinates vehicle repossessions with a nationwide network of repossession contractors, the redemption of the vehicles by the consumers, and the sale of the vehicles through a nationwide network of vehicle auctions. VRS recognizes income from the retained fees at the time of the sale and does not retain a fee if a repossessed vehicle is redeemed by the consumer prior to the sale.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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The following table disaggregates our other income by major source of income and timing of the revenue recognition:

(In millions)	For the Three Months Ended June 30, 2025				
	Ancillary Product Profit Sharing	Interest	Remarketing Fees	Other	Total Other Income
Source of Income					
Third-Party Providers	$ 7.5	$ 7.8	$ —	$ —	$ 15.3
Dealers	—	—	3.3	0.4	3.7
Total	$ 7.5	$ 7.8	$ 3.3	$ 0.4	$ 19.0
Timing of Revenue Recognition					
Over time	$ 7.5	$ 7.8	$ —	$ 0.1	$ 15.4
At a point in time	—	—	3.3	0.3	3.6
Total	$ 7.5	$ 7.8	$ 3.3	$ 0.4	$ 19.0

(In millions)	For the Six Months Ended June 30, 2025				
	Ancillary Product Profit Sharing	Interest	Remarketing Fees	Other	Total Other Income
Source of Income					
Third-Party Providers	$ 16.2	$ 16.2	$ —	$ 0.1	$ 32.5
Dealers	—	—	6.7	0.7	7.4
Total	$ 16.2	$ 16.2	$ 6.7	$ 0.8	$ 39.9
Timing of Revenue Recognition					
Over time	$ 16.2	$ 16.2	$ —	$ 0.2	$ 32.6
At a point in time	—	—	6.7	0.6	7.3
Total	$ 16.2	$ 16.2	$ 6.7	$ 0.8	$ 39.9

9. DEBT

Debt consists of the following:

(In millions)	As of June 30, 2025			
	Principal Outstanding	Unamortized Debt Issuance Costs	Unamortized Discount	Carrying Amount
Revolving secured lines of credit (1)	$ 1.5	$ —	$ —	$ 1.5
Secured financing (2)	5,407.0	(23.0)	(0.7)	5,383.3
Senior notes	1,100.0	(13.6)	—	1,086.4
Total debt	$ 6,508.5	$ (36.6)	$ (0.7)	$ 6,471.2

(In millions)	As of December 31, 2024			
	Principal Outstanding	Unamortized Debt Issuance Costs	Unamortized Discount	Carrying Amount
Revolving secured lines of credit (1)	$ 0.1	$ —	$ —	$ 0.1
Secured financing (2)	5,391.8	(29.0)	(1.3)	5,361.5
Senior notes	1,000.0	(8.7)	—	991.3
Total debt	$ 6,391.9	$ (37.7)	$ (1.3)	$ 6,352.9

(1) Excludes deferred debt issuance costs of $5.4 million and $4.4 million as of June 30, 2025 and December 31, 2024, respectively, which are included in other assets.
(2) Warehouse facilities and Term ABS financings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

General information for each of our financing transactions in place as of June 30, 2025 is as follows:
(Dollars in millions)

Financings	Wholly Owned Subsidiary	Maturity Date		Financing Amount	Interest Rate Basis as of June 30, 2025
Revolving Secured Line of Credit Facility	n/a	06/22/2028		$ 390.0	At our option, either the Secured Overnight Financing Rate (SOFR) plus 197.5 basis points or the prime rate plus 87.5 basis points
RTP Facility	n/a	—	(1)	20.0	SOFR plus 197.5 basis points
Warehouse Facility II (2)	CAC Warehouse Funding LLC II	09/20/2027	(3)	500.0	SOFR plus 185.0 basis points
Warehouse Facility IV (2)	CAC Warehouse Funding LLC IV	12/29/2026	(3)	300.0	SOFR plus 221.4 basis points
Warehouse Facility V (2)	CAC Warehouse Funding LLC V	12/29/2027	(4)	250.0	SOFR plus 185.0 basis points
Warehouse Facility VI (2)	CAC Warehouse Funding LLC VI	09/30/2026	(3)	75.0	SOFR plus 210.0 basis points
Warehouse Facility VIII (2)	CAC Warehouse Funding LLC VIII	09/21/2026	(3)	200.0	SOFR plus 225.0 basis points
Term ABS 2019-2 (2)	Credit Acceptance Funding LLC 2019-2	09/15/2026	(5)	500.0	Fixed rate
Term ABS 2021-1 (2)	Credit Acceptance Funding LLC 2021-1	02/17/2026	(5)	100.0	SOFR plus 220.0 basis points
Term ABS 2022-1 (2)	Credit Acceptance Funding LLC 2022-1	06/17/2024	(3)	350.0	Fixed rate
Term ABS 2022-2 (2)	Credit Acceptance Funding LLC 2022-2	06/15/2027	(5)	300.0	SOFR plus 246.4 basis points
Term ABS 2022-3 (2)	Credit Acceptance Funding LLC 2022-3	10/15/2024	(3)	389.9	Fixed rate
Term ABS 2023-1 (2)	Credit Acceptance Funding LLC 2023-1	03/17/2025	(3)	400.0	Fixed rate
Term ABS 2023-2 (2)	Credit Acceptance Funding LLC 2023-2	05/15/2025	(3)	400.0	Fixed rate
Term ABS 2023-3 (2)	Credit Acceptance Funding LLC 2023-3	08/15/2025	(3)	400.0	Fixed rate
Term ABS 2023-A (2)	Credit Acceptance Funding LLC 2023-A	12/15/2025	(5)	200.0	Fixed rate
Term ABS 2023-5 (2)	Credit Acceptance Funding LLC 2023-5	12/15/2025	(3)	294.0	Fixed rate
Term ABS 2024-A (2)	Credit Acceptance Funding LLC 2024-A	02/15/2027	(5)	200.0	Fixed rate
Term ABS 2024-1 (2)	Credit Acceptance Funding LLC 2024-1	03/16/2026	(3)	500.0	Fixed rate
Term ABS 2024-2 (2)	Credit Acceptance Funding LLC 2024-2	06/15/2026	(3)	550.0	Fixed rate
Term ABS 2024-3 (2)	Credit Acceptance Funding LLC 2024-3	09/15/2026	(3)	600.0	Fixed rate
Term ABS 2024-B (2)	Credit Acceptance Funding LLC 2024-B	12/15/2027	(5)	300.0	Fixed rate
Term ABS 2025-1 (2)	Credit Acceptance Funding LLC 2025-1	03/15/2027	(3)	400.0	Fixed rate
2028 Senior Notes	n/a	12/15/2028		600.0	Fixed rate
2030 Senior Notes	n/a	03/15/2030		500.0	Fixed rate

(1) Borrowings are subject to repayment on demand.
(2) Financing made available only to a specified subsidiary of the Company.
(3) Represents the revolving maturity date. The outstanding balance will amortize after the revolving maturity date based on the cash flows of the pledged assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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(4) Represents the revolving maturity date. The outstanding balance will amortize after the revolving maturity date and any amounts remaining on December 27, 2029 will be due on that date.
(5) Represents the revolving maturity date. The Company has the option to redeem and retire the indebtedness after the revolving maturity date. If we do not elect this option, the outstanding balance will amortize based on the cash flows of the pledged assets.

Additional information related to the amounts outstanding on each facility is as follows:

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Revolving Secured Lines of Credit				
Maximum outstanding principal balance	$ 24.8	$ 342.0	$ 24.8	$ 342.0
Average outstanding principal balance	2.0	212.0	1.4	189.4
Warehouse Facility II				
Maximum outstanding principal balance	—	251.0	251.0	251.0
Average outstanding principal balance	—	142.0	2.8	135.1
Warehouse Facility IV				
Maximum outstanding principal balance	—	—	—	—
Average outstanding principal balance	—	—	—	—
Warehouse Facility V				
Maximum outstanding principal balance	—	100.0	—	100.0
Average outstanding principal balance	—	23.1	—	11.5
Warehouse Facility VI				
Maximum outstanding principal balance	—	60.0	—	60.0
Average outstanding principal balance	—	55.4	—	42.5
Warehouse Facility VIII				
Maximum outstanding principal balance	—	100.0	—	100.0
Average outstanding principal balance	—	47.3	—	39.0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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(Dollars in millions)	As of	
	June 30, 2025	December 31, 2024
Revolving Secured Lines of Credit		
Principal balance outstanding	$ 1.5	$ 0.1
Amount available for borrowing (1)	408.5	409.9
Interest rate	6.26 %	6.37 %
Warehouse Facility II		
Principal balance outstanding	$ —	$ —
Amount available for borrowing (1)	500.0	500.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	—	2.5
Interest rate	— %	— %
Warehouse Facility IV		
Principal balance outstanding	$ —	$ —
Amount available for borrowing (1)	300.0	300.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	—	—
Interest rate	— %	— %
Warehouse Facility V		
Principal balance outstanding	$ —	$ —
Amount available for borrowing (1)	250.0	250.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	1.0	1.0
Interest rate	— %	— %
Warehouse Facility VI		
Principal balance outstanding	$ —	$ —
Amount available for borrowing (1)	75.0	75.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	—	—
Interest rate	— %	— %
Warehouse Facility VIII		
Principal balance outstanding	$ —	$ —
Amount available for borrowing (1)	200.0	200.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	—	—
Interest rate	— %	— %
Term ABS 2019-2		
Principal balance outstanding	$ 500.0	$ 500.0
Loans pledged as collateral	525.0	529.0
Restricted cash and cash equivalents pledged as collateral	43.1	41.7
Interest rate	5.43 %	5.43 %
Term ABS 2021-1		
Principal balance outstanding	$ 100.0	$ 100.0
Loans pledged as collateral	108.4	112.0
Restricted cash and cash equivalents pledged as collateral	9.2	8.7
Interest rate	6.51 %	6.60 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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(Dollars in millions)	As of	
	June 30, 2025	December 31, 2024
Term ABS 2021-4		
Principal balance outstanding	$ —	$ 63.6
Loans pledged as collateral	—	167.0
Restricted cash and cash equivalents pledged as collateral	—	16.4
Interest rate	— %	1.89 %
Term ABS 2022-1		
Principal balance outstanding	$ 131.6	$ 236.6
Loans pledged as collateral	244.5	310.0
Restricted cash and cash equivalents pledged as collateral	22.9	24.9
Interest rate	5.67 %	5.24 %
Term ABS 2022-2		
Principal balance outstanding	$ 300.0	$ 300.0
Loans pledged as collateral	353.1	406.0
Restricted cash and cash equivalents pledged as collateral	25.2	25.2
Interest rate	6.75 %	7.29 %
Term ABS 2022-3		
Principal balance outstanding	$ 227.0	$ 347.6
Loans pledged as collateral	311.0	395.2
Restricted cash and cash equivalents pledged as collateral	26.8	29.1
Interest rate	8.43 %	7.82 %
Term ABS 2023-1		
Principal balance outstanding	$ 329.6	$ 400.0
Loans pledged as collateral	376.9	453.0
Restricted cash and cash equivalents pledged as collateral	31.5	33.1
Interest rate	7.01 %	6.92 %
Term ABS 2023-2		
Principal balance outstanding	$ 374.8	$ 400.0
Loans pledged as collateral	430.8	533.3
Restricted cash and cash equivalents pledged as collateral	33.9	36.8
Interest rate	6.42 %	6.39 %
Term ABS 2023-3		
Principal balance outstanding	$ 400.0	$ 400.0
Loans pledged as collateral	429.7	524.9
Restricted cash and cash equivalents pledged as collateral	34.5	36.5
Interest rate	6.86 %	6.86 %
Term ABS 2023-A		
Principal balance outstanding	$ 200.0	$ 200.0
Loans pledged as collateral	216.3	252.0
Restricted cash and cash equivalents pledged as collateral	17.1	17.7
Interest rate	7.51 %	7.51 %
Term ABS 2023-5		
Principal balance outstanding	$ 294.0	$ 294.0
Loans pledged as collateral	330.3	398.7
Restricted cash and cash equivalents pledged as collateral	31.2	32.9
Interest rate	6.54 %	6.54 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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(Dollars in millions)	As of	
	June 30, 2025	December 31, 2024
Term ABS 2024-A		
Principal balance outstanding	$ 200.0	$ 200.0
Loans pledged as collateral	211.3	248.4
Restricted cash and cash equivalents pledged as collateral	17.5	18.1
Interest rate	7.45 %	7.45 %
Term ABS 2024-1		
Principal balance outstanding	$ 500.0	$ 500.0
Loans pledged as collateral	589.0	553.3
Restricted cash and cash equivalents pledged as collateral	47.4	45.0
Interest rate	6.01 %	6.01 %
Term ABS 2024-2		
Principal balance outstanding	$ 550.0	$ 550.0
Loans pledged as collateral	605.6	646.8
Restricted cash and cash equivalents pledged as collateral	43.7	42.0
Interest rate	6.21 %	6.21 %
Term ABS 2024-3		
Principal balance outstanding	$ 600.0	$ 600.0
Loans pledged as collateral	668.3	700.9
Restricted cash and cash equivalents pledged as collateral	49.9	51.5
Interest rate	4.91 %	4.91 %
Term ABS 2024-B		
Principal balance outstanding	$ 300.0	$ 300.0
Loans pledged as collateral	353.0	425.8
Restricted cash and cash equivalents pledged as collateral	23.3	37.9
Interest rate	6.13 %	6.13 %
Term ABS 2025-1		
Principal balance outstanding	$ 400.0	$ —
Loans pledged as collateral	476.8	—
Restricted cash and cash equivalents pledged as collateral	34.8	—
Interest rate	5.26 %	— %
2026 Senior Notes		
Principal balance outstanding	$ —	$ 400.0
Interest rate	— %	6.625 %
2028 Senior Notes		
Principal balance outstanding	$ 600.0	$ 600.0
Interest rate	9.250 %	9.250 %
2030 Senior Notes		
Principal balance outstanding	$ 500.0	$ —
Interest rate	6.625 %	— %

(1) Availability may be limited by the amount of assets pledged as collateral.

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Revolving Secured Lines of Credit

We have two revolving secured lines of credit: (1) a $390.0 million revolving secured line of credit facility, to which we refer as our revolving secured line of credit facility, with a commercial bank syndicate and (2) an uncommitted $20.0 million revolving secured line of credit facility, to which we refer as the RTP facility, with a lender for use solely in facilitating payments by the Company through the lender's real-time payments service.

Borrowings under our revolving secured line of credit facility, including any letters of credit issued under the facility, are subject to a borrowing-base limitation. This limitation equals 80% of the Dealer Loans Receivable constituting revolving credit facility collateral and 80% of Purchased Contract Balances constituting revolving credit facility collateral (each as defined in the agreement governing our revolving secured line of credit facility), less a hedging reserve (not exceeding $1.0 million), and less the amount of other outstanding debt secured by the collateral that secures our revolving secured line of credit facility. Borrowings under our revolving secured line of credit facility are secured by a lien on most of our assets that do not secure obligations under our Warehouse facilities or Term ABS financings.

Borrowings under the RTP facility are secured by a lien on the same collateral that secures obligations under our revolving secured line of credit facility. The RTP facility terminates automatically if the lender ceases to be part of the commercial bank syndicate under our revolving secured line of credit facility or if its lending commitments under our revolving secured line of credit facility are terminated.

Warehouse Facilities

We have five Warehouse facilities with total borrowing capacity of $1,325.0 million. Each of the facilities is with a different lender or group of lenders. Under each Warehouse facility, we can convey Loans to the applicable wholly owned subsidiary in return for cash and/or an increase in the value of our equity in such subsidiary. In turn, each such subsidiary pledges the Loans as collateral to secure financing that will fund the cash portion of the purchase price of the Loans. The financing provided to each such subsidiary under the applicable facility is generally limited to the lesser of 80% of the outstanding balance of the conveyed Loans, as determined in accordance with the applicable agreement, plus certain restricted cash and cash equivalents pledged as collateral, or the facility limit.

The financings create indebtedness for which the subsidiaries are liable and which is secured by all the assets of each subsidiary. Such indebtedness is non-recourse to us (other than customary, limited recourse to us in the form of repurchase obligations or indemnification obligations for any violations by us of our representations or obligations as seller, servicer, or custodian), even though we are consolidated for financial reporting purposes with the subsidiaries. Because the subsidiaries are organized as bankruptcy-remote legal entities separate from us, their assets (including the conveyed Loans) are not available to any creditors other than the creditors of the applicable subsidiary.

The subsidiaries pay us a monthly servicing fee equal to either 4% or 6%, depending upon the facility, of the collections received with respect to the conveyed Loans. The servicing fee is paid out of the collections. Except for the servicing fee and holdback payments due to Dealers, if a facility is amortizing, we do not have any rights in any portion of such collections until all outstanding principal, accrued and unpaid interest, fees, and other related costs have been paid in full. If a facility is in its revolving period, the applicable subsidiary is entitled to the portion of such collections available after the payment of interest and transaction expenses under the facility, provided that the borrowing base requirements of the facility are satisfied.

Term ABS Financings

We have wholly owned subsidiaries (the "Funding LLCs") that have completed secured financing transactions with qualified institutional investors or lenders. In connection with each of these transactions, we conveyed Loans on an arms-length basis to a Funding LLC for cash and the sole membership interest in that Funding LLC. In turn, each Funding LLC, other than the Funding LLCs for the Term ABS 2019-2, 2021-1, 2022-2, 2023-A, and 2024-B financings, conveyed the Loans to the respective trusts that issued notes to qualified institutional investors. The Funding LLCs for the Term ABS 2019-2, 2021-1, 2022-2, 2023-A, and 2024-B financings pledged the Loans for the benefit of their respective lenders. The Term ABS 2023-1, 2023-2, 2023-3, 2023-A, 2023-5, 2024-A, 2024-1, 2024-2, 2024-3, and 2025-1 financings each consist of three classes of notes (or, in the case of the Term ABS 2023-A and Term ABS 2024-B, three classes of loans), while the Term ABS 2022-1 and Term ABS 2022-3 financings consist of four classes of notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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Each Term ABS financing at the time of issuance has a specified revolving period during which we are likely to convey additional Loans to the applicable Funding LLC. Each Funding LLC (other than the Funding LLCs of the Term ABS 2019-2, 2021-1, 2022-2, 2023-A, and 2024-B financings) will then convey the Loans to its respective trust. At the end of the applicable revolving period, the debt outstanding under each financing will begin to amortize.

The Term ABS financings create indebtedness for which the applicable trust or Funding LLC is liable and which is secured by all the assets of the applicable trust or Funding LLC. Such indebtedness is non-recourse to us (other than customary, limited recourse to us in the form of repurchase obligations or indemnification obligations for any violations by us of our representations or obligations as seller, servicer, or custodian), even though we are consolidated for financial reporting purposes with the trusts and the Funding LLCs. Because the trusts and the Funding LLCs are organized as bankruptcy-remote legal entities separate from us, their assets (including the conveyed Loans) are not available to any creditors other than the creditors of the applicable subsidiary. We receive a monthly servicing fee on each financing equal to 4% of the collections received with respect to the conveyed Loans. The fee is paid out of the collections. Except for the servicing fee and Dealer Holdback payments due to Dealers, if a Term ABS financing is amortizing, we do not have any rights in any portion of such collections until all outstanding principal, accrued and unpaid interest, fees, and other related costs have been paid in full. If a Term ABS financing is in its revolving period, the applicable trust or Funding LLC is entitled to the portion of such collections available after application of any amounts necessary to acquire additional Loans from us and to pay accrued interest on the debt and any other transaction expenses, provided that any necessary principal payments are made to compensate for certain reductions in the balance of eligible loans or, in the case of the Term ABS 2019-2 financing and Term ABS financings occurring after the Term ABS 2021-3 financing, certain reductions in forecasted collections. In addition, in our capacity as servicer of the Loans, we have a limited right to exercise a "clean-up call" option to purchase Loans from the Funding LLCs and/or the trusts under certain specified circumstances. For those Funding LLCs with a trust, when the trust's indebtedness is paid in full, either through collections or through a prepayment of the indebtedness, the trust is to pay any remaining collections over to its Funding LLC as the sole beneficiary of the trust. For all Funding LLCs, after the indebtedness is paid in full, any remaining collections will ultimately be available to be distributed to us as the sole member of the respective Funding LLC.

Senior Notes

On February 28, 2025, we issued $500.0 million aggregate principal amount of 6.625% senior notes due 2030 (the "2030 senior notes"). The 2030 senior notes were issued pursuant to an indenture, dated as of February 28, 2025, among the Company, as issuer, the Company's subsidiaries Buyers Vehicle Protection Plan, Inc. and Vehicle Remarketing Services, Inc., as guarantors (collectively, the "Guarantors"), and the trustee under the indenture.

The 2030 senior notes mature on March 15, 2030 and bear interest at a rate of 6.625% per annum, computed on the basis of a 360-day year composed of twelve 30-day months and payable semi-annually on March 15 and September 15 of each year, beginning on September 15, 2025. We used a portion of the net proceeds from the 2030 senior notes to redeem all of the $400.0 million outstanding principal amount of our 6.625% senior notes due 2026 (the "2026 senior notes"). We used the remaining net proceeds from the 2030 senior notes for general corporate purposes. During the first quarter of 2025, we recognized a pre-tax loss on extinguishment of debt of $1.2 million related to the redemption of the 2026 senior notes.

On December 19, 2023, we issued $600.0 million aggregate principal amount of 9.250% senior notes due 2028 (the "2028 senior notes"). The 2028 senior notes were issued pursuant to an indenture, dated as of December 19, 2023, among the Company, as issuer, the Guarantors, and the trustee under the indenture.

The 2028 senior notes mature on December 15, 2028 and bear interest at a rate of 9.250% per annum, computed on the basis of a 360-day year composed of twelve 30-day months and payable semi-annually on June 15 and December 15 of each year, beginning on June 15, 2024. We used a portion of the net proceeds from the 2028 senior notes to repurchase or redeem all of the $400.0 million outstanding principal amount of our 5.125% senior notes due 2024 (the "2024 senior notes"), of which $322.3 million was repurchased on December 19, 2023 and the remaining $77.7 million was redeemed on December 31, 2023. We used the remaining net proceeds from the 2028 senior notes for general corporate purposes. During the fourth quarter of 2023, we recognized a pre-tax loss on extinguishment of debt of $1.8 million related to the repurchase and redemption of the 2024 senior notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

The 2030 senior notes and 2028 senior notes (the "senior notes") are guaranteed on a senior basis by the Guarantors, which are also guarantors of obligations under our revolving secured line of credit facility. Other existing and future subsidiaries of ours may become guarantors of the senior notes in the future. The indentures for the senior notes provide for a guarantor of the senior notes to be released from its obligations under its guarantee of the senior notes under specified circumstances.

Debt Covenants

As of June 30, 2025, we were in compliance with our covenants under our revolving secured line of credit facility, our Warehouse facilities, our Term ABS financings, the senior notes indentures, and the RTP Facility.

Our revolving secured line of credit facility and our Warehouse facilities include covenants that require the maintenance of certain financial ratios and other financial conditions. These covenants require a minimum ratio of (1) our net earnings, adjusted for specified items, before income taxes, depreciation, amortization, and fixed charges to (2) our fixed charges, as defined in the agreements. These covenants also limit the maximum ratio of our funded debt less unrestricted cash and cash equivalents to tangible net worth. Some of these covenants may indirectly limit the repurchase of common stock or payment of dividends on common stock. Our Warehouse facilities and Term ABS financings contain covenants that measure the performance of the conveyed assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

10. INCOME TAXES

A reconciliation of the U.S. federal statutory income tax rate to our effective income tax rate is as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
U.S. federal statutory income tax rate	21.0 %	21.0 %	21.0 %	21.0 %
State and local income taxes	3.6 %	-3.7 %	3.2 %	16.9 %
Non-deductible executive compensation expense	1.0 %	-2.6 %	1.0 %	8.2 %
Tax deficiency (excess tax benefit) from stock-based compensation	0.1 %	0.0 %	0.1 %	-1.7 %
Other	0.1 %	0.1 %	0.1 %	0.3 %
Effective income tax rate	25.8 %	14.8 %	25.4 %	44.7 %

State and local income taxes

For the three months ended June 30, 2025, the impact of state and local income taxes on our effective income tax rate changed from the same period in 2024 primarily due to changes in state tax laws enacted during the second quarter of 2024 that were effective retroactively to the beginning of 2024. Those changes increased our state income taxes and reduced, rather than increased, our effective income tax rate for the second quarter of 2024, as we had a pre-tax loss that quarter compared to pre-tax income for the second quarter of 2025.

For the six months ended June 30, 2025, the impact of state and local income taxes on our effective income tax rate decreased from the same period in 2024 primarily due to:

- The increased impact of an adjustment to an uncertain tax position for state income taxes in the second quarter of 2024 primarily due to lower pre-tax income for the six months ended June 30, 2024.
- Changes in state tax laws enacted during the second quarter of 2024 that were effective retroactively to the beginning of 2024.

Non-deductible executive compensation expense

We recognize non-deductible executive compensation expense as an increase in provision for income taxes or a reduction in benefit for income taxes. For the second quarter of 2024, the impact of non-deductible executive compensation expense reduced, rather than increased, our effective income tax rate, as we had a pre-tax loss in the period, compared to pre-tax income in the second quarter of 2025. For the six months ended June 30, 2025, the impact of non-deductible executive compensation expense on our effective income tax rate decreased from the same period in 2024 primarily due to an increase in pre-tax income.

Tax deficiency or excess tax benefit from stock-based compensation

We recognize a tax deficiency or excess tax benefit when the tax deduction for the stock-based compensation expense of a stock award differs from the cumulative stock-based compensation expense recognized in the financial statements. The tax deficiency or excess tax benefit is recognized in provision for income taxes in the period in which the amount of the tax deduction is determined, which is when restricted stock units are settled in common stock or stock options are exercised. Tax deficiencies increase our effective income tax rate, while excess tax benefits reduce our effective income tax rate. We recognized a tax deficiency in 2025 and an excess tax benefit in 2024. For the six months ended June 30, 2025, the impact on our effective income tax rate decreased from the same period in 2024 primarily due to an increase in pre-tax income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

11. NET INCOME PER SHARE

Basic net income per share has been computed by dividing net income by the basic number of weighted average shares outstanding. Diluted net income per share has been computed by dividing net income by the diluted number of weighted average shares outstanding using the treasury stock method. The share effect is as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Weighted average shares outstanding:				
Common shares	11,464,624	12,118,832	11,721,700	12,218,419
Vested restricted stock units	109,394	163,342	109,394	163,237
Basic number of weighted average shares outstanding	11,574,018	12,282,174	11,831,094	12,381,656
Dilutive effect of restricted stock units and stock options	197,507	—	192,809	151,590
Dilutive number of weighted average shares outstanding	11,771,525	12,282,174	12,023,903	12,533,246

The following outstanding stock awards were excluded from the computation of diluted net income per share because their inclusion would have been anti-dilutive:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Stock options	47,000	195,324	47,000	67,750
Restricted stock units	15,134	22,222	12,733	2,173
Total	62,134	217,546	59,733	69,923

12. STOCK REPURCHASES

The following table summarizes our stock repurchases for the three and six months ended June 30, 2025 and 2024:

(Dollars in millions)	For the Three Months Ended June 30,			
	2025		2024	
Stock Repurchases	Number of Shares Repurchased	Cost (1)	Number of Shares Repurchased	Cost (1)
Open Market (2)	528,462	$ 261.6	110,181	$ 60.6
Other (3)	1,143	0.6	496	0.2
Total	529,605	$ 262.2	110,677	$ 60.8

(Dollars in millions)	For the Six Months Ended June 30,			
	2025		2024	
Stock Repurchases	Number of Shares Repurchased	Cost (1)	Number of Shares Repurchased	Cost (1)
Open Market (2)	853,960	$ 424.2	459,437	$ 250.5
Other (3)	4,709	2.4	2,608	1.4
Total	858,669	$ 426.6	462,045	$ 251.9

(1) Total cost of repurchases includes excise tax.
(2) Represents repurchases under authorizations by the board of directors for the repurchase of shares by us from time to time in the open market through privately negotiated transactions, through block trades, pursuant to trading plans adopted in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934, or otherwise. On August 21, 2023, the board of directors authorized the repurchase of up to two million shares of our common stock in addition to the board's prior authorizations. As of June 30, 2025, we had authorization to repurchase 391,131 shares of our common stock.
(3) Represents shares of common stock released to us by team members as payment of tax withholdings upon the vesting of restricted stock units and the settlement of restricted stock units in common stock.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

13. STOCK-BASED COMPENSATION PLANS

Restricted Stock Units	Number of Restricted Stock Units	Weighted Average Grant-Date Fair Value Per Share
Outstanding as of December 31, 2024	533,447	$ 407.15
Granted	95,225	471.73
Settled	(14,839)	526.31
Forfeited	(530)	530.46
Outstanding as of June 30, 2025	613,303	$ 414.18

Stock-based compensation expense consists of the following:

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Restricted stock units	$ 11.3	$ 2.4	$ 21.9	$ 5.1
Stock options	1.4	8.2	3.7	16.4
Total	$ 12.7	$ 10.6	$ 25.6	$ 21.5

Pursuant to our Amended and Restated Incentive Compensation Plan, we can grant stock-based awards in the form of restricted stock, restricted stock units, and stock options to team members, officers, directors, and contractors. Instead of a short-term compensation program providing for rolling, annual equity awards to our executive officers and senior leaders, we utilize a multi-year compensation program that grants a one-time equity award at the beginning of the compensation program period that is intended to incentivize recipients over the multi-year compensation period. Our current compensation program for executive officers and senior leaders covers the 2025 through 2034 compensation period and included a one-time equity award in December 2024 (except in the case of our Chief Executive Officer, who received a one-time equity award in January 2025), with a vesting period of 10 years. Based on the stock-based awards that are currently outstanding, we expect to recognize future stock-based compensation expense as follows:

(in millions)

Year	Total Projected Stock-Based Compensation Expense
Remainder of 2025	$ 24.1
2026	41.4
2027	32.9
2028	26.5
2029	18.7
Thereafter	75.9
Total	$ 219.5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

14. BUSINESS SEGMENT AND OTHER INFORMATION

Business Segment Overview

We identify operating segments as components of our business for which separate financial information is regularly evaluated by our Chief Executive Officer, who acts as the chief operating decision-maker ("CODM"), in assessing performance and making decisions regarding resource allocation. We periodically review and redefine our segment reporting as internal management reporting practices evolve and the components of our business change. Currently, the CODM reviews consolidated financial statements and metrics to assess performance and allocate resources. Thus, we have determined that we operate in one reportable operating segment that represents our core business of offering Dealers innovative financing solutions and related products and services that enable them to sell vehicles to consumers, regardless of their credit history.

The consolidated financial statements reflect the financial results of our one reportable operating segment. The accounting policies of this segment are the same as those described in the summary of significant accounting policies in Note 3. The CODM assesses performance for our one reportable operating segment and decides how to allocate resources based on net income, as reported on our consolidated statements of income, and total assets, as reported on our consolidated balance sheets.

Geographic Information

For the three and six months ended June 30, 2025 and 2024, all of our revenues were derived from the United States. As of June 30, 2025 and 2024, all of our long-lived assets were located in the United States.

Products and Services Information

Our primary product consists of innovative financing solutions that enable Dealers to sell vehicles to consumers, regardless of their credit history. We also provide Dealers the ability to offer ancillary products on vehicles indirectly financed by us.

Major Customer Information

We did not have any Dealers that provided 10% or more of our revenue during the three and six months ended June 30, 2025 and 2024. Additionally, no single Dealer's Loans receivable balance accounted for more than 10% of total Loans receivable as of June 30, 2025 and 2024.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

15. COMMITMENTS AND CONTINGENCIES

Litigation and Other Legal Matters

In the normal course of business and as a result of the consumer-oriented nature of the industry in which we operate, we and other industry participants are frequently subject to various consumer claims, litigation, and regulatory investigations seeking damages, fines, and statutory penalties. The claims allege, among other theories of liability, violations of state, federal, and foreign truth-in-lending, credit availability, credit reporting, consumer protection, warranty, debt collection, insurance, and other consumer-oriented laws and regulations, including claims seeking damages for alleged physical and mental harm relating to the repossession and sale of consumers' vehicles and other debt collection activities. As the assignee of Consumer Loans originated by Dealers, we may also be named as a co-defendant in lawsuits filed by consumers principally against Dealers. We may also have disputes and litigation with Dealers. The claims may allege, among other theories of liability, that we breached the Dealer servicing agreement. We may also have disputes and litigation with vendors and other third parties. The claims may allege, among other theories of liability, that we breached a license agreement or contract. The damages, fines, and penalties that may be claimed by consumers, regulatory agencies, Dealers, vendors, or other third parties in these types of matters can be substantial. The relief requested by plaintiffs varies but may include requests for compensatory, statutory, and punitive damages and injunctive relief, and plaintiffs may seek treatment as purported class actions or they may file individual arbitration demands for which arbitration providers may request separate filing fees.

The following matters include current actions to which we are a party and updates to matters that were disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024. In many proceedings, including the specific actions described below, it is inherently difficult to determine whether any loss is probable or even reasonably possible or to estimate the size or range of the possible loss, and accruals for legal matters are not recorded until a loss for a particular matter is considered probable and reasonably estimable. Given the nature of legal matters and the complexities involved, it is often difficult to predict and determine a meaningful estimate of loss or range of loss until we know, among other factors, the particular claims involved, the likelihood of success of our defenses to those claims, the damages or other relief sought, how discovery or other procedural considerations will affect the outcome, the settlement posture of other parties, and other factors that may have a material effect on the outcome. For these matters, unless otherwise specified, we do not believe it is possible to provide a meaningful estimate of loss at this time. Moreover, it is not uncommon for legal matters to be resolved over many years, during which time relevant developments and new information must be continuously evaluated. The total recorded accrual balance as of June 30, 2025 for these matters was $31.8 million. An adverse ultimate disposition in any action to which we are a party or otherwise subject could have a material adverse impact on our financial position, liquidity, and results of operations.

On April 7, 2025, a putative class action was filed against the Company in the United States District Court for the Eastern District of Michigan alleging that the Company violated the Telephone Consumer Protection Act ("TCPA") by allegedly calling the cellular phones of members of the putative class without prior express consent and with the use of an artificial or prerecorded voice. The plaintiff seeks to represent a nationwide class and requests damages, injunctive relief, and attorneys' fees. On May 14, 2025, the Company filed a motion to dismiss the complaint. Rather than responding to the motion to dismiss, the plaintiff filed a first amended complaint on May 29, 2025. On June 12, 2025, the Company filed a motion to dismiss the first amended complaint, which is now fully briefed. The Company intends to vigorously defend itself in this matter.

On December 1, 2021, we received a subpoena from the Office of the Attorney General for the State of California seeking documents and information regarding GAP products, GAP product administration, and refunds. We cooperated with this inquiry and, on May 8, 2025, the Office of the Attorney General for the State of California confirmed that the matter is closed.

On May 7, 2019, we received a subpoena from the Consumer Frauds and Protection Bureau of the Office of the New York State Attorney General, relating to the Company's origination and collection policies and procedures in the state of New York. After May 7, 2019 through April 30, 2021, we received additional subpoenas from the Office of the New York State Attorney General relating to the Company's origination, collection, and securitization practices. On November 19, 2020 and August 23, 2022, we received letters from the Office of the New York State Attorney General indicating that it may commence litigation against the Company asserting violations of New York Executive Law § 63(12) and New York General Business Law §§ 349 and 352 et seq. and applicable federal laws, including but not limited to claims that the Company engaged in unfair and deceptive trade practices in auto lending, debt collection, and asset-backed securitizations in the State of New York in violation of the Dodd-Frank Wall Street Reform and Consumer Protection Act, New York Executive Law § 63(12), the New York Martin Act, and New York General Business Law § 349. See the description below of the lawsuit commenced by the Office of the New York State Attorney General on January 4, 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONCLUDED)
(UNAUDITED)

On April 22, 2019, we received a civil investigative demand from the Consumer Financial Protection Bureau ("Bureau") seeking, among other things, certain information relating to the Company's origination and collection of Consumer Loans, TPPs, and credit reporting. After April 22, 2019 through March 7, 2022, we received additional subpoenas from the Bureau. On December 6, 2021, we received a Notice and Opportunity to Respond and Advise letter from the Staff of the Office of Enforcement ("Staff") of the Bureau, stating that the Staff was considering whether to recommend that the Bureau take legal action against the Company for alleged violations of the Consumer Financial Protection Act of 2010 (the "CFPA") in connection with the Company's consumer loan origination practices. See the description below of the lawsuit commenced by the Bureau on January 4, 2023.

On January 4, 2023, the Office of the New York State Attorney General and the Bureau jointly filed a complaint in the United States District Court for the Southern District of New York alleging that the Company engaged in deceptive practices, fraud, illegality, and securities fraud in violation of New York Executive Law § 63(12) and New York General Business Law §§ 349 and 352, and that the Company engaged in deceptive and abusive acts and provided substantial assistance to a covered person or service provider in violation of the CFPA, 12 U.S.C. § 5531 and 12 U.S.C. § 5536(a)(1)(B). The complaint seeks injunctive relief, an accounting of all consumers for whom the Company provided financing, restitution, damages, disgorgement, civil penalties, and payment of costs. On March 14, 2023, the Company filed a motion to dismiss the complaint. On August 7, 2023, the court stayed the action pending the U.S. Supreme Court's decision in Consumer Financial Protection Bureau v. Community Financial Services Association of America, Ltd., No. 22-448 ("CFSA"). On July 1, 2024, the court lifted the stay in view of the decision in CFSA and requested revised briefing on the Company's motion to dismiss that would address the intervening legal developments and sharpen the issues for resolution. As of October 29, 2024, the Company's motion to dismiss has been fully briefed. On April 24, 2025, the Bureau filed an unopposed motion to withdraw as plaintiff, and on April 29, 2025, the court granted that motion and ordered that the Bureau is no longer a plaintiff in the litigation. The Company intends to vigorously defend itself in this matter.

On March 18, 2016, we received a subpoena from the Attorney General of the State of Maryland, relating to the Company's repossession and sale policies and procedures in the state of Maryland. On April 3, 2020, we received a subpoena from the Attorney General of the State of Maryland relating to the Company's origination and collection policies and procedures in the state of Maryland. On August 11, 2020, we received a subpoena from the Attorney General of the State of Maryland restating most of the requests contained in the March 18, 2016 and April 3, 2020 subpoenas, making additional requests, and expanding the inquiry to include 41 other states (Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Michigan, Minnesota, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, and Wisconsin) and the District of Columbia. Also on August 11, 2020, we received from the Attorney General of the State of New Jersey a subpoena that is essentially identical to the August 11, 2020 Maryland subpoena, both as to substance and as to the jurisdictions identified. The Company has been informed that the State of Kansas, the State of Texas, and the State of Iowa have withdrawn from the multistate investigation. We are cooperating with these investigations and cannot predict their eventual scope, duration, or outcome at this time.

16. SUBSEQUENT EVENTS

On July 11, 2025, we extended the date on which our $75.0 million Warehouse Facility VI will cease to revolve from September 30, 2026 to September 30, 2028. The interest rate on borrowings under the facility has been decreased from SOFR plus 210 basis points to SOFR plus 185 basis points. The servicing fee has also been decreased from 6.0% to 4.0% of collections on the underlying consumer loans.

On July 30, 2025, we extended the date on which our $300.0 million Warehouse Facility IV will cease to revolve from December 29, 2026 to July 30, 2028. The interest rate on borrowings under the facility has been decreased from SOFR plus 221.4 basis points to SOFR plus 205 basis points.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included in Item 8 - Financial Statements and Supplementary Data, of our Annual Report on Form 10-K for the year ended December 31, 2024, as well as Part I - Item 1 - Financial Statements, of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Overview

We make vehicle ownership possible by providing innovative financing solutions that enable automobile dealers to sell vehicles to consumers regardless of their credit history. Our financing programs are offered through a nationwide network of automobile dealers who benefit from sales of vehicles to consumers who otherwise could not obtain financing; from repeat and referral sales generated by these same customers; and from sales to customers responding to advertisements for our financing programs, but who actually end up qualifying for traditional financing.

For the three months ended June 30, 2025, consolidated net income was $87.4 million, or $7.42 per diluted share, compared to consolidated net loss of $47.1 million, or $3.83 per diluted share, for the same period in 2024. The increase was primarily due to a decrease in provision for credit losses and an increase in finance charges, partially offset by increases in provision for income taxes and operating expenses. Our results and achievements for the three months ended June 30, 2025 included the following:

- A decline in forecasted collection rates, which decreased forecasted net cash flows from our Loan portfolio by $55.8 million, or 0.5%, and slower forecasted net cash flow timing.
- A 6.8% increase in the average balance of our Loan portfolio from the second quarter of 2024 to $8.0 billion, which is our largest ever.
- A decline in Consumer Loan assignment unit and dollar volumes of 14.6% and 18.8%, respectively, as compared to the second quarter of 2024.
- The repurchase of approximately 530,000 shares, or 4.5% of the shares outstanding at the beginning of the quarter.
- The enrollment of 1,560 new Dealers, with 10,655 active Dealers during the quarter.
- $63.3 million in Dealer Holdback and accelerated Dealer Holdback payments to Dealers.
- $23.4 million contingent loss related to previously disclosed legal matters.
- Named one of the 100 Best Companies to Work For® by Great Place to Work® and *Fortune* magazine for the eleventh time, with a #34 ranking, and a Spring 2025 Top Workplaces Culture Excellence award winner in the following five categories: Work-Life Flexibility, Leadership, Innovation, Purpose & Values, and Compensation & Benefits.

For the six months ended June 30, 2025, consolidated net income was $193.7 million, or $16.11 per diluted share, compared to consolidated net income of $17.2 million, or $1.37 per diluted share, for the same period in 2024. The increase was primarily due to a decrease in provision for credit losses and an increase in finance charges, partially offset by increases in provision for income taxes and operating expenses. Our results and achievements for the six months ended June 30, 2025 included the following:

- A decline in forecasted collection rates, which decreased forecasted net cash flows from our Loan portfolio by $76.7 million, or 0.7%, and slower forecasted net cash flow timing.
- An 8.9% increase in the average balance of our Loan portfolio from the first six months of 2024 to $7.9 billion.
- A decline in Consumer Loan assignment unit and dollar volumes of 12.2% and 17.1% respectively, as compared to the first six months of 2024.
- The repurchase of approximately 859,000 shares, or 7.1% of the shares outstanding at the beginning of the year.
- The enrollment of 3,205 new Dealers, with 13,008 active Dealers during the first six months of 2025.
- $131.3 million in Dealer Holdback and accelerated Dealer Holdback payments to Dealers.
- $23.4 million contingent loss related to previously disclosed legal matters.
- Received awards from Great Place to Work® and *Fortune* magazine and from Top Workplaces USA.

Critical Success Factors

Critical success factors include our ability to accurately forecast Consumer Loan performance, access capital on acceptable terms, and maintain or grow Consumer Loan volume at the level and on the terms that we anticipate, with the objective to maximize economic profit over the long term. Economic profit is a non-GAAP financial measure we use to evaluate our financial results and determine profit-sharing for team members. We also use economic profit as a framework to evaluate business decisions and strategies. Economic profit measures how efficiently we utilize our total capital, both debt and equity, and is a function of the return on capital in excess of the cost of capital and the amount of capital invested in the business.

Consumer Loan Metrics

At the time a Consumer Loan is submitted to us for assignment, we forecast future expected cash flows from the Consumer Loan. Based on the amount and timing of these forecasts and expected expense levels, an advance or one-time purchase payment is made to the related Dealer at a price designed to maximize economic profit.

We use a statistical model to estimate the expected collection rate for each Consumer Loan at the time of assignment. We continue to evaluate the expected collection rate for each Consumer Loan subsequent to assignment. Our evaluation becomes more accurate as the Consumer Loans age, as we use actual performance data in our forecast. By comparing our current expected collection rate for each Consumer Loan with the rate we projected at the time of assignment, we are able to assess the accuracy of our initial forecast. The following table compares our aggregated forecast of Consumer Loan collection rates as of June 30, 2025, with the aggregated forecasts as of March 31, 2025, December 31, 2024, and at the time of assignment, segmented by year of assignment:

Consumer Loan Assignment Year	Forecasted Collection Percentage as of (1)				Current Forecast Variance from		
	June 30, 2025	March 31, 2025	December 31, 2024	Initial Forecast	March 31, 2025	December 31, 2024	Initial Forecast
2016	63.9%	63.9%	63.9 %	65.4 %	0.0%	0.0 %	-1.5 %
2017	64.8%	64.8%	64.7 %	64.0 %	0.0%	0.1 %	0.8 %
2018	65.6%	65.5%	65.5 %	63.6 %	0.1%	0.1 %	2.0 %
2019	67.3%	67.2%	67.2 %	64.0 %	0.1%	0.1 %	3.3 %
2020	68.0%	67.9%	67.7 %	63.4 %	0.1%	0.3 %	4.6 %
2021	63.8%	63.9%	63.8 %	66.3 %	-0.1%	0.0 %	-2.5 %
2022	59.7%	60.0%	60.2 %	67.5 %	-0.3%	-0.5 %	-7.8 %
2023	64.1%	64.3%	64.3 %	67.5 %	-0.2%	-0.2 %	-3.4 %
2024	65.7%	66.3%	66.5 %	67.2 %	-0.6%	-0.8 %	-1.5 %
2025 (2)	66.9%	66.0%	—	66.9 %	0.9%	—	0.0 %

(1) Represents the total forecasted collections we expect to collect on the Consumer Loans as a percentage of the repayments that we were contractually owed on the Consumer Loans at the time of assignment. Contractual repayments include both principal and interest. Forecasted collection rates are negatively impacted by canceled Consumer Loans as the contractual amount owed is not removed from the denominator for purposes of computing forecasted collection rates.

(2) The forecasted collection rate for 2025 Consumer Loans as of June 30, 2025 includes both Consumer Loans that were in our portfolio as of March 31, 2025 and Consumer Loans assigned during the most recent quarter. The following table provides forecasted collection rates for each of these segments:

2025 Consumer Loan Assignment Period	Forecasted Collection Percentage as of						Current Forecast Variance from			
	June 30, 2025		March 31, 2025		Initial Forecast		March 31, 2025		Initial Forecast	
January 1, 2025 through March 31, 2025	66.2	%	66.0	%	66.2	%	0.2	%	0.0	%
April 1, 2025 through June 30, 2025	67.7	%	—		67.7	%	—		0.0	%

For the three months ended June 30, 2025, forecasted collection rates improved for Consumer Loans assigned in 2025, declined for Consumer Loans assigned in 2022 through 2024, and were generally consistent with expectations at the start of the period for all other assignment years presented. For the six months ended June 30, 2025, forecasted collection rates improved for Consumer Loans assigned in 2020, declined for Consumer Loans assigned in 2022 through 2024, and were generally consistent with expectations at the start of the period for all other assignment years presented.

The changes to our forecast of future net cash flows from our Loan portfolio (forecasted collections less forecasted Dealer Holdback payments) for each of the last eight quarters are shown in the following table:

(Dollars in millions)	Decrease in Forecasted Net Cash Flows	
Three Months Ended	Total Loans	% Change from Forecast at Beginning of Period
September 30, 2023	$ (69.4)	-0.7 %
December 31, 2023	(57.0)	-0.6 %
March 31, 2024	(30.8)	-0.3 %
June 30, 2024	(189.3)	-1.7 %
September 30, 2024	(62.8)	-0.6 %
December 31, 2024	(31.1)	-0.3 %
March 31, 2025	(20.9)	-0.2 %
June 30, 2025	(55.8)	-0.5 %

During the second quarter of 2025, we applied an adjustment to our methodology for forecasting the amount of future net cash flows from our Loan portfolio, which reduced the forecasted collection rates for Consumer Loans assigned in 2024. Consumer Loans assigned in 2024 prior to the implementation of our scorecard adjustment during the third quarter of 2024 had underperformed relative to the forecast adjustment we implemented during the second quarter of 2024. Accordingly, in the second quarter of 2025, we applied an adjustment to that segment of the Consumer Loans assigned in 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change as a provision for credit losses. The implementation of this forecast adjustment during the second quarter of 2025 reduced forecasted net cash flows by $18.6 million, or 0.2%, and increased provision for credit losses by $16.5 million.

During the second quarter of 2024, we applied an adjustment to our methodology for forecasting the amount of future net cash flows from our Loan portfolio, which reduced the forecasted collection rates for Consumer Loans assigned in 2022 through 2024. Consumer Loans assigned in 2022 had continued to underperform our expectations for several quarters. Consumer Loans assigned in 2023 had also begun exhibiting similar trends of underperformance, although not as severe as Consumer Loans assigned in 2022. During the second quarter of 2024, we determined that we had sufficient Consumer Loan performance experience to estimate the magnitude by which we expected Consumer Loans assigned in 2022 through 2024 would likely underperform our historical collection rates on Consumer Loans with similar characteristics. Accordingly, we applied an adjustment to Consumer Loans assigned in 2022 through 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change as a provision for credit losses. The implementation of this forecast adjustment during the second quarter of 2024 reduced forecasted net cash flows by $147.2 million, or 1.4%, and increased provision for credit losses by $127.5 million.

The following table presents information on Consumer Loan assignments for each of the last 10 years:

	Average			Total Assignment Volume	
Consumer Loan Assignment Year	Consumer Loan (1)	Advance (2)	Initial Loan Term (in months)	Unit Volume	Dollar Volume (2) (in millions)
2016	$ 18,218	$ 7,976	53	330,710	$ 2,635.5
2017	20,230	8,746	55	328,507	2,873.1
2018	22,158	9,635	57	373,329	3,595.8
2019	23,139	10,174	57	369,805	3,772.2
2020	24,262	10,656	59	341,967	3,641.2
2021	25,632	11,790	59	268,730	3,167.8
2022	27,242	12,924	60	280,467	3,625.3
2023	27,025	12,475	61	332,499	4,147.8
2024	26,497	11,961	61	386,126	4,618.4
2025 (3) (4)	25,376	11,362	60	185,764	2,110.7

(1) Represents the repayments that we were contractually owed on Consumer Loans at the time of assignment, which include both principal and interest.
(2) Represents advances paid to Dealers on Consumer Loans assigned under the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under the Purchase Program. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.
(3) Represents activity for the six months ended June 30, 2025. Information in this table for each of the years prior to 2025 represents activity for all 12 months of that year.
(4) The averages for 2025 Consumer Loans include both Consumer Loans that were in our portfolio as of March 31, 2025 and Consumer Loans assigned during the most recent quarter. The following table provides averages for each of these segments:

	Average		
2025 Consumer Loan Assignment Period	Consumer Loan	Advance	Initial Loan Term (in months)
January 1, 2025 through March 31, 2025	$ 25,188	$ 11,096	60
April 1, 2025 through June 30, 2025	25,596	11,674	60

The profitability of our loans is primarily driven by the amount and timing of the net cash flows we receive from the spread between the forecasted collection rate and the advance rate, less operating expenses and the cost of capital. Forecasting collection rates accurately at Loan inception is difficult. With this in mind, we establish advance rates that are intended to allow us to achieve acceptable levels of profitability across our portfolio, even if collection rates are less than we initially forecast.

The following table presents aggregate forecasted Consumer Loan collection rates, advance rates, and spreads (the forecasted collection rate less the advance rate), and the percentage of the forecasted collections that had been realized as of June 30, 2025, as well as forecasted collection rates and spreads at the time of assignment. All amounts, unless otherwise noted, are presented as a percentage of the initial balance of the Consumer Loan (principal + interest). The table includes both Dealer Loans and Purchased Loans.

	Forecasted Collection % as of			Spread % as of		
Consumer Loan Assignment Year	June 30, 2025	Initial Forecast	Advance % (1)	June 30, 2025	Initial Forecast	% of Forecast Realized (2)
2016	63.9 %	65.4 %	43.8 %	20.1 %	21.6 %	99.6 %
2017	64.8 %	64.0 %	43.2 %	21.6 %	20.8 %	99.4 %
2018	65.6 %	63.6 %	43.5 %	22.1 %	20.1 %	99.0 %
2019	67.3 %	64.0 %	44.0 %	23.3 %	20.0 %	98.0 %
2020	68.0 %	63.4 %	43.9 %	24.1 %	19.5 %	95.1 %
2021	63.8 %	66.3 %	46.0 %	17.8 %	20.3 %	88.7 %
2022	59.7 %	67.5 %	47.4 %	12.3 %	20.1 %	74.7 %
2023	64.1 %	67.5 %	46.2 %	17.9 %	21.3 %	55.0 %
2024	65.7 %	67.2 %	45.1 %	20.6 %	22.1 %	30.4 %
2025 (3)	66.9 %	66.9 %	44.9 %	22.0 %	22.0 %	6.9 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under the Purchase Program as a percentage of the initial balance of the Consumer Loans. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.
(2) Presented as a percentage of total forecasted collections.
(3) The forecasted collection rate, advance rate and spread for 2025 Consumer Loans as of June 30, 2025 include both Consumer Loans that were in our portfolio as of March 31, 2025 and Consumer Loans assigned during the most recent quarter. The following table provides forecasted collection rates, advance rates, and spreads for each of these segments:

	Forecasted Collection % as of			Spread % as of	
2025 Consumer Loan Assignment Period	June 30, 2025	Initial Forecast	Advance %	June 30, 2025	Initial Forecast
January 1, 2025 through March 31, 2025	66.2 %	66.2 %	44.2 %	22.0 %	22.0 %
April 1, 2025 through June 30, 2025	67.7 %	67.7 %	45.7 %	22.0 %	22.0 %

The risk of a material change in our forecasted collection rate declines as the Consumer Loans age. For 2020 and prior Consumer Loan assignments, the risk of a material forecast variance is modest, as we have currently realized in excess of 90% of the expected collections. Conversely, the forecasted collection rates for more recent Consumer Loan assignments are less certain as a significant portion of our forecast has not been realized.

The spread between the forecasted collection rate as of June 30, 2025 and the advance rate ranges from 12.3% to 24.1%, on an annual basis, for Consumer Loans assigned over the last 10 years. The spreads with respect to 2019 and 2020 Consumer Loans have been positively impacted by Consumer Loan performance, which has exceeded our initial estimates by a greater margin than the other years presented. The spreads with respect to 2021 through 2024 Consumer Loans have been negatively impacted by Consumer Loan performance, which has been lower than our initial estimates by a greater margin than the other years presented. The higher spread for 2025 Consumer Loans relative to 2024 Consumer Loans as of June 30, 2025 was primarily a result of Consumer Loan performance, as the performance of 2024 Consumer Loans has been lower than our initial estimates.

The following table compares our forecast of aggregate Consumer Loan collection rates as of June 30, 2025 with the forecasts at the time of assignment, for Dealer Loans and Purchased Loans separately:

	Dealer Loans			Purchased Loans		
	Forecasted Collection Percentage as of (1)			Forecasted Collection Percentage as of (1)		
Consumer Loan Assignment Year	June 30, 2025	Initial Forecast	Variance	June 30, 2025	Initial Forecast	Variance
2016	63.1 %	65.1 %	-2.0 %	66.1 %	66.5 %	-0.4 %
2017	64.1 %	63.8 %	0.3 %	66.4 %	64.6 %	1.8 %
2018	65.0 %	63.6 %	1.4 %	66.8 %	63.5 %	3.3 %
2019	66.9 %	63.9 %	3.0 %	67.9 %	64.2 %	3.7 %
2020	67.8 %	63.3 %	4.5 %	68.3 %	63.6 %	4.7 %
2021	63.6 %	66.3 %	-2.7 %	64.3 %	66.3 %	-2.0 %
2022	58.9 %	67.3 %	-8.4 %	61.7 %	68.0 %	-6.3 %
2023	62.9 %	66.8 %	-3.9 %	67.6 %	69.4 %	-1.8 %
2024	64.5 %	66.3 %	-1.8 %	70.0 %	70.7 %	-0.7 %
2025	65.4 %	65.4 %	0.0 %	71.5 %	71.5 %	0.0 %

(1) The forecasted collection rates presented for Dealer Loans and Purchased Loans reflect the Consumer Loan classification at the time of assignment. The forecasted collection rates represent the total forecasted collections we expect to collect on the Consumer Loans as a percentage of the repayments that we were contractually owed on the Consumer Loans at the time of assignment. Contractual repayments include both principal and interest. Forecasted collection rates are negatively impacted by canceled Consumer Loans as the contractual amount owed is not removed from the denominator for purposes of computing forecasted collection rates.

The following table presents aggregate forecasted Consumer Loan collection rates, advance rates, and spreads (the forecasted collection rate less the advance rate) as of June 30, 2025 for Dealer Loans and Purchased Loans separately. All amounts are presented as a percentage of the initial balance of the Consumer Loan (principal + interest).

	Dealer Loans			Purchased Loans		
Consumer Loan Assignment Year	Forecasted Collection % (1)	Advance % (1)(2)	Spread %	Forecasted Collection % (1)	Advance % (1)(2)	Spread %
2016	63.1 %	42.1 %	21.0 %	66.1 %	48.6 %	17.5 %
2017	64.1 %	42.1 %	22.0 %	66.4 %	45.8 %	20.6 %
2018	65.0 %	42.7 %	22.3 %	66.8 %	45.2 %	21.6 %
2019	66.9 %	43.1 %	23.8 %	67.9 %	45.6 %	22.3 %
2020	67.8 %	43.0 %	24.8 %	68.3 %	45.5 %	22.8 %
2021	63.6 %	45.1 %	18.5 %	64.3 %	47.7 %	16.6 %
2022	58.9 %	46.4 %	12.5 %	61.7 %	50.1 %	11.6 %
2023	62.9 %	44.8 %	18.1 %	67.6 %	49.8 %	17.8 %
2024	64.5 %	44.1 %	20.4 %	70.0 %	48.9 %	21.1 %
2025	65.4 %	43.1 %	22.3 %	71.5 %	50.3 %	21.2 %

(1) The forecasted collection rates and advance rates presented for Dealer Loans and Purchased Loans reflect the Consumer Loan classification at the time of assignment.
(2) Represents advances paid to Dealers on Consumer Loans assigned under the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under the Purchase Program as a percentage of the initial balance of the Consumer Loans. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.

Although the advance rate on Purchased Loans is higher as compared to the advance rate on Dealer Loans, Purchased Loans do not require us to pay Dealer Holdback.

The spread as of June 30, 2025 on 2025 Dealer Loans was 22.3%, as compared to a spread of 20.4% on 2024 Dealer Loans. The increase was primarily a result of Consumer Loan performance, as the performance of 2024 Dealer Loans has been lower than our initial estimates.

The spread as of June 30, 2025 on 2025 Purchased Loans was 21.2%, as compared to a spread of 21.1% on 2024 Purchased Loans, reflecting the net impact of two offsetting factors. Consumer Loan performance increased the spread from 2024 to 2025, as the performance of 2024 Purchased Loans has been lower than our initial estimates. This impact of Consumer Loan performance was partially offset by the impact of a lower initial spread on 2025 Purchased Loans, due to the advance rate increasing by a greater margin than the initial forecast in our Purchased Loan portfolio.

Access to Capital

Our strategy for accessing capital on acceptable terms needed to maintain and grow the business is to: (1) maintain consistent financial performance; (2) maintain modest financial leverage; and (3) maintain multiple funding sources. Our funded debt to equity ratio was 4.2 to 1 as of June 30, 2025. We currently utilize the following primary forms of debt financing: (1) our revolving secured line of credit facility; (2) Warehouse facilities; (3) Term ABS financings; and (4) senior notes.

Consumer Loan Volume

The following table summarizes changes in Consumer Loan assignment volume in each of the last eight quarters as compared to the same period in the previous year:

	Year over Year Percent Change	
Three Months Ended	Unit Volume	Dollar Volume (1)
September 30, 2023	13.0 %	10.5 %
December 31, 2023	26.7 %	21.3 %
March 31, 2024	24.1 %	20.2 %
June 30, 2024	20.9 %	16.3 %
September 30, 2024	17.7 %	12.2 %
December 31, 2024	0.3 %	-4.9 %
March 31, 2025	-10.1 %	-15.5 %
June 30, 2025	-14.6 %	-18.8 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under the Purchase Program. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.

Consumer Loan assignment volumes depend on a number of factors including (1) the overall demand for our financing programs and (2) the amount of capital available to fund new Loans. Our pricing strategy is intended to maximize the amount of economic profit we generate, within the confines of capital constraints.

Unit and dollar volumes declined 14.6% and 18.8%, respectively, during the second quarter of 2025 as the number of active Dealers declined 0.8% and the average unit volume per active Dealer declined 14.0%. Dollar volume declined by more than unit volume during the second quarter of 2025 due to a decrease in the average advance paid, primarily resulting from a decrease in the average size of Consumer Loans assigned. Unit volume for the 28-day period ended July 28, 2025 decreased 19.4% compared to the same period in 2024.

The following table summarizes the changes in Consumer Loan unit volume and active Dealers:

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Consumer Loan unit volume	85,486	100,057	-14.6 %	185,764	211,545	-12.2 %
Active Dealers (1)	10,655	10,736	-0.8 %	13,008	12,875	1.0 %
Average volume per active Dealer	8.0	9.3	-14.0 %	14.3	16.4	-12.8 %
Consumer Loan unit volume from Dealers active both periods	68,747	82,646	-16.8 %	156,352	184,185	-15.1 %
Dealers active both periods	6,876	6,876	—	8,784	8,784	—
Average volume per Dealer active both periods	10.0	12.0	-16.8 %	17.8	21.0	-15.1 %
Consumer Loan unit volume from Dealers not active both periods	16,739	17,411	-3.9 %	29,412	27,360	7.5 %
Dealers not active both periods	3,779	3,860	-2.1 %	4,224	4,091	3.3 %
Average volume per Dealer not active both periods	4.4	4.5	-2.2 %	7.0	6.7	4.5 %

(1) Active Dealers are Dealers who have received funding for at least one Consumer Loan during the period.

The following table provides additional information on the changes in Consumer Loan unit volume and active Dealers:

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Consumer Loan unit volume from new active Dealers	3,216	3,820	-15.8 %	11,986	15,483	-22.6 %
New active Dealers (1)	1,094	1,080	1.3 %	2,289	2,390	-4.2 %
Average volume per new active Dealer	2.9	3.5	-17.1 %	5.2	6.5	-20.0 %
Attrition (2)	-17.4 %	-16.7 %		-12.9 %	-12.3 %	

(1) New active Dealers are Dealers who enrolled in our program and have received funding for their first Loan from us during the period.
(2) Attrition is measured according to the following formula: decrease in Consumer Loan unit volume from Dealers who have received funding for at least one Loan during the comparable period of the prior year but did not receive funding for any Loans during the current period divided by prior year comparable period Consumer Loan unit volume.

The following table shows the percentage of Consumer Loans assigned to us as Dealer Loans and Purchased Loans for each of the last eight quarters:

	Unit Volume		Dollar Volume (1)	
Three Months Ended	Dealer Loans	Purchased Loans	Dealer Loans	Purchased Loans
September 30, 2023	74.8 %	25.2 %	71.7 %	28.3 %
December 31, 2023	77.2 %	22.8 %	75.0 %	25.0 %
March 31, 2024	78.2 %	21.8 %	76.6 %	23.4 %
June 30, 2024	78.5 %	21.5 %	77.3 %	22.7 %
September 30, 2024	79.5 %	20.5 %	78.4 %	21.6 %
December 31, 2024	78.7 %	21.3 %	77.7 %	22.3 %
March 31, 2025	77.0 %	23.0 %	75.1 %	24.9 %
June 30, 2025	71.6 %	28.4 %	68.3 %	31.7 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under the Purchase Program. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.

As of both June 30, 2025 and December 31, 2024, the net Dealer Loans receivable balance was 72.3% of the total net Loans receivable balance. In 2025, we expanded Dealer access to the Purchase Program for Consumer Loans to consumers with higher credit ratings. The increase in the percentage of Purchased Loans in 2025 Consumer Loan assignment volume was primarily related to Consumer Loans assigned under this expanded Dealer access.

Results of Operations

The net Loan income (finance charge revenue less provision for credit losses expense) that we recognize over the life of a Loan equals the cash we collect from the underlying Consumer Loan less the cash we pay to the Dealer. We believe the economics of our business are best exhibited by recognizing net Loan income on a level-yield basis over the life of the Loan based on expected future net cash flows. Under the GAAP methodology we employ, which is known as the current expected credit loss model, or CECL, we are required to recognize:

- a significant provision for credit losses expense at the time of the Loan's assignment to us for contractual net cash flows we do not expect to realize; and
- finance charge revenue in subsequent periods that is significantly in excess of our expected yield.

Due to the GAAP treatment of contractual net cash flows we do not expect to realize at the time of loan assignment (i.e. significant expense at the time of loan assignment, which is offset by higher revenue in subsequent periods), we do not believe the GAAP methodology we employ provides sufficient transparency into the economics of our business, including our results of operations, financial condition, and financial leverage. For additional information, see Note 3 and Note 6 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Three Months Ended June 30, 2025 Compared to Three Months Ended June 30, 2024

The following is a discussion of our results of operations and income statement data on a consolidated basis.

(Dollars in millions, except per share data)	For the Three Months Ended June 30,			
	2025	2024	$ Change	% Change
Revenue:				
Finance charges	$ 540.7	$ 497.7	$ 43.0	8.6 %
Premiums earned	24.1	24.3	(0.2)	-0.8 %
Other income	19.0	16.2	2.8	17.3 %
Total revenue	583.8	538.2	45.6	8.5 %
Costs and expenses:				
Salaries and wages	83.7	75.8	7.9	10.4 %
General and administrative	45.2	23.2	22.0	94.8 %
Sales and marketing	26.6	25.4	1.2	4.7 %
Total operating expenses	155.5	124.4	31.1	25.0 %
Provision for credit losses on forecast changes	101.3	237.8	(136.5)	-57.4 %
Provision for credit losses on new Consumer Loan assignments	71.3	82.8	(11.5)	-13.9 %
Total provision for credit losses	172.6	320.6	(148.0)	-46.2 %
Interest	118.1	104.5	13.6	13.0 %
Provision for claims	19.8	20.3	(0.5)	-2.5 %
Loss on sale of building	—	23.7	(23.7)	— %
Total costs and expenses	466.0	593.5	(127.5)	-21.5 %
Income (loss) before provision (benefit) for income taxes	117.8	(55.3)	173.1	313.0 %
Provision (benefit) for income taxes	30.4	(8.2)	38.6	470.7 %
Net income (loss)	$ 87.4	$ (47.1)	$ 134.5	285.6 %
Net income (loss) per share:				
Basic	$ 7.55	$ (3.83)	$ 11.38	297.1 %
Diluted	$ 7.42	$ (3.83)	$ 11.25	293.7 %
Weighted average shares outstanding:				
Basic	11,574,018	12,282,174	(708,156)	-5.8 %
Diluted	11,771,525	12,282,174	(510,649)	-4.2 %

Finance Charges. The increase of $43.0 million, or 8.6%, was primarily due to an increase in the average net Loans receivable balance, as follows:

(Dollars in millions)	For the Three Months Ended June 30,		
	2025	2024	Change
Average net Loans receivable balance	$ 8,011.6	$ 7,499.2	$ 512.4
Average yield on our Loan portfolio	27.0 %	26.5 %	0.5 %

The following table summarizes the impact each component had on the overall increase in finance charges for the three months ended June 30, 2025:

(In millions) **Impact on finance charges:**	**Year over Year Change For the Three Months Ended June 30, 2025**
Due to an increase in the average net Loans receivable balance	$ 34.0
Due to an increase in the average yield	9.0
Total increase in finance charges	$ 43.0

The increase in the average net Loans receivable balance was primarily due to the dollar volume of new Consumer Loan assignments exceeding the principal collected on Loans receivable. The increase in the average yield of our Loan portfolio was primarily due to higher contractual yields on more recent Consumer Loan assignments.

Operating Expenses. The increase of $31.1 million, or 25.0%, was primarily due to:

- An increase in general and administrative expense of $22.0 million, or 94.8%, primarily due to an increase in legal expenses, which included the recognition of a $23.4 million contingent loss during the second quarter of 2025 related to previously disclosed legal matters.
- An increase in salaries and wages expense of $7.9 million, or 10.4%, primarily due to increases in (i) the number of team members as we are investing in our business with the goal of increasing the speed at which we enhance our product for Dealers and consumers and (ii) stock-based compensation expense, primarily due to equity awards granted to our executive officers and senior leaders.

Provision for Credit Losses. The decrease of $148.0 million, or 46.2%, was due to decreases in provision for credit losses on forecast changes and provision for credit losses on new Consumer Loan assignments.

We recognize provision for credit losses on new Consumer Loan assignments for contractual net cash flows that are not expected to be realized at the time of assignment. We also recognize provision for credit losses on forecast changes in the amount and timing of expected future net cash flows subsequent to assignment. The following table summarizes the provision for credit losses for each of these components:

(In millions) **Provision for Credit Losses**	**For the Three Months Ended June 30, 2025**	**2024**	**Change**
Forecast changes	$ 101.3	$ 237.8	$ (136.5)
New Consumer Loan assignments	71.3	82.8	(11.5)
Total	$ 172.6	$ 320.6	$ (148.0)

The decrease in provision for credit losses related to forecast changes was due to a smaller decline in Consumer Loan performance during the second quarter of 2025 compared to the second quarter of 2024. During the second quarter of 2025, we decreased our estimate of future net cash flows by $55.8 million, or 0.5%, to reflect a decline in forecasted collection rates during the period and slowed our forecasted net cash flow timing to reflect lower-than-expected Consumer Loan prepayments, which remained below historical averages. Historically, Consumer Loan prepayments have been lower in periods with less availability of consumer credit. The $55.8 million decrease in forecasted net cash flows for the second quarter of 2025 was composed of an ordinary decrease in forecasted net cash flows of $37.2 million, or 0.3%, and an adjustment applied to our forecasting methodology, which upon implementation, reduced forecasted net cash flows by $18.6 million, or 0.2%, and increased our provision for credit losses by $16.5 million. Consumer Loans assigned in 2024 prior to the implementation of our scorecard adjustment during the third quarter of 2024 had underperformed relative to the forecast adjustment we implemented during the second quarter of 2024. Accordingly, in the second quarter of 2025, we applied an adjustment to that segment of the Consumer Loans assigned in 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends.

During the second quarter of 2024, we decreased our estimate of future net cash flows by $189.3 million, or 1.7%, to reflect a decline in forecasted collection rates during the period and slowed our forecasted net cash flow timing to reflect a decrease in Consumer Loan prepayments, which remained below historical averages. The $189.3 million decrease in forecasted net cash flows for the second quarter of 2024 was composed of an ordinary decrease in forecasted net cash flows of $42.1 million, or 0.3%, and an adjustment applied to our forecasting methodology, which upon implementation, reduced forecasted net cash flows by $147.2 million, or 1.4%, and increased our provision for credit losses by $127.5 million. Consumer Loans assigned in 2022 had continued to underperform our expectations for several quarters. Consumer Loans assigned in 2023 had also begun exhibiting similar trends of underperformance, although not as severe as Consumer Loans assigned in 2022. During the second quarter of 2024, we determined that we had sufficient Consumer Loan performance experience to estimate the magnitude by which we expected Consumer Loans assigned in 2022 through 2024 would likely underperform our historical collection rates on Consumer Loans with similar characteristics. Accordingly, we applied an adjustment to Consumer Loans assigned in 2022 through 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends.

The 13.9% decrease in provision for credit losses related to new Consumer Loan assignments was primarily due to a 14.6% decrease in Consumer Loan assignment unit volume.

For additional information, see Note 6 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Interest. The increase in interest expense of $13.6 million, or 13.0%, was primarily due to an increase in our average outstanding debt balance, primarily due to borrowings used to fund the growth of our Loan portfolio and stock repurchases.

The following table presents the change in interest expense, average outstanding debt balance, and average cost of debt for the three months ended June 30, 2025 as compared to the three months ended June 30, 2024:

(Dollars in millions)	For the Three Months Ended June 30,		
	2025	2024	Change
Interest expense	$ 118.1	$ 104.5	$ 13.6
Average outstanding debt balance	6,583.8	5,818.2	765.6
Average cost of debt	7.2 %	7.2 %	— %

Loss on Sale of Building. For the three months ended June 30, 2024, we recognized a loss on sale of a building of $23.7 million.

Provision for Income Taxes. For the three months ended June 30, 2025, the effective income tax rate increased to 25.8% from 14.8% for the same period in 2024. The increase was primarily due to changes in state tax laws enacted during the second quarter of 2024 that were effective retroactively to the beginning of 2024, which increased our state income taxes and reduced, rather than increased, our effective income tax rate, as we had a pre-tax loss that quarter compared to pre-tax income for the second quarter of 2025. For additional information, see Note 10 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

The following is a discussion of our results of operations and income statement data on a consolidated basis.

(Dollars in millions, except per share data)	For the Six Months Ended June 30,			
	2025	2024	$ Change	% Change
Revenue:				
Finance charges	$ 1,067.4	$ 966.9	$ 100.5	10.4 %
Premiums earned	47.6	46.2	1.4	3.0 %
Other income	39.9	33.1	6.8	20.5 %
Total revenue	1,154.9	1,046.2	108.7	10.4 %
Costs and expenses:				
Salaries and wages	172.3	154.3	18.0	11.7 %
General and administrative	67.3	46.9	20.4	43.5 %
Sales and marketing	51.4	49.3	2.1	4.3 %
Total operating expenses	291.0	250.5	40.5	16.2 %
Provision for credit losses on forecast changes	177.6	325.0	(147.4)	-45.4 %
Provision for credit losses on new Consumer Loan assignments	156.9	181.6	(24.7)	-13.6 %
Total provision for credit losses	334.5	506.6	(172.1)	-34.0 %
Interest	232.8	197.0	35.8	18.2 %
Provision for claims	35.9	37.3	(1.4)	-3.8 %
Loss on extinguishment of debt	1.2	—	1.2	— %
Loss on sale of building	—	23.7	(23.7)	— %
Total costs and expenses	895.4	1,015.1	(119.7)	-11.8 %
Income before provision for income taxes	259.5	31.1	228.4	734.4 %
Provision for income taxes	65.8	13.9	51.9	373.4 %
Net income	$ 193.7	$ 17.2	$ 176.5	1,026.2 %
Net income per share:				
Basic	$ 16.37	$ 1.39	$ 14.98	1,077.7 %
Diluted	$ 16.11	$ 1.37	$ 14.74	1,075.9 %
Weighted average shares outstanding:				
Basic	11,831,094	12,381,656	(550,562)	-4.4 %
Diluted	12,023,903	12,533,246	(509,343)	-4.1 %

Finance Charges. The increase of $100.5 million, or 10.4%, was primarily a result of an increase in the average net Loans receivable balance, as follows:

(Dollars in millions)	For the Six Months Ended June 30,		
	2025	2024	Change
Average net Loans receivable balance	$ 7,947.0	$ 7,300.2	$ 646.8
Average yield on our Loan portfolio	26.9 %	26.5 %	0.4 %

The following table summarizes the impact each component had on the overall increase in finance charges for the six months ended June 30, 2025:

(In millions)	Year over Year Change For the Six Months Ended June 30, 2025
Impact on finance charges:	
Due to an increase in the average net Loans receivable balance	$ 85.7
Due to an increase in the average yield	14.8
Total increase in finance charges	$ 100.5

The increase in the average net Loans receivable balance was primarily due to the dollar volume of new Consumer Loan assignments exceeding the principal collected on Loans receivable. The increase in the average yield of our Loan portfolio was primarily due to higher contractual yields on more recent Consumer Loan assignments.

Other Income. The increase of $6.8 million, or 20.5%, was primarily due to:
- A $4.0 million increase in interest income primarily due to income earned on the investment of excess cash balances.
- A $2.5 million increase in ancillary product profit sharing income primarily due to growth in our Loan portfolio and an increase in the average cost of premiums written on vehicle service contracts.

Operating Expenses. The increase of $40.5 million, or 16.2%, was primarily due to:
- An increase in general and administrative expense of $20.4 million, or 43.5%, primarily due to an increase in legal expenses, which included the recognition of a $23.4 million contingent loss during the first six months of 2025 related to previously disclosed legal matters.
- An increase in salaries and wages expense of $18.0 million, or 11.7%, primarily due to increases in (i) the number of team members as we are investing in our business with the goal of increasing the speed at which we enhance our product for Dealers and consumers, (ii) stock-based compensation expense, primarily due to equity awards granted to our executive officers and senior leaders, and (iii) fringe benefits, primarily due to higher medical claims.

Provision for Credit Losses. The decrease of $172.1 million, or 34.0%, was due to a decreases in provision for credit losses on forecast changes and provision for credit losses on new Consumer Loan assignments.

We recognize provision for credit losses on new Consumer Loan assignments for contractual net cash flows that are not expected to be realized at the time of assignment. We also recognize provision for credit losses on forecast changes in the amount and timing of expected future net cash flows subsequent to assignment. The following table summarizes the provision for credit losses for each of these components:

(In millions)	For the Six Months Ended June 30,		
Provision for Credit Losses	**2025**	**2024**	**Change**
Forecast changes	$ 177.6	$ 325.0	$ (147.
New Consumer Loan assignments	156.9	181.6	(24.
Total	$ 334.5	$ 506.6	$ (172.

The decrease in provision for credit losses related to forecast changes was primarily due to a smaller decline in Consumer Loan performance during the first six months of 2025 compared to the first six months of 2024.

During the first six months of 2025, we decreased our estimate of future net cash flows by $76.7 million, or 0.7%, to reflect a decline in forecasted collection rates during the period and slowed our forecasted net cash flow timing to reflect lower-than-expected Consumer Loan prepayments, which remained below historical averages. Historically, Consumer Loan prepayments have been lower in periods with less availability of consumer credit. The $76.7 million decrease in forecasted net cash flows for the first six months of 2025 was composed of an ordinary decrease in forecasted net cash flows of $58.1 million, or 0.5%, and an adjustment applied to our forecasting methodology, which upon implementation, reduced forecasted net cash flows by $18.6 million, or 0.2%, and increased our provision for credit losses by $16.5 million. Consumer Loans assigned in 2024 prior to the implementation of our scorecard adjustment during the third quarter of 2024 had underperformed relative to the forecast adjustment we implemented during the second quarter of 2024. Accordingly, during the second quarter of 2025, we applied an adjustment to that segment of the Consumer Loans assigned in 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends.

During the first six months of 2024, we decreased our estimate of future net cash flows by $220.1 million, or 2.2%, to reflect a decline in forecasted collection rates during the period and slowed our forecasted net cash flow timing to reflect a decrease in Consumer Loan prepayments, which remained below historical averages. The $220.1 million decrease in forecasted net cash flows for the first six months of 2024 was composed of an ordinary decrease in forecasted net cash flows of $72.9 million, or 0.8%, and an adjustment applied to our forecasting methodology, which upon implementation, reduced forecasted net cash flows by $147.2 million, or 1.4%, and increased our provision for credit losses by $127.5 million. Consumer Loans assigned in 2022 had continued to underperform our expectations for several quarters. Consumer Loans assigned in 2023 had also begun exhibiting similar trends of underperformance, although not as severe as Consumer Loans assigned in 2022. During the first six months of 2024, we determined that we had sufficient Consumer Loan performance experience to estimate the magnitude by which we expected Consumer Loans assigned in 2022 through 2024 would likely underperform our historical collection rates on Consumer Loans with similar characteristics. Accordingly, we applied an adjustment to Consumer Loans assigned in 2022 through 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends.

For additional information, see Note 6 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

The 13.6% decrease in provision for credit losses related to new Consumer Loan assignments was due to a 12.2% decrease in Consumer Loan assignment unit volume and a 1.6% decrease in the average provision per Consumer Loan assignment. The decrease in the average provision per Consumer Loan assignment was due to a decrease in the average advance rate for 2025 Consumer Loans.

Interest. The increase in interest expense of $35.8 million, or 18.2%, was primarily due to an increase in our average outstanding debt balance, primarily due to borrowings used to fund the growth of our Loan portfolio and stock repurchases.

The following table presents the change in interest expense, average outstanding debt balance, and average cost of debt for the six months ended June 30, 2025 as compared to the six months ended June 30, 2024:

(Dollars in millions)	For the Six Months Ended June 30,		
	2025	2024	Change
Interest expense	$ 232.8	$ 197.0	$ 35.8
Average outstanding debt balance	6,491.1	5,562.5	928.6
Average cost of debt	7.2 %	7.1 %	0.1 %

Loss on Sale of Building. For the six months ended June 30, 2024, we recognized a loss on sale of a building of $23.7 million.

Provision for Income Taxes. For the six months ended June 30, 2025, our effective income tax rate decreased to 25.4% from 44.7% for the six months ended June 30, 2024. The decrease was primarily due to an increase in pre-tax income in the first six months of 2025 compared to the same period in 2024. The lower pre-tax income in the first six months of 2024 increased the impact of an adjustment to an uncertain tax position for state income taxes recorded in the second quarter of 2024 and non-deductible executive compensation expense on our 2024 effective income tax rate.

For additional information, see Note 10 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Liquidity and Capital Resources

We need capital to maintain and grow our business. Our primary sources of capital are cash flows from operating activities, collections of Consumer Loans, and borrowings under: (1) our revolving secured line of credit facility; (2) Warehouse facilities; (3) Term ABS financings; and (4) senior notes. There are various restrictive covenants to which we are subject under each financing arrangement, and we were in compliance with those covenants as of June 30, 2025. For information regarding these financings and the covenants included in the related documents, see Note 9 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

On February 28, 2025, we issued $500.0 million of 6.625% senior notes due 2030 (the "2030 senior notes"). We used a portion of the net proceeds from the 2030 senior notes to redeem all of the $400.0 million outstanding principal amount of our 6.625% senior notes due 2026 (the "2026 senior notes"). We used the remaining net proceeds from the 2030 senior notes for general corporate purposes. During the first quarter of 2025, we recognized a pre-tax loss on extinguishment of debt of $1.2 million related to the redemption of the 2026 senior notes.

On March 27, 2025, we completed a $400.0 million Term ABS financing, which was used to repay outstanding indebtedness and for general corporate purposes. The financing has an expected average annualized cost of 5.6% (including upfront fees and other costs), and it will revolve for 24 months, after which it will amortize based upon the cash flows on the underlying Loans.

On June 24, 2025, we extended the maturity of our revolving secured line of credit facility from June 22, 2027 to June 22, 2028.

On July 11, 2025, we extended the date on which our $75.0 million Warehouse Facility VI will cease to revolve from September 30, 2026 to September 30, 2028. The interest rate on borrowings under the facility has been decreased from the Secured Overnight Financing Rate ("SOFR") plus 210 basis points to SOFR plus 185 basis points. The servicing fee has also been decreased from 6.0% to 4.0% of collections on the underlying consumer loans.

On July 30, 2025, we extended the date on which our $300.0 million Warehouse Facility IV will cease to revolve from December 29, 2026 to July 30, 2028. The interest rate on borrowings under the facility has been decreased from the Secured Overnight Financing Rate plus 221.4 basis points to SOFR plus 205 basis points.

Cash and cash equivalents were $70.0 million as of June 30, 2025 and $343.7 million as of December 31, 2024. As of June 30, 2025 and December 31, 2024, we had $1,733.5 million and $1,734.9 million, respectively, in unused and available revolving lines of credit. Our total balance sheet indebtedness increased to $6,471.2 million as of June 30, 2025 from $6,352.9 million as of December 31, 2024, primarily due to borrowings used to fund the growth of our Loan portfolio and stock repurchases.

A summary of our scheduled principal debt maturities as of June 30, 2025 is as follows:

(In millions)

Year	Scheduled Principal Debt Maturities (1)
Remainder of 2025	$ 745.2
2026	2,266.5
2027	2,136.5
2028	860.3
2029	—
Over five years	500.0
Total	$ 6,508.5

(1) The principal maturities of certain financings are estimated based on forecasted collections.

Based upon anticipated cash flows, management believes that cash flows from operations and our various financing alternatives will provide sufficient financing for debt maturities and for future operations. Our ability to borrow funds may be impacted by economic and financial market conditions. If the various financing alternatives were to become limited or unavailable to us, our operations and liquidity could be materially and adversely affected.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we review our accounting policies, assumptions, estimates, and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2024 discusses several critical accounting estimates, which we believe involve a high degree of judgment and complexity. There have been no material changes to the estimates and assumptions associated with these critical accounting estimates from those discussed in our Annual Report on Form 10-K for the year ended December 31, 2024, except as described below.

During the second quarter of 2025, we applied an adjustment to our methodology for forecasting the amount of future net cash flows from our Loan portfolio, which reduced the forecasted collection rates for Consumer Loans assigned in 2024. Consumer Loans assigned in 2024 prior to the implementation of our scorecard adjustment during the third quarter of 2024 had underperformed relative to the forecast adjustment we implemented during the second quarter of 2024. Accordingly, in the second quarter of 2025, we applied an adjustment to that segment of the Consumer Loans assigned in 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change as a provision for credit losses. The implementation of this forecast adjustment during the second quarter of 2025 reduced forecasted net cash flows by $18.6 million, or 0.2%, and increased provision for credit losses by $16.5 million.

Forward-Looking Statements

We make forward-looking statements in this report and may make such statements in future filings with the Securities and Exchange Commission ("SEC"). We may also make forward-looking statements in our press releases or other public or shareholder communications. Our forward-looking statements are subject to risks and uncertainties and include information about our expectations and possible or assumed future results of operations. When we use any of the words "may," "will," "should," "believe," "expect," "anticipate," "assume," "forecast," "estimate," "intend," "plan," "target," or similar expressions, we are making forward-looking statements.

We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all of our forward-looking statements. These forward-looking statements represent our outlook only as of the date of this report. While we believe that our forward-looking statements are reasonable, actual results could differ materially since the statements are based on our current expectations, which are subject to risks and uncertainties. Factors that might cause such a difference include, but are not limited to, the factors set forth in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024, and in Part II - Item 1A of this report, other risk factors discussed herein or listed from time to time in our reports filed with the SEC, and the following:

Industry, Operational, and Macroeconomic Risks

- Our inability to accurately forecast and estimate the amount and timing of future collections could have a material adverse effect on results of operations.
- Due to competition from traditional financing sources and non-traditional lenders, we may not be able to compete successfully.
- Adverse changes in economic conditions, the automobile or finance industries, or the non-prime consumer market could adversely affect our financial position, liquidity, and results of operations, the ability of key vendors that we depend on to supply us with services, and our ability to enter into future financing transactions.
- Reliance on third parties to administer our ancillary product offerings could adversely affect our business and financial results.
- We are dependent on our senior management, and the loss of any of these individuals or an inability to hire additional team members could adversely affect our ability to operate profitably.
- Our reputation is a key asset to our business, and our business may be affected by how we are perceived in the marketplace.
- An outbreak of contagious disease or other public health emergency could materially and adversely affect our business, financial condition, liquidity, and results of operations.
- The concentration of Dealers in several states could adversely affect us.
- Reliance on our outsourced business functions could adversely affect our business.
- Our ability to hire and retain foreign engineering personnel could be hindered by immigration restrictions.

- We may be unable to execute our business strategy due to current economic conditions.
- Natural disasters, climate change, military conflicts, acts of war, terrorist attacks and threats, or the escalation of military activity in response to terrorist attacks or otherwise may negatively affect our business, financial condition, and results of operations.
- Governmental or market responses to climate change and related environmental issues could have a material adverse effect on our business.
- A small number of our shareholders have the ability to significantly influence matters requiring shareholder approval and such shareholders have interests which may conflict with the interests of our other security holders.

Capital and Liquidity Risks

- We may be unable to continue to access or renew funding sources and obtain capital needed to maintain and grow our business.
- The terms of our debt limit how we conduct our business.
- A violation of the terms of our asset-backed secured financings or revolving secured warehouse facilities could have a material adverse impact on our operations.
- Our substantial debt could negatively impact our business, prevent us from satisfying our debt obligations, and adversely affect our financial condition.
- We may not be able to generate sufficient cash flows to service our outstanding debt and fund operations and may be forced to take other actions to satisfy our obligations under such debt.
- Interest rate fluctuations may adversely affect our borrowing costs, profitability, and liquidity.
- Reduction in our credit rating could increase the cost of our funding from, and restrict our access to, the capital markets and adversely affect our liquidity, financial condition, and results of operations.
- We may incur substantially more debt and other liabilities. This could exacerbate further the risks associated with our current debt levels.
- The conditions of the U.S. and international capital markets may adversely affect lenders with which we have relationships, causing us to incur additional costs and reducing our sources of liquidity, which may adversely affect our financial position, liquidity, and results of operations.

Technology and Cybersecurity Risks

- Our dependence on technology could have a material adverse effect on our business.
- We depend on secure information technology, and a breach of our systems or those of our third-party service providers could result in our experiencing significant financial, legal, and reputational exposure and could materially adversely affect our business, financial condition, and results of operations.
- Our use of electronic contracts could impact our ability to perfect our ownership or security interest in Consumer Loans.
- Failure to properly safeguard our proprietary business information or confidential consumer and team member personal information could subject us to liability, decrease our profitability, and damage our reputation.
- The development and use of artificial intelligence presents risks and challenges that may adversely impact our business.

Legal and Regulatory Risks

- Litigation we are involved in from time to time may adversely affect our financial condition, results of operations, and cash flows.
- Changes in tax laws and the resolution of uncertain income tax matters could have a material adverse effect on our results of operations and cash flows from operations.
- The regulations to which we are or may become subject could result in a material adverse effect on our business.

Other factors not currently anticipated by management may also materially and adversely affect our business, financial condition, and results of operations. We do not undertake, and expressly disclaim any obligation, to update or alter our statements whether as a result of new information, future events, or otherwise, except as required by applicable law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Refer to our Annual Report on Form 10-K for the year ended December 31, 2024 for a complete discussion of our market risk. There have been no material changes to the market risk information included in our Annual Report on Form 10-K for the year ended December 31, 2024.

ITEM 4. CONTROLS AND PROCEDURES.

(a) *Disclosure Controls and Procedures.* Our management, with the participation of our principal executive and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective in recording, processing, summarizing, and reporting, on a timely basis, information required to be disclosed by us in the reports that we file or submit under the Exchange Act and are effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) *Internal Control Over Financial Reporting.* There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the normal course of business and as a result of the consumer-oriented nature of the industry in which we operate, we and other industry participants are frequently subject to various consumer claims, litigation, and regulatory investigations seeking damages, fines, and statutory penalties. The claims allege, among other theories of liability, violations of state, federal, and foreign truth-in-lending, credit availability, credit reporting, consumer protection, warranty, debt collection, insurance, and other consumer-oriented laws and regulations, including claims seeking damages for alleged physical and mental harm relating to the repossession and sale of consumers' vehicles and other debt collection activities. As the assignee of Consumer Loans originated by Dealers, we may also be named as a co-defendant in lawsuits filed by consumers principally against Dealers. We may also have disputes and litigation with Dealers. The claims may allege, among other theories of liability, that we breached the Dealer servicing agreement. We may also have disputes and litigation with vendors and other third parties. The claims may allege, among other theories of liability, that we breached a license agreement or contract. The damages, fines, and penalties that may be claimed by consumers, regulatory agencies, Dealers, vendors, or other third parties in these types of matters can be substantial. The relief requested by plaintiffs varies but may include requests for compensatory, statutory, and punitive damages and injunctive relief, and plaintiffs may seek treatment as purported class actions or they may file individual arbitration demands for which arbitration providers may request separate filing fees. An adverse ultimate disposition in any action to which we are a party or otherwise subject, or the requirement to pay filing fees for a large number of individual arbitration demands, could have a material adverse impact on our financial position, liquidity, and results of operations.

For a description of significant litigation to which we are a party, see Note 15 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

The risk factor entitled "Adverse changes in economic conditions, the automobile or finance industries, or the non-prime consumer market could adversely affect our financial position, liquidity, and results of operations, the ability of key vendors that we depend on to supply us with services, and our ability to enter into future financing transactions" included in Item 1A – Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2024 is amended and restated in its entirety as follows:

Adverse changes in economic conditions, the automobile or finance industries, or the non-prime consumer market could adversely affect our financial position, liquidity, and results of operations, the ability of key vendors that we depend on to supply us with services, and our ability to enter into future financing transactions.

We are subject to general economic conditions which are beyond our control. During periods of economic slowdown or recession, delinquencies, defaults, repossessions, and losses may increase on our Consumer Loans, and Consumer Loan prepayments may decline. These periods are also typically accompanied by decreased consumer demand for automobiles and declining values of automobiles securing outstanding Consumer Loans, which weakens collateral coverage and increases the amount of loss in the event of default. Significant increases in the inventory of used automobiles during periods of economic recession may also depress the prices at which repossessed automobiles may be sold or delay the timing of these sales. Additionally, inflation, higher gasoline prices, the deferral or resumption of student loan payments, increased focus on climate-related initiatives and regulation, declining stock market values, unstable real estate values, resets of adjustable rate mortgages to higher interest rates, increasing unemployment levels, general availability of consumer credit, tariffs or other factors that impact consumer confidence or disposable income could increase loss frequency and decrease consumer demand for automobiles as well as weaken collateral values of automobiles. Imposition of or increases in tariffs on U.S. imports could result in higher used car prices in the United States, leading to decreased Dealer origination of Consumer Loans and a decline in Consumer Loan assignments to us. Because our business is focused on consumers who do not qualify for conventional automobile financing, the actual rates of delinquencies, defaults, repossessions, and losses on our Consumer Loans could be higher than those experienced in the general automobile finance industry, and could be more dramatically affected by a general economic downturn.

We rely on Dealers to originate Consumer Loans for assignment under our programs. High levels of Dealer attrition, due to a general economic downturn or otherwise, could materially adversely affect our operations. In addition, we rely on vendors to provide us with services we need to operate our business. Any disruption in our operations due to the untimely or discontinued supply of these services could substantially adversely affect our operations. Finally, during an economic slowdown or recession, our servicing costs may increase without a corresponding increase in finance charge revenue. Any sustained period of increased delinquencies, defaults, repossessions, or losses or increased servicing costs could also materially adversely affect our financial position, liquidity, and results of operations and our ability to enter into future financing transactions.

Technological advancements or changes to trends in the automobile industry such as new autonomous driving technologies or car- and ride-sharing programs could decrease consumer demand for automobiles. Decreased consumer demand for automobiles could negatively impact demand for our financing programs as well as weaken collateral values of automobiles, which could materially adversely affect our financial position, liquidity, and results of operations.

The following risk factor updates and supplements, and should be read in conjunction with, the risk factors disclosed under the heading "Technology and Cybersecurity Risks" in Item 1A - Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2024.

The development and use of artificial intelligence presents risks and challenges that may adversely impact our business.

We, or Third-Party Providers, third-party service providers, automobile dealers who participate in our programs, or other third parties with which we transact or have business relationships, may develop or incorporate artificial intelligence ("AI") technology in certain business processes, services, or products. The development and use of AI presents several potential risks and challenges to our business. The implementation by us of AI technologies may require significant additional investments in infrastructure, personnel, and training. There can be no assurance that such investments will yield the anticipated benefits or that we will be able to successfully integrate AI into our existing systems and processes without disruption. We may not be able to effectively implement or keep pace with evolutions in AI or other technology-driven products and services as quickly or with the same degree of success as our competitors. Failure to successfully keep pace with technological change affecting the financial services industry could harm our ability to maintain and expand our relationships with Dealers and otherwise adversely affect our business and our ability to compete successfully in the automobile finance market.

The legal and regulatory environment relating to AI is complex and rapidly evolving in the United States and includes both regulatory frameworks targeting AI specifically and other laws and regulations related to such matters as intellectual property, privacy, consumer protection and employment, among others, applicable to the use of AI. These evolving laws and regulations could affect our approach to AI technology and any implementation of AI technology that we may pursue and could result in significant compliance costs and risk of non-compliance.

AI models may produce output or take action that is incorrect, that reflects biases included in the data on which they are trained, that results in the release of private, confidential, or proprietary information, that infringes on the intellectual property rights of others, or that is otherwise harmful. The limited transparency of AI models increases the challenges associated with assessing the proper operation of AI models, understanding and monitoring the capabilities of AI models, reducing erroneous output of AI models, eliminating bias in AI models, and complying with relevant regulations. Further, we may rely on AI models developed by third parties, and, to that extent, would be dependent in part on the manner in which those third parties develop and train their models, which could expose us to risks arising from the inclusion of any unauthorized material in the training data for their models and the effectiveness of the steps these third parties have taken to limit the risks associated with the output of their models, matters over which we may have limited visibility.

Whether or not we are otherwise able successfully to manage the implementation of AI in our business and address the competitive challenges AI could pose to our business, any failure by Third-Party Providers, our third-party service providers, Dealers, or other third parties with which we transact or have business relationships to adhere to our AI policies, or otherwise to use AI in an appropriate manner, could result in legal or regulatory violations, jeopardize our intellectual property rights or those of other parties, or expose us to cybersecurity threats, any of which could adversely affect our business and result in our sustaining reputational, technical, or competitive harm.

Any of these risks could expose us to liability or adverse legal or regulatory consequences and harm our reputation and the public perception of our business or the effectiveness of our security measures.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Stock Repurchases

The following table summarizes stock repurchases for the three months ended June 30, 2025:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased		Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
April 1 to April 30, 2025	145,468	(3)	$ 482.35	144,987	774,606
May 1 to May 31, 2025	284,332	(4)	492.03	284,024	490,582
June 1 to June 30, 2025	99,805	(5)	496.49	99,451	391,131
Total	529,605		490.21	528,462	

(1) Average price paid per share excludes excise tax. Our share repurchases in excess of issuances are subject to a 1% excise tax enacted by the Inflation Reduction Act. Any excise tax incurred is recognized as part of the cost basis of the shares acquired in the Consolidated Statements of Shareholders' Equity.

(2) On August 21, 2023, our board of directors authorized the repurchase by us from time to time of up to two million shares of our common stock (the "August 2023 Authorization"). The August 2023 Authorization, which was announced on August 24, 2023, does not have a specified expiration date. Repurchases under the August 2023 Authorization may be made in the open market, through privately negotiated transactions, through block trades, pursuant to trading plans adopted in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934 or otherwise.

(3) Includes 481 shares of common stock released to us by team members as payment of tax withholdings upon the settlement of restricted stock units in shares of common stock and the vesting of restricted stock units.

(4) Includes 308 shares of common stock released to us by team members as payment of tax withholdings upon the settlement of restricted stock units in common stock and the vesting of restricted stock units.

(5) Includes 354 shares of common stock released to us by team members as payment of tax withholdings upon the settlement of restricted stock units in common stock and the vesting of restricted stock units.

ITEM 5. OTHER INFORMATION

During the quarter ended June 30, 2025, there were no Rule 10b5-1 trading arrangements (as defined in Item 408(a) of Regulation S-K) or non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K) adopted or terminated by any director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of Credit Acceptance Corporation.

ITEM 6. EXHIBITS

Exhibit No.	Description
4.155	Fourteenth Amendment to Sixth Amended and Restated Credit Agreement, dated as of June 24, 2025, among the Company, Comerica Bank and the other banks signatory thereto and Comerica Bank, as administrative agent for the banks (incorporated by reference to Exhibit 4.155 to the Company's Current Report on Form 8-K filed June 30, 2025).
4.156	Seventh Amendment to Loan and Security Agreement, dated as of July 11, 2025, among the Company, among CAC Warehouse Funding LLC VI and Flagstar Bank, N.A. (incorporated by reference to Exhibit 4.156 to the Company's Current Report on Form 8-K filed July 16, 2025).
31.1	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101(SCH)	Inline XBRL Taxonomy Extension Schema Document.
101(CAL)	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101(DEF)	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101(LAB)	Inline XBRL Taxonomy Extension Label Linkbase Document.
101(PRE)	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (included in the Exhibit 101 Inline XBRL Document Set).
*	Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CREDIT ACCEPTANCE CORPORATION
(Registrant)

By:	/s/ Jay D. Martin
	Jay D. Martin
	Chief Financial Officer
	(Principal Financial Officer)
Date:	July 31, 2025