REFINITIV

# DELTA REPORT

## 10-K

CACC - CREDIT ACCEPTANCE CORP

10-K - DECEMBER 31, 2024 COMPARED TO 10-K - DECEMBER 31, 2023

The following comparison report has been automatically generated

| TOTAL DELTAS | 1946 |
| --- | --- |
| CHANGES | 389 |
| DELETIONS | 751 |
| ADDITIONS | 806 |

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, DC 20549**
# FORM 10-K

(Mark One)

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

**For the fiscal year ended December 31, 2023 December 31, 2024**

**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)* |

Registrant’s telephone number, including area code: **(248) 353-2700**

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 |

Securities registered pursuant to section 12(g) of the Act:
**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

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 þ No o

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 þ No o

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. o

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). o

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

The aggregate market value of 6,372,875 6,201,669 shares of the registrant's common stock held by non-affiliates on June 30, 2023 June 30, 2024 was approximately $3,237.0 million $3,191.9 million. For purposes of this computation, all officers, directors and 10% beneficial owners of the registrant are assumed to be affiliates. Such determination should not be deemed an admission that such officers, directors and beneficial owners are, in fact, affiliates of the registrant.

At February 1, 2024 February 4, 2025, there were 12,302,955 12,031,647 shares of the registrant's common stock issued and outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive proxy statement pertaining to the registrant's 2024 2025 annual meeting of shareholders (the "Proxy Statement") to be filed pursuant to Regulation 14A are incorporated herein by reference into Part III of this Annual Report on Form 10-K (this "Form 10-K").

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**CREDIT ACCEPTANCE CORPORATION**
**YEAR ENDED DECEMBER 31, 2023 2024**

**INDEX TO FORM 10-K**

**PART I**

**ITEM 1. BUSINESS**

**General**

Since 1972, Credit Acceptance Corporation (referred to as the “Company”, “Credit Acceptance”, “we”, “our” or “us”) has offered makes vehicle ownership possible by providing innovative financing programs 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.

Credit Acceptance was founded in 1972 to collect retail installment contracts (referred to as “Consumer Loans”) originated by automobile dealerships owned by Donald Foss, our founder. During the 1980s, we began to market this service to non-affiliated dealers and, at the same time, began to offer dealers a non-recourse cash payment (referred to as an “advance”) against anticipated future collections on Consumer Loans serviced for that dealer.

We refer to automobile dealers who participate in our programs and who share our commitment desire to changing consumers' 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 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:

| Consumer Loan Assignment Volume | For the Years Ended December 31, 2023 | 2022 | 2021 |
|---|---|---|---|
| Percentage of total unit volume with either FICO® scores below 650 or no FICO® scores | 80.9 % | 84.8 % | 91.0 % |

In recent years, we have expanded our financing programs to consumers with higher credit ratings, which has contributed to the reduction in the percentage of total unit volume with either FICO® scores below 650 or no FICO® scores over the three year period presented above.

| Consumer Loan Assignment Volume | For the Years Ended December 31, 2024 | 2023 | 2022 |
|---|---|---|---|
| Percentage of total unit volume with either FICO® scores below 650 or no FICO® scores | 80.6 % | 80.9 % | 84.8 % |

**Business Segment Information**

We currently operate in one reportable segment which represents our core business of offering Dealers innovative financing programs solutions and related products and services that enable them 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 15 14 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

**Principal Business**

We offer Dealers financing programs that enable them to sell vehicles to consumers, regardless of their credit history. 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 under each of the programs for each of the last three years:

| | | Unit Volume | | Dollar Volume (1) | | | Unit Volume | | Dollar Volume (1) | |
|---|---|---|---|---|---|---|---|---|---|---|
| For the Years Ended December 31, | For the Years Ended December 31, | Portfolio Program | Purchase Program | Portfolio Program | Purchase Program | For the Years Ended December 31, | Portfolio Program | Purchase Program | Portfolio Program | Purchase Program |
| 2021 | | 67.9 % | 32.1 % | 65.0 % | 35.0 % | | | | | |
| 2022 | 2022 | 73.5 % | 26.5 % | 69.8 % | 30.2 % | 2022 | 73.5 % | 26.5 % | 69.8 % | 30.2 % |
| 2023 | 2023 | 74.0 % | 26.0 % | 70.7 % | 29.3 % | 2023 | 74.0 % | 26.0 % | 70.7 % | 29.3 % |
| 2024 | | 78.7 % | 21.3 % | 77.5 % | 22.5 % | | | | | |

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

<u>Portfolio Program</u>

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

- a down payment from the consumer;
- a cash 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.

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.

<u>Purchase Program</u>

The Purchase Program differs from our 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.

<u>Program Enrollment</u>

Dealers are granted access to our 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.

<u>Revenue Sources</u>

Credit Acceptance derives its revenues from the following principal sources:

- finance charges, which are 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;
- premiums earned on the reinsurance of vehicle service contracts; and

- other income, which primarily consists of ancillary product profit sharing, remarketing fees, and interest. For additional information, see Note 8 to the consolidated financial statements contained in Item 8 to this Form 10-K, which is incorporated herein by reference.

The following table sets forth the percent relationship to total revenue of each of these sources:

| | | For the Years Ended December 31, | | | | For the Years Ended December 31, | | |
|---|---|---|---|---|---|---|---|---|
| Percent of Total Revenue | Percent of Total Revenue | 2023 | 2022 | 2021 | Percent of Total Revenue | 2024 | 2023 | 2022 |
| Finance charges | Finance charges | 92.3 % | 92.0 % | 93.9 % | Finance charges | 92.2 % | 92.3 % | 92.0 % |
| Premiums earned | Premiums earned | 4.2 % | 3.4 % | 3.2 % | Premiums earned | 4.4 % | 4.2 % | 3.4 % |
| Other income | Other income | 3.5 % | 4.6 % | 2.9 % | Other income | 3.4 % | 3.5 % | 4.6 % |
| Total revenue | Total revenue | 100.0 % | 100.0 % | 100.0 % | Total revenue | 100.0 % | 100.0 % | 100.0 % |

<u>Operations</u>

*Sales and Marketing*. Our target market is approximately 60,000 independent and franchised automobile dealers in the United States. We have market area managers located throughout the United States that market our programs to prospective Dealers, enroll new Dealers, and support active Dealers. The number of Dealer enrollments and active Dealers for each of the last three years are presented in the table below:

| For the Years Ended December 31, | For the Years Ended December 31, | Dealer Enrollments | Active Dealers (1) | For the Years Ended December 31, | Dealer Enrollments | Active Dealers (1) |
|---|---|---|---|---|---|---|
| 2021 | | | | | | |
| 2022 | | | | | | |
| 2023 | | | | | | |
| 2024 | | | | | | |

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

Once Dealers have enrolled in our programs, the market area managers work closely with the newly enrolled Dealers to help them successfully launch our programs within their dealerships. Market area managers also provide active Dealers with ongoing support and consulting focused on improving the Dealers' success on our programs, including assistance with increasing the volume and performance of Consumer Loan assignments.

*Dealer Servicing Agreement.* As a part of the enrollment process, a new Dealer is required to enter into a Dealer servicing agreement with Credit Acceptance 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 Consumer Loans from the Dealers to us. Under the typical Dealer servicing agreement, a Dealer represents that it will only assign Consumer Loans to us that satisfy criteria established by us, meet certain conditions with respect to their binding nature and the status of the security interest in the purchased vehicle, and comply with applicable state and federal laws and regulations.

The typical Dealer servicing agreement may be terminated by us or by the Dealer upon written notice. We may terminate the Dealer servicing agreement immediately in the case of an event of default by the Dealer. Events of default include, among other things:

- the Dealer's refusal to allow us to audit its records relating to the Consumer Loans assigned to us;
- the Dealer, without our consent, is dissolved; merges or consolidates with an entity not affiliated with the Dealer; or sells a material part of its assets outside the course of its business to an entity not affiliated with the Dealer; or
- the appointment of a receiver for, or the bankruptcy or insolvency of, the Dealer.

While a Dealer can cease assigning Consumer Loans to us at any time without terminating the Dealer servicing agreement, if the Dealer elects to terminate the Dealer servicing agreement or in the event of a default, we have the right to require that the Dealer immediately pay us:

- any unreimbursed collection costs on Dealer Loans;
- any unpaid advances and all amounts owed by the Dealer to us; and
- a termination fee equal to 15% of the then outstanding amount of the Consumer Loans assigned to us.

Upon receipt of such amounts in full, we reassign the Consumer Loans and our security interest in the financed vehicles to the Dealer.

In the event of a termination of the Dealer servicing agreement by us, we may continue to service Consumer Loans assigned by the Dealer to us prior to termination in the normal course of business without charging a termination fee.

*Consumer Loan Assignment.* Once a Dealer has enrolled in our programs, the Dealer may begin assigning Consumer Loans to us. 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.

A Consumer Loan is originated by the Dealer when a consumer enters into a contract with the Dealer that sets forth the terms of the agreement between the consumer and the Dealer for the payment of the purchase price of the vehicle. The amount of the Consumer Loan consists of the total principal and interest that the consumer is required to pay over the term of the Consumer Loan. Consumer Loans are written on a contract form provided or approved by us. Although the Dealer is named in the Consumer Loan contract, the Dealer generally does not have legal ownership of the Consumer Loan for more than a moment, and we, not the Dealer, are listed as lien holder on the vehicle title. Consumers are obligated to make payments on the Consumer Loan directly to us, and any failure to make such payments will result in our pursuing payment through collection efforts.

All Consumer Loans submitted to us for assignment are processed through our Credit Approval Processing System ("CAPS"). CAPS allows Dealers to input a consumer's credit application and view the response from us via the internet. CAPS allows Dealers to: (1) receive a quick approval from us; (2) interact with our proprietary credit scoring system to optimize the structure of each transaction prior to delivery; and (3) create, electronically execute, and print legally compliant Consumer Loan documents. All responses include the amount of funding (advance for a Dealer Loan or purchase price for a Purchased Loan), as well as any stipulations required for funding. The amount of funding is determined using a formula which considers a number of factors, including the timing and amount of cash flows expected on the related Consumer Loan and our target profitability at the time the Consumer Loan is submitted to us for assignment. The estimated future cash flows are determined based upon our proprietary credit scoring system, which considers numerous variables, including 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, to calculate a composite credit score that corresponds to an expected collection rate. Our proprietary credit scoring system forecasts the collection rate based upon the historical performance of Consumer Loans in our portfolio that share similar characteristics. The performance of our proprietary credit scoring system is evaluated monthly by comparing projected to actual Consumer Loan performance. Adjustments are made to our proprietary credit scoring system as necessary. For additional information on adjustments to forecasted collection rates, please see the Critical Accounting Estimates section in Item 7 of this Form 10-K, which is incorporated herein by reference.

While a Dealer can submit any legally compliant Consumer Loan to us for assignment, the decision whether to provide funding to the Dealer and the amount of any funding is made solely by us. Through our Dealer Service Center, we perform all significant functions relating to the processing of the Consumer Loan applications and bear certain costs of Consumer Loan assignment, including the cost of assessing the adequacy of Consumer Loan documentation, the cost of compliance with our underwriting guidelines, and the cost of verifying employment, residence, and other information provided by the Dealer.

We audit Consumer Loan files for compliance with our underwriting guidelines on a daily basis in order to assess whether Dealers are operating in accordance with the terms and conditions of the Dealer servicing agreement. We occasionally identify breaches of the Dealer servicing agreement, and, depending upon the circumstances, and at our discretion, we may:

- change pricing or charge the Dealer fees for future Consumer Loan assignments;
- reassign the Consumer Loans back to the Dealer and require repayment of the related advances and/or purchase payments; or
- terminate our relationship with the Dealer.

Consumer Loans that have been assigned to us can be reassigned back to the Dealer at the Dealer's discretion as follows:

- an individual Consumer Loan may be reassigned within 180 days of assignment, in which case we require repayment of the related advance or purchase payment and, if requested more than 90 days after assignment, payment of a fee; and
- all Consumer Loans assigned under the Portfolio Program may be reassigned through termination of the Dealer servicing agreement, as described under "Dealer Servicing Agreement," above.

Our business model allows us to share the risk and reward of collecting on the Consumer Loans with the Dealers, more so with the Portfolio Program than the Purchase Program. Such sharing is intended to motivate the Dealer to assign better quality Consumer Loans, follow our underwriting guidelines, comply with various legal regulations, meet our credit compliance requirements, and provide appropriate service and support to the consumer after the sale. In addition, our Dealer Service Center works closely with Dealers to assist them in resolving any documentation deficiencies or funding stipulations. We believe this arrangement causes the interests of the Dealer, the consumer, and us to all be aligned.

We measure various criteria for each Dealer against other Dealers in their geographic area as well as the top performing Dealers. Dealers are assigned a Dealer rating based upon the performance of their Consumer Loans in both the Portfolio Program and Purchase Program as well as other criteria. The Dealer rating is one of the factors used to determine the amount paid to Dealers as an advance or to acquire a Purchased Loan. We provide each Dealer under the Portfolio Program with a monthly statement summarizing all activity that occurred on its Consumer Loan assignments.

*Servicing.* Our largest group of representatives services Consumer Loans that are in the early stages of delinquency. Our representatives work with consumers to attempt to develop a solution that will help them avoid becoming further past due and get them current where possible. We utilize a variety of methods to attempt to contact the consumer or to remind them of upcoming scheduled payments, including phone calls, email, text messaging, mail, and mobile notifications.

The decision to repossess a vehicle is based on policy-based criteria. When a Consumer Loan is approved for repossession, we continue to service the Consumer Loan while it is being assigned to a third-party repossession service provider, who works on a contingency fee basis. Once a vehicle has been repossessed, the consumer can redeem the vehicle, whereupon the vehicle is returned to the consumer in exchange for paying off the Consumer Loan balance; or, where appropriate or if required by law, the vehicle is returned to the consumer and the consumer is permitted to continue with the Consumer Loan in exchange for a payment or series of payments which eliminates the past due balance. If the consumer elects not to regain possession of the vehicle after repossession, the vehicle is sold at a wholesale automobile auction. Prior to sale, the vehicle is typically inspected by a representative at the auction who provides repair and reconditioning recommendations. Alternatively, our remarketing representatives may inspect the vehicle directly. Our remarketing representatives then authorize any repair and reconditioning work in order to maximize the net sale proceeds at auction.

If the vehicle sale proceeds are not sufficient to satisfy the balance owing on the Consumer Loan, we may offer the consumer the opportunity to settle any outstanding balance for less than the amount owed. At this point, the Consumer Loan is serviced by either: (1) our internal collection team, in the event the consumer is willing to make payments on the full or partial deficiency balance; or (2) where permitted by law, our external collection team, if it is believed that legal action will be successful in reducing or eliminating the deficiency balance owing on the Consumer Loan. Our external collection team may assign Consumer Loans to third-party collection attorneys who work on a contingency fee basis.

Representatives service Consumer Loans through our servicing platform, which consists of the following two systems:

- The collection system, which assigns Consumer Loans to representatives through a predictive dialer and records all collection activity, including:
  - details of past phone conversations with the consumer;
  - collection letters sent;
  - promises to pay;
  - broken promises;
  - payment history;
  - repossession orders; and
  - collection attorney activity.
- The servicing system, which maintains a record of all transactions relating to Consumer Loan assignments and is a primary source of data utilized to:
  - determine the outstanding balance of the Consumer Loans;
  - forecast future collections;
  - analyze the profitability of our program; and
  - evaluate our proprietary credit scoring system.

**Ancillary Products**

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. We recognize our fee as finance charges on a level-yield basis over the life of the related Loan. 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. Our agreement with one of our TPPs allows us to receive profit sharing payments depending on the performance of the vehicle service contracts.

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 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 trust accounts 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.

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. We recognize our fee as finance charges on a level-yield basis over the life of the related Loan. 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. Our agreement with one of our TPPs allow us to receive profit sharing payments depending on the performance of the GAP contracts.

Under our the Purchase Program, we provide Dealers that meet certain criteria the ability to offer vehicle service contracts and GAP to consumers through the Dealers' relationships with TPPs. The retail price of the vehicle service contract and/or GAP is included in the principal balance of the Consumer Loan and is paid to the Dealer. Under this arrangement, we do not receive an administrative fee, and the Dealers' TPPs process claims.

**Competition**

The market for consumers who do not qualify for conventional automobile financing is large and highly competitive. The market is currently served by "buy here, pay here" dealerships, banks, captive finance affiliates of automobile manufacturers, credit unions, and independent finance companies both publicly and privately owned. Many of these companies are much larger and have greater resources than us. We compete on the basis of the level of service provided by our Dealer Service Center and sales personnel. In addition, we compete by offering a profitable and efficient method for Dealers to finance consumers who would be more difficult or less profitable to finance through other methods.

**Customer and Geographic Concentrations**

The following tables provide information regarding the five states that were responsible for the largest dollar volume of Consumer Loan assignments and the related number of active Dealers during 2024, 2023, 2022, and 2021: 2022:

| (Dollars in millions) | For the Year Ended December 31, 2024 | | | |
|---|---|---|---|---|
| | Consumer Loan Assignments | | Active Dealers (2) | |
| | Dollar Volume (1) | % of Total | Number | % of Total |
| Michigan | $ 372.4 | 8.1 % | 861 | 5.6 % |
| Texas | 327.9 | 7.1 % | 1,295 | 8.4 % |
| New Jersey | 303.5 | 6.6 % | 386 | 2.5 % |
| Ohio | 269.5 | 5.8 % | 1,024 | 6.6 % |
| Florida | 233.7 | 5.1 % | 873 | 5.6 % |
| All other states | 3,111.4 | 67.3 % | 11,024 | 71.3 % |
| Total | $ 4,618.4 | 100.0 % | 15,463 | 100.0 % |

| (Dollars in millions) | (Dollars in millions) | For the Year Ended December 31, 2023 | | | | | | (Dollars in millions) | For the Year Ended December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Consumer Loan Assignments | | | Active Dealers (2) | | | | Consumer Loan Assignments | | | Active Dealers (2) | | |
| | | Dollar Volume (1) | | % of Total | Number | | % of Total | | Dollar Volume (1) | | % of Total | Number | | % of Total |
| Michigan | Michigan | $ 326.3 | 7.9 | 7.9 % | 833 | 5.9 | 5.9 % | Michigan | $ 326.3 | 7.9 | 7.9 % | 833 | 5.9 | 5.9 % |
| Texas | Texas | 272.5 | 6.6 | 6.6 % | 1,170 | 8.3 | 8.3 % | Texas | 272.5 | 6.6 | 6.6 % | 1,170 | 8.3 | 8.3 % |
| Ohio | Ohio | 245.2 | 5.9 | 5.9 % | 986 | 7.0 | 7.0 % | Ohio | 245.2 | 5.9 | 5.9 % | 986 | 7.0 | 7.0 % |
| New Jersey | New Jersey | 238.2 | 5.7 | 5.7 % | 357 | 2.5 | 2.5 % | New Jersey | 238.2 | 5.7 | 5.7 % | 357 | 2.5 | 2.5 % |
| Tennessee | Tennessee | 216.0 | 5.2 | 5.2 % | 569 | 4.0 | 4.0 % | Tennessee | 216.0 | 5.2 | 5.2 % | 569 | 4.0 | 4.0 % |
| All other states | All other states | 2,849.6 | 68.7 | 68.7 % | 10,259 | 72.3 | 72.3 % | All other states | 2,849.6 | 68.7 | 68.7 % | 10,259 | 72.3 | 72.3 % |
| Total | Total | $ 4,147.8 | 100.0 | 100.0 % | 14,174 | 100.0 | 100.0 % | Total | $4,147.8 | 100.0 | 100.0 % | 14,174 | 100.0 | 100.0 % |

| (Dollars in millions) | (Dollars in millions) | For the Year Ended December 31, 2022 | | | | | | (Dollars in millions) | For the Year Ended December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Consumer Loan Assignments | | | Active Dealers (2) | | | | Consumer Loan Assignments | | | Active Dealers (2) | | |
| | | Dollar Volume (1) | | % of Total | Number | | % of Total | | Dollar Volume (1) | | % of Total | Number | | % of Total |
| Michigan | Michigan | $ 353.0 | 9.7 | 9.7 % | 731 | 6.1 | 6.1 % | Michigan | $ 353.0 | 9.7 | 9.7 % | 731 | 6.1 | 6.1 % |
| New York | New York | 229.8 | 6.3 | 6.3 % | 687 | 5.8 | 5.8 % | New York | 229.8 | 6.3 | 6.3 % | 687 | 5.8 | 5.8 % |
| Ohio | Ohio | 205.7 | 5.7 | 5.7 % | 832 | 7.0 | 7.0 % | Ohio | 205.7 | 5.7 | 5.7 % | 832 | 7.0 | 7.0 % |
| Texas | Texas | 205.5 | 5.7 | 5.7 % | 903 | 7.6 | 7.6 % | Texas | 205.5 | 5.7 | 5.7 % | 903 | 7.6 | 7.6 % |
| New Jersey | New Jersey | 204.0 | 5.6 | 5.6 % | 300 | 2.5 | 2.5 % | New Jersey | 204.0 | 5.6 | 5.6 % | 300 | 2.5 | 2.5 % |
| All other states | All other states | 2,427.3 | 67.0 | 67.0 % | 8,448 | 71.0 | 71.0 % | All other states | 2,427.3 | 67.0 | 67.0 % | 8,448 | 71.0 | 71.0 % |
| Total | Total | $ 3,625.3 | 100.0 | 100.0 % | 11,901 | 100.0 | 100.0 % | Total | $3,625.3 | 100.0 | 100.0 % | 11,901 | 100.0 | 100.0 % |

| (Dollars in millions) | For the Year Ended December 31, 2021 | | | |
|---|---|---|---|---|
| | Consumer Loan Assignments | | Active Dealers (2) | |
| | Dollar Volume (1) | % of Total | Number | % of Total |
| Michigan | $ 343.4 | 10.8 % | 747 | 6.5 % |

| | | | | | | |
|---|---|---|---|---|---|---|
| New York | 218.9 | 6.9 | % | 709 | 6.2 | % |
| Ohio | 181.5 | 5.7 | % | 764 | 6.7 | % |
| Texas | 170.2 | 5.4 | % | 810 | 7.1 | % |
| Tennessee | 162.9 | 5.1 | % | 458 | 4.0 | % |
| All other states | 2,090.9 | 66.1 | % | 7,922 | 69.5 | % |
| Total | $ 3,167.8 | 100.0 | % | 11,410 | 100.0 | % |

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

(2) Active Dealers are Dealers who have received funding for at least one Loan during the year.

No single Dealer's Loans receivable balance accounted for more than 10% of total Loans receivable balance as of December 31, 2023 December 31, 2024 or 2022. 2023.

**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 2 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

**Regulation**

Our business is subject to laws and regulations, including the Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, prohibitions against unfair, deceptive, and abusive acts and practices, and various other state and federal laws and regulations. These laws and regulations, among other things, require licensing and qualification; limit interest rates, fees, and other charges associated with the Consumer Loans assigned to us; require specified disclosures by Dealers to consumers; govern the sale and terms of ancillary products; and define the rights to repossess and sell collateral. Failure to comply with these laws or regulations could have a material adverse effect on us by, among other things, limiting the jurisdictions in which we may operate, restricting our ability to realize the value of the collateral securing the Consumer Loans, making it more costly or burdensome to do business, or resulting in potential liability. The volume of new or modified laws and regulations, and new interpretations of existing laws and regulations, has increased in recent years. From time to time, enactment and interpretations of legislation and regulations increase the cost of doing business, limit or expand permissible activities, or affect the competitive balance among financial services providers. Proposals to change the laws and regulations governing the operations and taxation of financial institutions and financial services providers are frequently made in the U.S. Congress, in state legislatures, and by various regulatory agencies. Such changes in laws and regulations, or the interpretation of such laws and regulations, may change our operating environment in substantial and unpredictable ways and may have a material adverse effect on our business.

We are subject to supervision by the Consumer Financial Protection Bureau (the "Bureau"). The Bureau has rulemaking and enforcement authority over certain non-depository institutions, including us. The Bureau is specifically authorized, among other things, to take actions to prevent companies providing consumer financial products or services and their service providers from engaging in unfair, deceptive, or abusive acts or practices in connection with consumer financial products and services, and to issue rules requiring enhanced disclosures or consumer access to information for consumer financial products or services. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the Bureau also may restrict the use of pre-dispute mandatory arbitration clauses in contracts between covered persons and consumers for a consumer financial product or service. The Bureau also has authority to interpret, enforce, and issue regulations implementing enumerated consumer laws, including certain laws that apply to our business. The Dodd-Frank Act and regulations promulgated thereunder may affect our cost of doing business, may limit or expand our permissible activities, may affect the competitive balance within our industry and market areas, and could have a material adverse effect on us.

In addition to the Bureau, other state and federal agencies have the ability to regulate aspects of our business. For example, the Dodd-Frank Act provides a mechanism for state attorneys general to investigate us. Separately, state attorneys general and certain state regulators have authority under their respective rules and laws, to investigate and/or regulate aspects of our business. In addition, the Federal Trade Commission has jurisdiction to investigate aspects of our business. We expect that regulatory investigations of our business by both state and federal agencies will continue and that the results of these investigations could have a material adverse impact on us.

*Ongoing Regulatory Matters*

Regulatory matters to which we are a party include the following matters, in each case the eventual scope, duration, and outcome of which we cannot predict at this time.

- 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.

- 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 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.

- On April 22, 2019, we received a civil investigative demand from the 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. 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. 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.

- On December 9, 2014, we received a civil investigative subpoena from the U.S. Department of Justice pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 directing us to produce certain information relating to subprime automotive finance and related securitization activities.

In addition, governmental regulations that would deplete the supply of used vehicles, such as environmental protection regulations governing emissions or fuel consumption, could have a material adverse effect on us.

Dealers must also comply with credit and trade practice statutes and regulations. Failure of Dealers to comply with these statutes and regulations could result in consumers having rights of rescission and other remedies that could have a material adverse effect on us.

The sale of vehicle service contracts and GAP by Dealers in connection with Consumer Loans assigned to us from Dealers is also subject to state laws and regulations. As we are the holder of the Consumer Loans that may, in part, finance these products, some of these state laws and regulations may apply to our servicing and collection of the Consumer Loans. Although these laws and regulations do not significantly affect our business, there can be no assurance that insurance or other regulatory authorities in the jurisdictions in which these products are offered by Dealers will not seek to regulate or restrict the operation of our business in these jurisdictions. Any regulation or restriction of our business in these jurisdictions could materially adversely affect the income received from these products.

We believe that we maintain all material licenses and permits required for our current operations and are in substantial compliance with all applicable laws and regulations. Our agreements with Dealers provide that the Dealer shall indemnify us with respect to any loss or expense we incur as a result of the Dealer's failure to comply with applicable laws and regulations.

**Team Members**

Our team members are organized into three four operating functions: Originations, functions as follows:

*Servicing and Support*.. The servicing function includes team members that are responsible for servicing Consumer Loans. The majority of these team members are responsible for collection activities on delinquent Consumer Loans.

*Originations.* The originations function includes team members that are responsible for enrolling new Dealers and supporting active Dealers. Originations also includes team members responsible for processing new Consumer Loan assignments.

*Servicing Engineering, Analytics, Marketing, and Product Management*. The servicing This function includes consists of team members that are responsible for servicing the Consumer Loans. The majority of these team members are responsible innovating, transforming, enhancing, modernizing, and optimizing our product for collection activities on delinquent Consumer Loans. Dealers and consumers.

*Support*. The support function includes team members that are responsible for engineering, corporate legal and compliance, human resources, finance, analytics, and marketing and product management. finance.

The following table below presents team members by operating function:

| | | Number of Team Members As of December 31, | | | | Number of Team Members as of December 31, | | |
|---|---|---|---|---|---|---|---|---|
| Operating Function | Operating Function | 2023 | 2022 | 2021 | Operating Function | 2024 | 2023 | 2022 |
| Servicing | | | | | | | | |
| Originations | | | | | | | | |
| Servicing | | | | | | | | |
| Engineering, Analytics, Marketing, and Product Management | | | | | | | | |
| Support | | | | | | | | |
| Total | | | | | | | | |

As of December 31, 2023 December 31, 2024, we had 2,232 2,431 full- and part-time team members. Our team members have no union affiliations, and we believe our relationship with our team members is in good standing. We strive to create a work environment that is pleasant, professional, and free from intimidation, hostility, or other offenses that may interfere with work performance. All team members complete non-discrimination and anti-harassment training, promoting a safe and inclusive work environment.

The vast majority of our team members work work remotely from locations within the United States, with approximately more than half of our team members located outside of Michigan. Our Company is highly diverse, as more than half remote-first work environment allows us to take advantage of our the national talent pool and hire the most qualified team members are women, and more than half belong to a minority ethnicity. Our team members reflect diversity of nationality, faith, age, and sexual orientation. members. We believe that our workplace is naturally diverse and supports an inclusive culture due to our practices of maintaining open and transparent communication and fostering a climate in which all team members are welcome to speak up and contribute. We have a Diversity and Inclusion Committee, chaired by a senior manager, tasked with generating engage in initiatives that encourage our team members to generate concrete actions that we can take together to help our communities heal enhance the environment of inclusion, a sense of belonging, and acceptance of others to make our culture and our Company stronger.

We believe these factors naturally contribute to the diversity of our workforce.

We place great importance on listening to our team members, as we believe that “the people doing the work know the most about it.” We encourage participation in periodic anonymous surveys to gain honest feedback about our workplace from our team members, and we use this feedback to generate ideas for improvement. Our Company’s culture attracts talented people and enables them to perform to their potential. We have been honored to receive many workplace awards in recent years.

**Available Information**

Our internet address is *creditacceptance.com*. We make available free of charge on our internet web site our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the “SEC”).

**ITEM 1A. RISK FACTORS**

***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.**

The 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 from operations 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 of assignment, we forecast future expected cash flows from the Consumer Loan. Based on these forecasts, which include estimates for wholesale vehicle prices in the event of vehicle repossession and sale, we make an advance or one-time purchase payment to the related Dealer at a level designed to maximize economic profit, a non-GAAP financial measure. We continue to forecast the expected collection rate for each Consumer Loan subsequent to assignment. These forecasts also serve as a critical assumption in our accounting for recognizing finance charge income and determining our allowance for credit losses. Please see the Critical Accounting Estimates – Finance Charge Revenue & Allowance for Credit Losses section in Item 7 of this Form 10-K, which is incorporated herein by reference. Actual cash flows from any individual Consumer Loan are often different from cash flows estimated at the time of assignment. There can be no assurance that our forecasts will be accurate or that Consumer Loan performance will be as expected. In periods with changing economic conditions, accurately forecasting the performance of Consumer Loans is more difficult. In the event that our forecasts are not accurate in the aggregate, our financial position, liquidity, and results of operations could be materially adversely affected.

**Due to competition from traditional financing sources and non-traditional lenders, we may not be able to compete successfully.**

The automobile finance market for consumers who do not qualify for conventional automobile financing is large and highly competitive. The market is served by a variety of companies, including “buy here, pay here” dealerships. The market is also currently served by banks, captive finance affiliates of automobile manufacturers, credit unions, and independent finance companies both publicly and privately owned. Many of these companies are much larger and have greater financial resources than are available to us, and many have long standing long-standing relationships with automobile dealerships. Providers of automobile financing have traditionally competed based on the interest rate charged, the quality of credit accepted, the flexibility of loan terms offered, and the quality of service provided to dealers and consumers. We may be unable to compete successfully in the automobile finance market or, due to the intense competition in this market, our results of operations, cash flows, and financial condition may be adversely affected as we adjust our business in response to competitive pressures. Increasing advance rates on Loans has the impact of reducing the return on capital we expect to earn on Loans. Additionally, if we are unsuccessful in maintaining and expanding our relationships with Dealers, we may be unable to accept Consumer Loans in the volume and on the terms that we anticipate.

**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, 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. 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.

**Reliance on third parties to administer our ancillary product offerings could adversely affect our business and financial results.**

We have relationships with TPPs to administer vehicle service contracts and GAP underwritten by third-party insurers and financed by us. We depend on these TPPs to evaluate and pay claims in an accurate and timely manner. If our relationships with these TPPs were modified, disrupted, or terminated, we would need to obtain these services from an alternative administrator or provide them using our internal resources. We may be unable to replace these TPPs with a suitable alternative in a timely and efficient manner on terms we consider acceptable, or at all. In the event we were unable to effectively administer our ancillary products offerings, we may need to eliminate or suspend our ancillary product offerings from our future business, we may experience a decline in the performance of our Consumer Loans, our reputation in the marketplace could be undermined, and our financial position, liquidity, and results of operations could be adversely affected.

**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 senior management average over 14 16 years of experience with us. Our success is dependent upon the management and the leadership skills of this team. In addition, competition from other companies to hire our team members possessing the necessary skills and experience required could contribute to an increase in team member turnover. The loss of any of these individuals or an inability to attract and retain additional qualified team members could adversely affect us. There can be no assurance that we will be able to retain our existing senior management or attract additional qualified team members.

**Our reputation is a key asset to our business, and our business may be affected by how we are perceived in the marketplace.**

Our reputation is a key asset to our business. Our ability to attract consumers through Dealers is highly dependent upon external perceptions of our level of service, trustworthiness, business practices, and financial condition. Negative publicity regarding these matters could damage our reputation among existing and potential consumers and Dealers, which could make it difficult for us to attract new consumers and Dealers and maintain existing Dealers. Adverse developments with respect to our industry may also, by association, negatively impact our reputation or result in greater regulatory or legislative scrutiny or litigation against us.

**An outbreak of contagious disease or other public health emergency could materially and adversely affect our business, financial condition, liquidity, and results of operations.**

Contagious-disease outbreaks or other public health emergencies could cause a deterioration in the U.S. economy and our industry, disruptions in our workforce, decreases in collections from our consumers, declines in Consumer Loan assignments, or extended periods of economic or supply chain disruptions. Financial market disruptions that occur as a result of contagious-disease outbreaks or other public health emergencies could reduce our ability to access capital or our consumers' ability to repay past or future Consumer Loans and could negatively affect our liquidity and results of operations. A future contagious-disease outbreak or other public health emergency could materially adversely affect our business, financial condition, liquidity, and results of operations and also intensify the risks described in the other risk factors disclosed in this Form 10-K.

**The concentration of Dealers in several states could adversely affect us.**

Dealers are located throughout the United States. During the year ended December 31, 2023 December 31, 2024, our five largest states (measured by advances paid to Dealers on Consumer Loans assigned under our the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our the Purchase Program) contained 27.7% 28.7% of Dealers. While we believe we have a diverse geographic presence, for the near term, we expect that significant amounts of Consumer Loan assignments will continue to be generated by Dealers in these five states due to the number of Dealers in these states and currently prevailing economic, demographic, regulatory, competitive, and other conditions in these states. Changes to conditions in these states could lead to an increase in Dealer attrition or a reduction in demand for our service that could materially adversely affect our financial position, liquidity, and results of operations.

**Reliance on our outsourced business functions could adversely affect our business.**

We outsource certain business functions to third-party service providers, which increases our operational complexity and decreases our control. We rely on these service providers to provide a high level of service and support, which subjects us to risks associated with inadequate or untimely service. In addition, if these outsourcing arrangements were not renewed or were terminated or the services provided to us were otherwise disrupted, we would have to obtain these services from an alternative provider or provide them using our internal resources. We may be unable to replace, or be delayed in replacing these sources and there is a risk that we would be unable to enter into a similar agreement with an alternate provider on terms that we consider favorable or in a timely manner. In the future, we may outsource additional business functions. If any of these or other risks related to outsourcing were realized, our financial position, liquidity, and results of operations could be adversely affected.

**Our ability to hire and retain foreign engineering personnel could be hindered by immigration restrictions.**

A portion of our engineering team is composed of foreign nationals whose ability to work for us depends on maintaining the necessary H-1B visas. The H-1B visa category allows U.S. employers to hire qualified foreign nationals to perform services in specialty occupations that require the attainment of at least a bachelor’s degree or its equivalent. Our ability to hire and retain these foreign nationals and their ability to remain and work in the United States are affected by various laws and regulations, including limitations on the number of available H-1B visas, which the U.S. government allocates by lottery. Changes in the laws or regulations affecting the availability, allocation, and/or cost of H-1B visas, eligibility for the H-1B visa category, or otherwise affecting the admission or retention of skilled foreign nationals by U.S. employers, or any increase in demand for H-1B visas relative to the limited supply of those visas, may adversely affect our ability to hire or retain foreign engineering personnel and may, as a result, increase our operating costs and impair our business operations.

**We may be unable to execute our business strategy due to current economic conditions.**

Our financial position, liquidity, and results of operations depend on management’s ability to execute our business strategy. Key factors involved in the execution of our business strategy include achieving our desired Consumer Loan assignment volume, continued and successful use of CAPS and pricing strategy, the use of effective credit risk management techniques and servicing strategies, continued investment in technology to support operating efficiency, and continued access to funding and liquidity sources. Although our pricing strategy is intended to maximize the amount of economic profit we generate, within the confines of capital and infrastructure constraints, there can be no assurance that this strategy will have its intended effect. Please see the Consumer Loan Volume section in Item 7 of this Form 10-K, which is incorporated herein by reference. Our failure or inability to execute any element of our business strategy could materially adversely affect our financial position, liquidity, and results of operations.

**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.**

Natural disasters, climate change, military conflicts, acts of war, terrorist attacks, and the escalation of military activity in response to terrorist attacks or otherwise may have negative and significant effects, such as imposition of increased security measures, changes in applicable laws, economic and financial market disruptions, loss of lives, damage to infrastructure, and job losses. These types of events or developments and their consequences may have an adverse effect on the economy in general, including diminished liquidity and credit availability, reduced consumer confidence, disruptions to energy and food supplies, decreased economic growth, higher unemployment rates, increased inflation, and political and social upheaval. The consequences of these types of events or developments could reduce used-car sales and demand for our product, impair the performance of our Loan portfolio, limit our access to capital, and intensify other risk factors disclosed in this Form 10-K, including cybersecurity-related risks. Moreover, the potential for future military conflicts and terrorist attacks, natural disasters, and escalating effects of climate change, and the national and international responses to these threats, could affect our business in ways that cannot be predicted. The effect of any of these events, developments, or threats could have a material adverse effect on 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.**

Governments have become increasingly focused on the effects of climate change and related environmental issues. How governments act to mitigate climate and related environmental risks, as well as associated changes in the behavior and preferences of businesses and consumers, could have an adverse effect on our business and results of operations. A decline in demand for gasoline-powered automobiles, such as could occur due to regulatory restrictions or a shift in consumer preference toward electric vehicles, could decrease the value of gasoline-powered vehicles securing outstanding Consumer Loans, which would weaken collateral coverage and increase the amount of loss in the event of default. Further, we may be compelled to change our business practices or our operational processes, and we could have less access to capital or face a higher cost of capital, because of climate- or environmental-driven changes in applicable law or due to related political, social, or market pressure. It is possible as well that changes in climate and related environmental risks, perceptions of them, and governmental responses to them may occur more rapidly than our ability to adapt without disrupting our business, which could have a material adverse effect on our financial position and results of operations.

**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.**

As of December 31, 2023 December 31, 2024, based on filings made with the SEC and other information made available to us, Allan V. Apple beneficially owned 22.5% 20.0% of our common stock, Prescott General Partners LLC and its affiliates beneficially owned 18.7% 19.3% of our common stock, Jill Foss Watson beneficially owned 16.5% 14.2% of our common stock, and John P. Neary beneficially owned 9.2% 8.6% of our common stock (representing, collectively, beneficial ownership of 45.2% 42.8% of our common stock, after taking into account those shares reported as beneficially owned by more than one of these shareholders). As a result, these shareholders are able to significantly influence matters presented to shareholders, including the election and removal of directors, the approval of significant corporate transactions, such as any reclassification, reorganization, merger, consolidation, or sale of all or substantially all of our assets, and the control of our management and affairs, including executive compensation arrangements. Their interests may conflict with the interests of our other security holders.

The beneficial ownership reported by Mr. Apple and Mr. Neary includes, in each case, beneficial ownership in their capacity as trustees of shares held in a marital trust established by our late founder, Donald Foss, and representing 9.2% 8.6% of our common stock as of December 31, 2023 December 31, 2024. The shares in the trust are subject to the terms of a shareholder agreement, entered into by Mr. Foss on January 3, 2017. Under the terms of that agreement that became applicable to the trustees of the trust upon Mr. Foss's death on August 14, 2022, until the final adjournment of the tenth annual meeting of shareholders held by the Company after the date of the shareholder agreement, the shares in the trust are to be voted in accordance with the recommendation of the Company's Board of Directors with respect to election and removal of directors, certain routine matters, and any other proposal to be submitted to the Company's shareholders with respect to any extraordinary transaction providing for the acquisition of all of the Company's outstanding common stock.

***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.**

We use debt financing to maintain and grow our business. We currently utilize the following primary forms of debt financing: (1) a revolving secured line of credit facility; (2) revolving secured warehouse ("Warehouse") facilities; (3) asset-backed secured financings ("Term ABS financings"); and (4) senior notes. We cannot guarantee that the revolving secured line of credit facility or the Warehouse facilities will continue to be available beyond their current maturity dates, on acceptable terms, or at all, or that we will be able to obtain additional financing on acceptable terms or at all. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, our financial position, our results of operations, and the capacity for additional borrowing under our existing financing arrangements. If our various financing alternatives were to become limited or unavailable, we may be unable to maintain or grow Consumer Loan volume at the level that we anticipate and our operations could be materially adversely affected.

**The terms of our debt limit how we conduct our business.**

The agreements that govern our debt contain covenants that restrict our ability to, among other things:

- incur and guarantee debt;
- pay dividends or make other distributions on or redeem or repurchase our stock;
- make investments or acquisitions;
- create liens on our assets;
- sell assets;
- merge with or into other companies; and
- enter into transactions with stockholders and other affiliates.

Some of our debt agreements also impose requirements that we maintain specified financial measures not in excess of, or not below, specified levels. In particular, our revolving credit facility requires, among other things, that we maintain (i) as of the end of each fiscal quarter, a ratio of consolidated funded debt less unrestricted cash and cash equivalents to consolidated tangible net worth at or below a specified maximum and (ii) as of the end of each fiscal quarter, a ratio of consolidated income available for fixed charges for the period of four consecutive fiscal quarters most recently ended to consolidated fixed charges, as defined in the agreements, for that period of not less than a specified minimum. These covenants limit the manner in which we can conduct our business and could prevent us from engaging in favorable business activities or financing future operations and capital needs and impair our ability to successfully execute our strategy and operate our business.

A breach of any of the covenants in our debt instruments would result in an event of default thereunder if not promptly cured or waived. Any continuing default would permit the creditors to accelerate the related debt, which could also result in the acceleration of other debt containing a cross acceleration or cross default provision. In addition, an event of default under our revolving credit facility would permit the lenders thereunder to terminate all commitments to extend further credit under our revolving credit facility. Furthermore, if we were unable to repay the amounts due and payable under our revolving credit facility or other secured debt, the lenders thereunder could cause the collateral agent to proceed against the collateral securing that debt. In the event our creditors accelerate the repayment of our debt, there can be no assurance that we would have sufficient assets to repay that debt, and our financial condition, liquidity, and results of operations would suffer.

**A violation of the terms of our Term ABS financings or Warehouse facilities could have a material adverse impact on our operations.**

Under our Term ABS financings and our Warehouse facilities, (1) we have various obligations and covenants as seller, servicer, and custodian of the Loans conveyed thereunder and in our individual capacity and (2) the special purpose subsidiaries to which we convey Loans have various obligations and covenants. A violation of any of these obligations or covenants in any of our Term ABS financings or our Warehouse facilities by us or the special purpose subsidiaries, respectively, may result in an early termination of the revolving period, repurchase or indemnification obligations on our part, and the termination of our servicing rights (and, accordingly, the loss of servicing fees), and may further result in amounts outstanding under such Term ABS financings and Warehouse facilities becoming immediately due and payable. In addition, the violation of any financial covenant under our revolving secured line of credit facility is an event of default or termination event under certain of our Term ABS financings and our Warehouse facilities.

The occurrence of any of the events described in the immediately-preceding paragraph could have a material adverse effect on our financial position, liquidity, and results of operations.

**Our substantial debt could negatively impact our business, prevent us from satisfying our debt obligations, and adversely affect our financial condition.**

We have a substantial amount of debt, which could have negative consequences, including the following:

- our ability to obtain additional financing for Consumer Loan assignments, working capital, debt refinancing, or other purposes could be impaired;
- a substantial portion of our cash flows from operations will be dedicated to paying principal and interest on our debt, reducing funds available for other purposes;
- we may be vulnerable to interest rate increases, as some of our borrowings, including those under our revolving credit facility and Warehouse facilities, bear interest at variable rates;

- we could be more vulnerable to adverse developments in our industry or in general economic conditions;
- we may be restricted from taking advantage of business opportunities or making strategic acquisitions; and
- we may be limited in our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate.

**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.**

Our ability to make payments of principal and interest on indebtedness will depend in part on our cash flows from operations, which are subject to economic, financial, competitive, and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operations sufficient to permit us to meet our debt service obligations. If we are unable to generate sufficient cash flows from operations to service our debt, we may be required to sell assets, refinance all or a portion of our existing debt, or obtain additional financing. There can be no assurance that any refinancing will be possible or that any asset sales or additional financing can be completed on acceptable terms or at all.

**Interest rate fluctuations may adversely affect our borrowing costs, profitability, and liquidity.**

Our profitability may be directly affected by the level of and fluctuations in interest rates, whether caused by changes in economic conditions or other factors, which affect our borrowing costs. Our profitability and liquidity could be materially adversely affected during any period of higher interest rates. We monitor the interest rate environment and employ strategies designed to partially mitigate the impact of increases in interest rates. We can provide no assurance, however, that our strategies will mitigate the impact of increases in interest rates.

**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.**

Credit rating agencies evaluate us, and their ratings of our debt and creditworthiness are based on a number of factors. These factors include our financial strength and other factors not entirely within our control, including conditions affecting the financial services industry generally. As the financial services industry and the financial markets periodically face difficulties, there can be no assurance that we will maintain our current ratings. Failure to maintain those ratings could, among other things, adversely limit our access to the capital markets and affect the cost and other terms upon which we are able to obtain financing.

**We may incur substantially more debt and other liabilities. This could exacerbate further the risks associated with our current debt levels.**

We may be able to incur substantial additional debt in the future. Although the terms of our debt instruments contain restrictions on our ability to incur additional debt, these restrictions are subject to exemptions that could permit us to incur a substantial amount of additional debt. In addition, our debt instruments do not prevent us from incurring liabilities that do not constitute indebtedness as defined for purposes of those debt instruments. If new debt or other liabilities are added to our current debt levels, the risks associated with our having substantial debt could intensify.

**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.**

Periodically, there has been uncertainty in the global capital markets and the overall economy. Such uncertainty can result in disruptions in the financial sector and affect lenders with which we have relationships. Disruptions in the financial sector may increase our exposure to credit risk and adversely affect the ability of lenders to perform under the terms of their lending arrangements with us. Failure by our lenders to perform under the terms of our lending arrangements could cause us to incur additional costs that may adversely affect our liquidity, financial condition, and results of operations. There can be no assurance that future disruptions in the financial sector will not occur that could have similar adverse effects on our business.

***<u>Technology and Cybersecurity Risks</u>***

**Our dependence on technology could have a material adverse effect on our business.**

All Consumer Loans submitted to us for assignment are processed through our internet-based CAPS application. Our Consumer Loan servicing platform is also technology based. We rely on these systems to record and process significant amounts of data quickly and accurately. Our systems, and those of our third-party service providers, are dependent upon computer and telecommunications equipment, software systems, and internet access. The temporary or permanent loss of any components of these systems through hardware failures, software errors, operating malfunctions, the vulnerability of the internet, or otherwise could interrupt our business operations and harm our business.

Although Company systems and systems of third party service providers are subject to risks from cybersecurity threats and incidents, these have not materially affected the Company, including its business strategy, results of operations, or financial condition, though there can be no assurance that cybersecurity threats and incidents will not have a material adverse effect on us in the future.

We rely on a variety of measures to protect our technology and proprietary information, including copyrights and a comprehensive information security program. However, these measures may not prevent misappropriation or infringement of our intellectual property or proprietary information, which would adversely affect us. In addition, our competitors or other third parties may allege that our proprietary systems, processes, or technologies infringe their intellectual property rights.

Our ability to integrate computer and telecommunications technologies into our business is essential to our success. Computer and telecommunications technologies are evolving rapidly and, as a result, may be characterized by short product life cycles. We may not be successful in anticipating, managing, or adopting technological changes on a timely basis. While we believe that our existing information systems are sufficient to meet our current demands and continued expansion, our future growth may require additional investment in these systems. We cannot assure that adequate capital resources will be available to us at the appropriate time.

**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.**

We and our third-party service providers face ongoing threats to our systems and data and from time to time experience cyberattacks and other security incidents. There is no guarantee Numerous national finance companies have disclosed security breaches involving sophisticated cyber-attacks, including ransomware, that were not recognized or detected until after such companies had been affected, notwithstanding the preventive measures such companies had in place. Further, the rapid evolution and increased adoption of artificial intelligence technologies, increased sophistication and activities of organized crime, hackers, terrorists, activists and other external parties may increase our level of cybersecurity risk. Additionally, our increased use of mobile and cloud technologies could heighten these and other operational risks by increasing our attack surface, and any failure by mobile or cloud technology service providers to adequately safeguard their systems and prevent cyber-attacks could disrupt our operations and result in misappropriation, corruption or loss of confidential or propriety information. The security controls, measures we have implemented to protect against cybersecurity incidents, or those of our third-party service providers, will protect against all threats. Our and our third-party service providers' security measures may not always prevent or mitigate the impact of a cybersecurity incident, and there can be able no assurance that future efforts to anticipate, prevent detect or identify mitigate a cybersecurity incidents in a timely manner or at all. incident will be effective either. As a result, our computer systems, software, and networks, as well as those of our third-party service providers, are vulnerable to unauthorized access, computer viruses, malware attacks, and other events that could have a security impact beyond our control, and information we transmit and receive may be vulnerable to interception, misuse, or mishandling. Cybersecurity incidents, including such occurrences that compromise information processed by, stored in, or transmitted through our computer systems and networks, or those of our third-party service providers, or that cause interruptions or malfunctions in our or our service providers' operations could result in losses, loss of business by us and loss of confidence in us, consumer and Dealer dissatisfaction, significant litigation, regulatory exposures, and harm to our reputation, any of which could have a material adverse impact on our business, financial condition, and results of operations.

While we have not been materially affected by cybersecurity incidents to date, we may be required to expend significant additional resources in the future to enhance our security controls, modify our protective measures, investigate the circumstances surrounding cybersecurity incidents, and implement mitigation and remediation measures in response to cybersecurity incidents and new or more sophisticated threats, as well as in response to new regulations related to cybersecurity. Cybersecurity incidents may result in our being subject to fines, penalties, litigation (including securities fraud class action lawsuits) and regulatory investigation costs and settlements and other financial losses, which could have a material adverse effect on 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.**

Our systems permit origination and assignment of Consumer Loans in electronic form. We have engaged a TPP to facilitate the process of creating, establishing control of, and storing electronic contracts in a manner that enables us to perfect our ownership or security interest in the electronic contracts by satisfying the requirements for "control" of electronic chattel paper under the Uniform Commercial Code.

Although the law governing the perfection of ownership and security interests in electronic contracts was enacted in 2001, the statutory requirements for the relevant control arrangements have not been meaningfully tested in court. In addition, market practices regarding control of electronic contracts are still developing. As a result, there is a risk that the systems employed by us or any TPP to maintain control of the electronic contracts may not be sufficient as a matter of law to give us a perfected ownership or security interest in the Consumer Loans evidenced by electronic contracts. In addition, technological failure, including failure in the security or access restrictions with respect to the systems, and operational failure, such as the failure to implement and maintain adequate internal controls and procedures, could also affect our ability to obtain or maintain a perfected ownership or security interest in the Consumer Loans evidenced by electronic contracts (or the priority of such interests). Our failure or inability to perfect our ownership or security interest in the Consumer Loans could materially adversely affect our financial position, liquidity, and results of operations.

**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.**

In the ordinary course of our business, we collect and store sensitive data including on our computer networks. This sensitive data includes our proprietary business information and personally identifiable information of our consumers and team members, on our computer networks. members. The secure processing, maintenance, and transmission of this information is critical to our operations and business strategy.

If third parties or our team members breach or are able to breach our network security or the network security of a third party that we share information with or otherwise are able to misappropriate our consumers' and team members' personal information, or if we give third parties or our team members improper access to our consumers' and team members' personal information, we could be subject to liability. This liability could include identity theft or other similar fraud-related claims. This liability could also include claims for other misuses or losses of personal information, including for unauthorized marketing purposes. Other liabilities could include claims alleging misrepresentation of our privacy and data security practices.

Moreover, the loss of confidential customer personal information could harm our reputation, result in the loss of business, and subject us to liability under laws that protect personal information, resulting in increased costs, loss of revenues and substantial penalties. For instance, the California Consumer Privacy Act of 2018, as amended ("CCPA"), provides for enhanced consumer protections for California residents and statutory fines for data security breaches or other CCPA violations.

We rely on encryption and authentication technology licensed from third parties to provide the security and authentication necessary to secure online transmission of confidential consumer and team member information, which can include personal information. Advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments may result in a compromise or breach of the algorithms that we use to protect sensitive consumer transaction data. A party who is able to circumvent our security measures could misappropriate proprietary information or cause interruptions in our operations. We may be required to expend capital and other resources to protect against, or alleviate problems caused by, security breaches or other cybersecurity incidents. Although we have experienced cybersecurity incidents from time to time that have not had a material effect on our business, financial condition, or results of operations, there can be no assurance that a cyber attack, cyber-attack, security breach, or other cybersecurity incident will not have a material adverse effect on us in the future. Our security measures are designed to protect against security breaches, but our failure to prevent security breaches could subject us to liability, decrease our profitability, and damage our reputation.

***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.**

As a result of the consumer-oriented nature of the industry in which we operate and uncertainties with respect to the application of various laws and regulations in some circumstances, we are subject to various consumer claims, litigation, and regulatory investigations seeking damages, fines, and statutory penalties, based upon, among other things, usury, disclosure inaccuracies, wrongful repossession, violations of bankruptcy stay provisions, certificate of title disputes, fraud, and breach of contract. 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 filingsfiling fees. A significant judgment against us in connection with any litigation or arbitration or the requirement to pay filing fees for a large number of individual arbitration demands could have a material adverse effect on our financial position, liquidity, and results of operations.

For a description of significant litigation to which we are a party, see Note 1615 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

**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.**

We are subject to income tax in many of the various jurisdictions in which we operate. Increases in statutory income tax rates and other adverse changes in applicable law in these jurisdictions could have an adverse effect on our results of operations. In the ordinary course of business, there are transactions and calculations where the ultimate tax determination is uncertain. At any one time, multiple tax years are subject to audit by various taxing jurisdictions. We provide reserves for potential payments of tax to various tax authorities related to uncertain tax positions. Please see the Critical Accounting Estimates – Uncertain Tax Positions section in Item 7 of this Form 10-K, which is incorporated herein by reference. We adjust these liabilities as a result of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities. Such payments 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.**

Reference should be made to Item 1. Business “Regulation” for a discussion of regulatory risk factors.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 1C. CYBERSECURITY**

The Company regularly assesses risks from cybersecurity threats, monitors its information systems for potential vulnerabilities, and tests those systems pursuant to the Company’s cybersecurity policies, standards, processes, and practices, which are integrated into the Company’s overall risk management program. We have adopted aspects of the ISO 27002, and NIST SP 800-37 Rev. 2, and NIST Cybersecurity frameworks, to which risk management in relation to our information systems is aligned. We categorize our information systems as either critical or secondary, depending on business value and/or risk of financial or compliance impact of cybersecurity incidents. Our information security team uses a multifaceted approach to assess, identify, and manage material risks to the Company from cybersecurity threats, including testing of the effectiveness of our cybersecurity incident prevention and response systems; conducting routine vulnerability scanning of information systems assets; network/endpoint detection and response coupled with anomaly identification enhanced logging capabilities powered by artificial intelligence software; discovery through collaboration with the Company’s internal audit team; monitoring of threat intelligence feeds provided by industry associations/groups, service providers, and federal/state authorities; and professional service engagements, such as retaining the services of an external 24/7 security operations center and partnering with third parties in testing our information systems for vulnerabilities from external, internal, and social engineering perspectives and assessing the effectiveness of our cybersecurity controls.

The Company partners with third-party service providers and employs processes to assess, identify, and manage material risks from cybersecurity threats arising from the use of such third-party service providers. Our latest assessment attempted to identify vulnerabilities in our network and systems from external, internal, and social engineering perspectives. Our cybersecurity practices (including with respect to third-party service providers) have been assessed to represent a level of maturity consistent with industry best practices.

Risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected the Company, including its business strategy, results of operations, and financial condition. For more information about these risks, see the disclosure under the heading “Technology and Cybersecurity Risks” in Part I, Item 1A. Risk Factors.

Our board of directors oversees the Company’s risk management process, including cybersecurity risks, directly and through its committees. The audit committee of the Company’s board of directors provides structured oversight of the Company’s risk management program, which focuses on the most significant short-, intermediate-, and long-term risks the Company faces. The Company has an information security compliance committee (the “Committee”) that consists of the members of the Company's compliance committee, which reports to the board of directors, and at least three members of Company management. The Committee is responsible for overseeing the development and upkeep of written policies and procedures aimed at safeguarding the Company’s information systems and the nonpublic information stored within them. In addition, the Committee plays a crucial role in the governance of the cybersecurity risk management process. This involves collaborating with third-party industry experts and the Company’s internal audit team to conduct risk assessments of the Company’s information security program (the “Program”). The assessments encompass an evaluation of the Company’s adherence to the

Program, including the elements of the Program that are dictated by relevant laws, regulations, and the Company's information security manual. Furthermore, the Company conducts periodic cybersecurity assessments and preparedness analyses, supervised by our Vice President, Engineering – Security, Compliance, and Trust, who maintains a CRISC certification, has more than twenty years of experience in information security, risk management, and regulatory compliance in the financial services industry, and serves as our designated Chief Information Security Officer ("CISO").

At least annually, our internal audit team conducts a formal risk assessment and develops an audit plan that identifies, assesses, and prioritizes risks that include cybersecurity. The results of the risk assessment and the proposed audit plan are communicated to various leaders within the Company as well as the audit committee of the board of directors for input. The audit plan is reassessed throughout the year, and the plan is subject to modification by our internal audit team, e.g., based on such considerations as changes to resources, business operations, or internal or external risk factors.

The CISO the Vice President, Engineering – Security, Compliance and Trust, or the Director of Engineering Security and Compliance also issues an annual written report to the board of directors on the Program and material cybersecurity risks.

The Company takes a risk-based approach to cybersecurity and has implemented cybersecurity policies throughout its operations that are designed to address cybersecurity threats and incidents. In particular, the Company has adopted and maintains written policies and procedures for the protection of Company's information systems and nonpublic information stored on those systems, which are based on the Company's risk assessment and that address all other specific topics as may be required by applicable laws and regulations. The Company requires all team members with access to any of its information systems, including contractors, to complete social engineering, cybersecurity, and compliance training programs annually.

The Program includes processes to coordinate and facilitate the implementation of information security best practices and services throughout the Company and to comply with applicable cybersecurity requirements under federal and state laws and regulations, including, but not limited to, the Gramm-Leach-Bliley Act, the Health Insurance Portability and Accountability Act of 1996, and the New York State Department of Financial Services Cybersecurity Requirements for Financial Services Companies, 23 NYCRR 500. The Program is based on the Company's risk assessment and designed to perform in accordance with applicable laws and regulations.

The Company has established and maintains a comprehensive information security incident management plan (the "Plan") that allows the Company to respond quickly and effectively to cybersecurity threats and cybersecurity incidents, including cybersecurity breaches, in accordance with applicable laws and regulations.

The Company routinely engages third-party industry experts to work in conjunction with our internal audit team in performing risk assessments of the Program and the Plan and of the Company's execution of the Program and the Plan.

The CISO, in coordination with the Director of Engineering Security and Compliance and the information security managers, is responsible for leading the assessment and management of cybersecurity risks. The Company's information security team has extensive experience in information security and previous information security work experience in several industries, including defense, manufacturing, and financial services. The CISO reports to the board of directors, the audit committee, and senior management on cybersecurity threats.

**ITEM 2. PROPERTIES**

Our headquarters is located in Southfield, Michigan, in an office building we purchased in 1993, which includes approximately 136,000 square feet of space. We also own a second office building in Southfield that we purchased in 2018, which includes approximately 297,000 square feet of space. We have a mortgage loan from a commercial bank that is secured by a first mortgage lien on the second office property.

The COVID-19 pandemic had a significant impact on our work environment, as the vast majority of our team members began working remotely. Because our remote operations and processes proved successful early on, we now pursue a "remote first" strategy to To take advantage of the national talent pool and an increased rate of to maximize team member satisfaction. satisfaction, we utilize a "remote first" strategy. While remote work has become the primary experience for most of our team members, some team members, due to their personal preference or the nature of their responsibilities, have continued continue to work primarily in one of on site at our office properties. headquarters. Additionally, we have various on-site meetings, events, and team building activities for which in-person attendance is encouraged. Therefore, we continue to have a need for some amount of office space.

As a result of the "remote first" strategy, we have significant excess space in the two office buildings that we own in Southfield, Michigan. We are actively exploring options to reduce our office space, which could result in the sale or lease of one or both of our buildings. As there is currently a significant amount of unoccupied office space in Southfield, we believe the market value of our buildings and improvements, land and land improvements, and office furniture and equipment is significantly less than their combined carrying value of $34.4 million. If we were to reclassify one or both of these buildings as held for sale, we would be required to record an impairment charge to reduce the carrying value of the buildings held for sale to their estimated market value less costs to sell.

**ITEM 3. 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 16 15 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

**Market Information**

Our common stock is traded on The Nasdaq Global Select Market® under the symbol "CACC."

**Holders**

As of February 1, 2024 February 4, 2025, we had 75 approximately 50 shareholders of record of our common stock.

**Stock Performance Graph**

The following graph compares the percentage change in the cumulative total shareholder return on our common stock during the five-year period ended December 31, 2023 December 31, 2024 with the cumulative total return on the NASDAQ Composite Index and a peer group index based upon approximately 100 companies included in the Dow Jones U.S. Financial Services Index. The comparison assumes that $100 was invested on December 31, 2018 December 31, 2019 in our common stock and in the foregoing indices and assumes the reinvestment of dividends.

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Index Data: Copyright S&P Dow Jones Inc. Indices LLC. Used with permission. All rights reserved.

**Stock Repurchases**

The following table summarizes our stock repurchases for the three months ended December 31, 2023 December 31, 2024:

**ISSUER PURCHASES OF EQUITY SECURITIES**

| Period | Total Number of Shares Purchased | | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1) | Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1) |
|---|---|---|---|---|---|
| October 1 through October 31, 2023 | 1,650 | (2) | $ 407.27 | — | 1,886,035 |
| November 1 through November 30, 2023 | — | | — | — | 1,886,035 |
| December 1 through December 31, 2023 | 102,174 | (3) | 515.23 | 80,028 | 1,806,007 |
| | 103,824 | | $ 513.52 | 80,028 | |

| 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) |
|---|---|---|---|---|---|
| October 1 through October 31, 2024 | 1,945 | (3) | $ 465.22 | — | 1,346,570 |
| November 1 through November 30, 2024 | 178 | (3) | 463.76 | — | 1,346,570 |
| December 1 through December 31, 2024 | 123,771 | (4) | 485.88 | 101,479 | 1,245,091 |
| | 125,894 | | $ 485.53 | 101,479 | |

(1) Average price paid per share excludes excise tax. As of January 1, 2023, our share repurchases in excess of issuances are subject to a 1% excise tax enacted by the Inflation Reduction Act of 2022. 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.

(2) (3) Amount includes 1,650 Consists of shares of common stock released to us by team members as payment of tax withholdings upon the conversion settlement of restricted stock units to in common stock and the vesting of restricted stock units.

(3) (4) Amount includes 22,146 22,292 shares of common stock released to us by team members as payment of tax withholdings upon the conversion settlement of restricted stock units to in common stock.

## ITEM 6. [RESERVED]

## ITEM 7. 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 contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

### Overview

We offer make vehicle ownership possible by providing innovative financing programs 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 year ended December 31, 2024, consolidated net income was $247.9 million, or $19.88 per diluted share, compared to $286.1 million, or $21.99 per diluted share, for the same period in 2023. The decrease in consolidated net income was primarily due to increases in interest expense and provision for credit losses, partially offset by an increase in finance charges. Our results for the year ended December 31, 2024 included:

- ***A larger decline in forecasted collection rates***
  The decline in forecasted collection rates decreased forecasted net cash flows from our Loan portfolio by $314.0 million, or 3.1%, compared to a decrease in forecasted collection rates during 2023 that decreased forecasted net cash flows from our Loan portfolio by $206.3 million, or 2.3%. The $314.0 million decrease in forecasted net cash flows during 2024 was composed of an ordinary decrease in forecasted net cash flows of $166.8 million, or 1.7%, and an adjustment applied to our forecasting methodology during the second quarter of 2024, which upon implementation, reduced forecasted net cash flows by $147.2 million, or 1.4%. The $206.3 million decrease in forecasted net cash flows during 2023 was composed of an ordinary decrease in forecasted net cash flows of $161.8 million, or 1.8%, and an adjustment to our forecasting methodology, which upon implementation, reduced forecasted net cash flows by $44.5 million, or 0.5%.
- ***A decrease in forecasted profitability for Consumer Loans assigned in 2021 through 2024***
  Forecasted profitability was lower than our estimates at December 31, 2023, due to both a decline in forecasted collection rates and slower forecasted net cash flow timing since 2023. The slower forecasted net cash flow timing was primarily a result of a decrease in Consumer Loan prepayments, which remain below historical averages.
- ***Growth in Consumer Loan assignment volume and the average balance of our Loan portfolio***
  Unit and dollar volumes grew 16.1% and 11.3%, respectively, as compared to 2023. The average balance of our Loan portfolio, which is our largest-ever, increased 13.6% as compared to 2023.
- ***An increase in the initial spread on Consumer Loan assignments***
  The initial spread increased to 22.1%compared to 21.3% on Consumer Loans assigned in 2023.
- ***An increase in our average cost of debt***
  Our average cost of debt increased from 5.5% to 7.2%, primarily as a result of higher interest rates on recently completed or extended secured financings and recently issued senior notes and the repayment of older secured financings and senior notes with lower interest rates.
- ***A decrease in common shares outstanding due to stock repurchases***
  We repurchased approximately 590,000 shares, or 4.7% of the shares outstanding at the beginning of the year.
- ***Loss on sale of building***
  We recognized a $23.7 million loss during the second quarter of 2024 related to the sale of one of our two office buildings. The building was sold to reduce excess office space and eliminate the associated annual operating costs of approximately $2.1 million.

For the year ended December 31, 2023, consolidated net income was $286.1 million, or $21.99 per diluted share, compared to $535.8 million, or $39.32 per diluted share, for the same period in 2022. The decrease in consolidated net income was primarily due to increases in provision for credit losses and interest expense. Our results for the year ended December 31, 2023 included:

- ***A larger decrease decline in forecasted collection rates***
  The decrease decline in forecasted collection rates decreased forecasted net cash flows from our Loan portfolio by $206.3 million, or 2.3%, compared to a decrease in forecasted collection rates during 2022 that decreased forecasted net cash flows from our Loan portfolio by $59.7 million, or 0.7%.
- ***A decrease in forecasted profitability for Consumer Loans assigned in 2020 through 2022***
  Forecasted profitability was lower than our estimates at December 31, 2022, due to a decline in forecasted collection rates during 2023 and slower forecasted net cash flow timing during 2023, primarily as a result of a decrease in Consumer Loan prepayments to below-average levels.
- ***Growth in Consumer Loan assignment volume and the average balance of our Loan portfolio***
  Unit and dollar volumes grew 18.6% and 14.4%, respectively, as compared to 2022. The average balance of our Loan portfolio increased 5.0% as compared to 2022.
- ***An increase in the initial spread on Consumer Loan assignments***

The initial spread increased to 21.3%compared to 20.1% on Consumer Loans assigned in 2022.

- ***An increase in our average cost of debt***

  The increase in our Our average cost of debt was increased from 3.6% to 5.5%, primarily as a result of higher interest rates on recently-completed recently completed or extended secured financings and the repayment of older secured financings with lower interest rates.
- ***A decrease in common shares outstanding due to stock repurchases***

  We repurchased 0.4 million shares, or 2.8% of the shares outstanding at the beginning of the year.

For the year ended December 31, 2022, consolidated net income was $535.8 million, or $39.32 per diluted share, compared to $958.3 million, or $59.52 per diluted share, for the same period in 2021. The decrease in consolidated net income was primarily due to an increase in provision for credit losses, a decrease in finance charges, and an increase in operating expenses. Our results for the year ended December 31, 2022 included:

- ***A decrease in forecasted collection rates***

  The decrease in forecasted collection rates decreased forecasted net cash flows from our Loan portfolio by $59.7 million, or 0.7%, compared to an increase in forecasted collection rates during 2021 that increased forecasted net cash flows from our Loan portfolio by $326.1 million, or 3.4%.
- ***A decrease in forecasted profitability for Consumer Loans assigned in 2021 and 2022***

  Forecasted profitability for Consumer Loans assigned in 2022 was lower than our initial estimates and forecasted profitability for Consumer Loans assigned in 2021 was lower than our estimates at December 31, 2021, due to a decline in forecasted collection rates during 2022.
- ***Growth in Consumer Loan assignment volume and a decline in the average balance of our Loan portfolio***

  Unit and dollar volumes grew 4.4% and 14.5%, respectively, as compared to 2021. The average balance of our Loan portfolio decreased 5.7% as compared to 2021.

- ***A decrease in the initial spread on Consumer Loan assignments***

  The initial spread decreased to 20.1%compared to 20.3% on Consumer Loans assigned in 2021.
- ***An increase in operating expenses***

  The increase in operating expenses was primarily due to investments in our business to enhance our product and transform our technology systems to be more Dealer- and customer-focused.
- ***A decrease in common shares outstanding due to stock repurchases***

  We repurchased 1.5 million shares, or 10.4% of the shares outstanding at the beginning of the year.

**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 December 31, 2023 December 31, 2024, with the aggregated forecasts as of December 31, 2022 December 31, 2023, as of December 31, 2021 December 31, 2022, and at the time of assignment, segmented by year of assignment:

| | | Forecasted Collection Percentage as of (1) | | | | Current Forecast Variance from | | | | Forecasted Collection Percentage as of (1) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Consumer Loan Assignment Year | Consumer Loan Assignment Year | December 31, 2023 | December 31, 2022 | December 31, 2021 | Initial Forecast | December 31, 2022 | December 31, 2021 | Initial Forecast | Consumer Loan Assignment Year | December 31, 2024 | December 31, 2023 |
| 2014 | | 71.7 % | 71.7 % | 71.5 % | 71.8 % | 0.0 % | 0.2 % | -0.1 % | | | |
| 2015 | 2015 | 65.2 % | 65.2 % | 65.1 % | 67.7 % | 0.0 % | 0.1 % | -2.5 % | 2015 | 65.3 % | 65.2 % |
| 2016 | 2016 | 63.8 % | 63.8 % | 63.6 % | 65.4 % | 0.0 % | 0.2 % | -1.6 % | 2016 | 63.9 % | 63.8 % |
| 2017 | 2017 | 64.7 % | 64.7 % | 64.4 % | 64.0 % | 0.0 % | 0.3 % | 0.7 % | 2017 | 64.7 % | 64.7 % |
| 2018 | 2018 | 65.5 % | 65.2 % | 65.1 % | 63.6 % | 0.3 % | 0.4 % | 1.9 % | 2018 | 65.5 % | 65.5 % |
| 2019 | 2019 | 66.9 % | 66.6 % | 66.5 % | 64.0 % | 0.3 % | 0.4 % | 2.9 % | 2019 | 67.2 % | 66.9 % |
| 2020 | 2020 | 67.6 % | 67.8 % | 67.9 % | 63.4 % | -0.2 % | -0.3 % | 4.2 % | 2020 | 67.7 % | 67.6 % |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2021 | 2021 | 64.5 % | 66.2 % | 66.5 % | 66.3 % | -1.7 % | -2.0 % | -1.8 % | 2021 | 63.8 % | 64.5 % | | | | |
| 2022 | 2022 | 62.7 % | 66.3 % | — | 67.5 | 67.5 % | -3.6 % | — | -4.8 | -4.8 % | 2022 | 60.2 % | 62.7 % | | |
| 2023 | 2023 | 67.4 % | — | — | — | 67.5 | 67.5 % | — | — | — | -0.1 | -0.1 % | 2023 | 64.3 % | 67.4 |
| 2024 | 66.5 % | — | — | 67.2 % | — | — | -0.7 % | | | | | | | | |

(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.

Consumer Loans assigned in 2018 through 2020 have yielded forecasted collection results significantly better than our initial estimates, while Consumer Loans assigned in 2015, 2016, and 2021 and 2022 through 2023 have yielded forecasted collection results significantly worse than our initial estimates. For all other assignment years presented, actual results have been close to our initial estimates.

For the year ended December 31, 2024, forecasted collection rates improved for Consumer Loans assigned in 2019, declined for Consumer Loans assigned in 2021 through 2024, and were generally consistent with expectations at the start of the period for all other assignment years presented.

For the year ended December 31, 2023, forecasted collection rates improved for Consumer Loans assigned in 2018 and 2019, declined for Consumer Loans assigned in 2020 through 2022, and were generally consistent with expectations at the start of the period for all other assignment years presented.

For the year ended December 31, 2022, forecasted collection rates improved for Consumer Loans assigned in 2014, 2016, and 2017, declined for Consumer Loans assigned in 2021 and 2022, and were generally consistent with expectations at the start of the period for all other assignment years presented.

The changes in forecasted collection rates impacted forecasted net cash flows (forecasted collections less forecasted Dealer Holdback payments) as follows:

| (In millions) | (In millions) | For the Years Ended December 31, | | | (In millions) | For the Years Ended December 31, | | |
|---|---|---|---|---|---|---|---|---|
| Increase (Decrease) in Forecasted Net Cash Flows | | 2023 | 2022 | 2021 | | | | |
| Decrease in Forecasted Net Cash Flows | | 2024 | 2023 | 2022 | | | | |
| Dealer Loans | | | | | | | | |
| Purchased Loans | | | | | | | | |
| Total | | | | | | | | |
| % change from forecast at beginning of period | % change from forecast at beginning of period | -2.3 % | -0.7 % | 3.4 % | % change from forecast at beginning of period | -3.1 % | -2.3 % | -0.7 % |

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.

During the second quarter of 2023, we adjusted our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent Consumer Loan performance and Consumer Loan prepayment data. During the first half of 2023, we We had experienced a decrease in Consumer Loan prepayments to below-average levels and, as a result, slowed our forecasted net cash flow timing. The below-average levels of Consumer Loan prepayments continued through the fourth quarter of 2023. Historically, Consumer Loan prepayments have been lower in periods with less availability of consumer credit. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change through as a provision for credit losses. The implementation of the adjustment to our forecasting methodology during the second quarter of 2023 reduced forecasted net cash flows by $44.5 million, or 0.5%, and increased provision for credit losses by $71.3 million.

We have experienced increased levels of uncertainty associated with our estimate of the amount and timing of future net cash flows from our Loan portfolio since the beginning of 2020, with realized collections underperforming our expectations during the early stages of the COVID-19 pandemic, outperforming our expectations following the distribution of federal stimulus payments and enhanced unemployment benefits, and underperforming our expectations during the current economic environment. For the period from January 1, 2020 through December 31, 2023, the cumulative change The quarterly changes to our forecast of future net cash flows from our Loan portfolio has been an increase of $13.8 million, or 0.2%. Forecasting collection rates accurately is challenging, so we have designed our business model to produce acceptable levels of profitability across our portfolio, even if Loan performance is less than forecasted for the period from January 1, 2020 through December 31, 2024 are shown in the aggregate. following table:

| (Dollars in millions) | Increase (Decrease) in Forecasted Net Cash Flows | |
|---|---|---|
| Three Months Ended | Total Loans | % Change from Forecast at Beginning of Period |
| March 31, 2020 | $ (206.5) | -2.3 % |

| | | |
|---|---|---|
| June 30, 2020 | 24.4 | 0.3 % |
| September 30, 2020 | 138.5 | 1.5 % |
| December 31, 2020 | (2.7) | 0.0 % |
| March 31, 2021 | 107.4 | 1.1 % |
| June 30, 2021 | 104.5 | 1.1 % |
| September 30, 2021 | 82.3 | 0.9 % |
| December 31, 2021 | 31.9 | 0.3 % |
| March 31, 2022 | 110.2 | 1.2 % |
| June 30, 2022 | (43.4) | -0.5 % |
| September 30, 2022 | (85.4) | -0.9 % |
| December 31, 2022 | (41.1) | -0.5 % |
| March 31, 2023 | 9.4 | 0.1 % |
| June 30, 2023 | (89.3) | -0.9 % |
| 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 % |

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)** |
| 2014 | $ 15,692 | $ 7,492 | 47 | 223,998 | $ 1,675.7 |
| 2015 | 16,354 | 7,272 | 50 | 298,288 | 2,167.0 |
| 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 |

| | 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)** |
| 2015 | $ 16,354 | $ 7,272 | 50 | 298,288 | $ 2,167.0 |
| 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 |

(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 our the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our the Purchase Program. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.

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 December 31, 2023 December 31, 2024, 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.

**Consumer Loan Assignment Year**

**Consumer Loan Assignment Year**

| Consumer Loan Assignment Year | | December 31, 2023 | Initial Forecast | Advance % (1) | December 31, 2023 | Initial Forecast | % of Forecast Realized (2) | | December 31, 2024 | Initial Forecast | Advance % (1) | December 31, 2024 | Initial Forecast | % of Forecast Realized (2) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2014 | | 71.7 % | 71.8 % | 47.7 % | 24.0 % | 24.1 % | 99.8 % | | | | | | | |
| 2015 | 2015 | 65.2 % | 67.7 % | 44.5 % | 20.7 % | 23.2 % | 99.5 % | 2015 | 65.3 % | 67.7 % | 44.5 % | 20.8 % | 23.2 % | 99.7 % |
| 2016 | 2016 | 63.8 % | 65.4 % | 43.8 % | 20.0 % | 21.6 % | 99.1 % | 2016 | 63.9 % | 65.4 % | 43.8 % | 20.1 % | 21.6 % | 99.5 % |
| 2017 | 2017 | 64.7 % | 64.0 % | 43.2 % | 21.5 % | 20.8 % | 98.7 % | 2017 | 64.7 % | 64.0 % | 43.2 % | 21.5 % | 20.8 % | 99.2 % |
| 2018 | 2018 | 65.5 % | 63.6 % | 43.5 % | 22.0 % | 20.1 % | 96.9 % | 2018 | 65.5 % | 63.6 % | 43.5 % | 22.0 % | 20.1 % | 98.6 % |
| 2019 | 2019 | 66.9 % | 64.0 % | 44.0 % | 22.9 % | 20.0 % | 92.5 % | 2019 | 67.2 % | 64.0 % | 44.0 % | 23.2 % | 20.0 % | 96.9 % |
| 2020 | 2020 | 67.6 % | 63.4 % | 43.9 % | 23.7 % | 19.5 % | 83.7 % | 2020 | 67.7 % | 63.4 % | 43.9 % | 23.8 % | 19.5 % | 92.4 % |
| 2021 | 2021 | 64.5 % | 66.3 % | 46.0 % | 18.5 % | 20.3 % | 69.1 % | 2021 | 63.8 % | 66.3 % | 46.0 % | 17.8 % | 20.3 % | 83.6 % |
| 2022 | 2022 | 62.7 % | 67.5 % | 47.4 % | 15.3 % | 20.1 % | 43.5 % | 2022 | 60.2 % | 67.5 % | 47.4 % | 12.8 % | 20.1 % | 66.0 % |
| 2023 | 2023 | 67.4 % | 67.5 % | 46.2 % | 21.2 % | 21.3 % | 14.2 % | 2023 | 64.3 % | 67.5 % | 46.2 % | 18.1 % | 21.3 % | 43.1 % |
| 2024 | | 66.5 % | 67.2 % | 45.1 % | 21.4 % | 22.1 % | 15.1 % | | | | | | | |

(1) Represents advances paid to Dealers on Consumer Loans assigned under our the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our 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.

The risk of a material change in our forecasted collection rate declines as the Consumer Loans age. For 2019 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 December 31, 2023 December 31, 2024 and the advance rate ranges from 15.3% 12.8% to 24.0% 23.8% 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 spread with respect to 2022 Consumer Loans has 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 2023 2024 Consumer Loans relative to 2022 2023 Consumer Loans as of December 31, 2023 is December 31, 2024 was primarily due to a result of Consumer Loan performance, as the underperformance performance of the 2022 2023 Consumer Loans has been lower than our initial estimates by a greater margin than 2024 Consumer Loans. Additionally, 2023 2024 Consumer Loans had a higher initial spread, which was primarily due to a decrease in the advance rate.

The following table compares our forecast of aggregate Consumer Loan collection rates as of December 31, 2023 December 31, 2024 with the forecasts at the time of assignment, for Dealer Loans and Purchased Loans separately:

**Consumer Loan Assignment Year**

**Consumer Loan Assignment Year**

| | Dealer Loans | | | Dealer Loans | | Purchased Loans | Dealer Loans | | | Purchased Loans | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Forecasted Collection Percentage as of (1) | | | | | | | | | | | |
| Consumer Loan Assignment Year | December 31, 2023 | Initial Forecast | Variance | December 31, 2023 | Initial Forecast | Variance | December 31, 2024 | Initial Forecast | Variance | December 31, 2024 | Initial Forecast | Variance |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2014 | | 71.6 % | 71.9 % | -0.3 % | 72.6 % | 70.9 % | 1.7 % | | | | | | | |
| 2015 | 2015 | 64.6 % | 67.5 % | -2.9 % | 68.9 % | 68.5 % | 0.4 % | 2015 | 64.6 % | 67.5 % | -2.9 % | 69.0 % | 68.5 % | 0.5 % |
| 2016 | 2016 | 63.0 % | 65.1 % | -2.1 % | 66.1 % | 66.5 % | -0.4 % | 2016 | 63.1 % | 65.1 % | -2.0 % | 66.1 % | 66.5 % | -0.4 % |
| 2017 | 2017 | 64.0 % | 63.8 % | 0.2 % | 66.3 % | 64.6 % | 1.7 % | 2017 | 64.1 % | 63.8 % | 0.3 % | 66.3 % | 64.6 % | 1.7 % |
| 2018 | 2018 | 64.9 % | 63.6 % | 1.3 % | 66.8 % | 63.5 % | 3.3 % | 2018 | 64.9 % | 63.6 % | 1.3 % | 66.8 % | 63.5 % | 3.3 % |
| 2019 | 2019 | 66.5 % | 63.9 % | 2.6 % | 67.5 % | 64.2 % | 3.3 % | 2019 | 66.8 % | 63.9 % | 2.9 % | 67.9 % | 64.2 % | 3.7 % |
| 2020 | 2020 | 67.4 % | 63.3 % | 4.1 % | 67.8 % | 63.6 % | 4.2 % | 2020 | 67.5 % | 63.3 % | 4.2 % | 67.9 % | 63.6 % | 4.3 % |
| 2021 | 2021 | 64.2 % | 66.3 % | -2.1 % | 65.0 % | 66.3 % | -1.3 % | 2021 | 63.5 % | 66.3 % | -2.8 % | 64.3 % | 66.3 % | -2.0 % |
| 2022 | 2022 | 62.0 % | 67.3 % | -5.3 % | 64.3 % | 68.0 % | -3.7 % | 2022 | 59.5 % | 67.3 % | -7.8 % | 62.1 % | 68.0 % | -5.9 % |
| 2023 | 2023 | 66.4 % | 66.8 % | -0.4 % | 70.1 % | 69.4 % | 0.7 % | 2023 | 63.1 % | 66.8 % | -3.7 % | 67.7 % | 69.4 % | -1.7 % |
| 2024 | | 65.4 % | 66.3 % | -0.9 % | 70.7 % | 70.7 % | 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 December 31, 2023 December 31, 2024 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 | | | Dealer Loans | | | Purchased Loans | Dealer Loans | | | Purchased Loans | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Consumer Loan Assignment Year** | **Consumer Loan Assignment Year** | **Forecasted Collection % (1)** | **Advance % (1)(2)** | **Spread %** | **Forecasted Collection % (1)** | **Advance % (1)(2)** | **Spread %** | **Consumer Loan Assignment Year** | **Forecasted Collection % (1)** | **Advance % (1)(2)** | **Spread %** | **Forecasted Collection % (1)** | **Advance % (1)(2)** | **Spread %** |
| 2014 | | 71.6 % | 47.2 % | 24.4 % | 72.6 % | 51.8 % | 20.8 % | | | | | | | |
| 2015 | 2015 | 64.6 % | 43.4 % | 21.2 % | 68.9 % | 50.2 % | 18.7 % | 2015 | 64.6 % | 43.4 % | 21.2 % | 69.0 % | 50.2 % | 18.8 % |
| 2016 | 2016 | 63.0 % | 42.1 % | 20.9 % | 66.1 % | 48.6 % | 17.5 % | 2016 | 63.1 % | 42.1 % | 21.0 % | 66.1 % | 48.6 % | 17.5 % |
| 2017 | 2017 | 64.0 % | 42.1 % | 21.9 % | 66.3 % | 45.8 % | 20.5 % | 2017 | 64.1 % | 42.1 % | 22.0 % | 66.3 % | 45.8 % | 20.5 % |
| 2018 | 2018 | 64.9 % | 42.7 % | 22.2 % | 66.8 % | 45.2 % | 21.6 % | 2018 | 64.9 % | 42.7 % | 22.2 % | 66.8 % | 45.2 % | 21.6 % |
| 2019 | 2019 | 66.5 % | 43.1 % | 23.4 % | 67.5 % | 45.6 % | 21.9 % | 2019 | 66.8 % | 43.1 % | 23.7 % | 67.9 % | 45.6 % | 22.3 % |
| 2020 | 2020 | 67.4 % | 43.0 % | 24.4 % | 67.8 % | 45.5 % | 22.3 % | 2020 | 67.5 % | 43.0 % | 24.5 % | 67.9 % | 45.5 % | 22.4 % |
| 2021 | 2021 | 64.2 % | 45.1 % | 19.1 % | 65.0 % | 47.7 % | 17.3 % | 2021 | 63.5 % | 45.1 % | 18.4 % | 64.3 % | 47.7 % | 16.6 % |
| 2022 | 2022 | 62.0 % | 46.4 % | 15.6 % | 64.3 % | 50.1 % | 14.2 % | 2022 | 59.5 % | 46.4 % | 13.1 % | 62.1 % | 50.1 % | 12.0 % |
| 2023 | 2023 | 66.4 % | 44.8 % | 21.6 % | 70.1 % | 49.8 % | 20.3 % | 2023 | 63.1 % | 44.8 % | 18.3 % | 67.7 % | 49.8 % | 17.9 % |
| 2024 | | 65.4 % | 44.1 % | 21.3 % | 70.7 % | 48.9 % | 21.8 % | | | | | | | |

(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 our the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our 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 December 31, 2023 December 31, 2024 on 2023 2024 Dealer Loans was 21.6% 21.3%, as compared to a spread of 15.6% 18.3% on 2022 2023 Dealer Loans. The increase was primarily as a result of due to Consumer Loan performance, as the performance of 2022 2023 Dealer Loans has been significantly lower than our initial estimates. Additionally, 2023 Dealer Loans had a higher initial spread, due to the advance rate decreasing estimates by a greater margin than the initial forecast. 2024 Dealer Loans.

The spread as of December 31, 2023 December 31, 2024 on 2023 2024 Purchased Loans was 20.3% 21.8%, as compared to a spread of 14.2% 17.9% on 2022 2023 Purchased Loans. The increase was primarily as a result of Consumer Loan performance, as the performance of 2022 a higher initial spread on 2024 Purchased Loans, has been significantly due to a higher initial forecast and lower than our initial estimates, while advance rate. Additionally, the performance of 2023 Purchased Loans has exceeded been lower than our initial estimates. Additionally, 2023 Purchased Loans had a higher initial spread, due to a higher initial forecast and a lower advance rate.

**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 2.9 3.6 to 1 as of December 31, 2023 December 31, 2024. 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 three years as compared to the same period in the previous year:

| | | Year over Year Percent Change | | | | | Year over Year Percent Change | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| For the Year Ended December 31, | For the Year Ended December 31, | Unit Volume | | Dollar Volume (1) | | For the Year Ended December 31, | Unit Volume | | Dollar Volume (1) | |
| 2021 | | -21.4 | % | -13.0 | % | | | | | |
| 2022 | 2022 | 4.4 | % | 14.5 | % | 2022 | 4.4 | % | 14.5 | % |
| 2023 | 2023 | 18.6 | % | 14.4 | % | 2023 | 18.6 | % | 14.4 | % |
| 2024 | | 16.1 | % | 11.3 | % | | | | | |

(1) Represents advances paid to Dealers on Consumer Loans assigned under our the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our 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, (2) the amount of capital available to fund new Loans, and (3) our assessment of the volume that our infrastructure can support. Our pricing strategy is intended to maximize the amount of economic profit we generate, within the confines of capital and infrastructure constraints.

During 2024, unit and dollar volumes increased 16.1% and 11.3%, respectively, as the number of active Dealers increased 9.1% while average volume per active Dealer increased 6.4%. Dollar volume increased less than unit volume in 2024 due to a decrease in the average advance paid, due to decreases in the average advance rate and the average size of Consumer Loans assigned. Unit volume for 2024 was the highest unit volume in our history.

During 2023, unit and dollar volumes increased 18.6% and 14.4%, respectively, as the number of active Dealers increased 19.1% while average volume per active Dealer decreased 0.4%. Dollar volume increased less than unit volume in 2023 due to a decrease in the average advance paid, due to decreases in the average advance rate and the average size of Consumer Loans assigned. Unit volume for 2023 was 10.9% less than unit volume for 2018, which was the highest unit volume in our history.

During 2022, unit and dollar volumes increased 4.4% and 14.5%, respectively, as the number of active Dealers increased 4.3% while average volume per active Dealer remained consistent with the prior year. Dollar volume increased more than unit volume in 2022 due to an increase in the average advance paid per unit. This increase was the result of an increase in the average size of the Consumer Loans assigned, primarily due to an increase in the average vehicle selling price. The comparable 2021 period reflected a significant decline in unit volume, which we believe was primarily due to low dealer inventories and elevated used vehicle prices, which we believe were primarily due to the downstream impact of supply chain disruptions in the automotive industry.

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

| | | For the Years Ended December 31, | | | | | | For the Years Ended December 31, | | | | For the Years Ended December 31, | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | | 2022 | | % Change | | 2022 | | 2021 | | % Change | | | 2024 | 2023 |
| Consumer Loan unit volume | Consumer Loan unit volume | 332,499 | 280,467 | 280,467 | 18.6 | 18.6 | % | 280,467 | 268,730 | 268,730 | 4.4 | 4.4 | % | Consumer Loan unit volume | 386,126 | 332,499 |
| Active Dealers (1) | Active Dealers (1) | 14,174 | 11,901 | 11,901 | 19.1 | 19.1 | % | 11,901 | 11,410 | 11,410 | 4.3 | 4.3 | % | Active Dealers (1) | 15,463 | 14,174 |
| Average volume per active Dealer | Average volume per active Dealer | 23.5 | | 23.6 | | -0.4 | % | | 23.6 | | | 0.0 | % | Average volume per active Dealer | 25.0 | 23.5 |
| Consumer Loan unit volume from Dealers active both periods | | | | | | | | | | | | | | | | |
| Consumer Loan unit volume from Dealers active both periods | | | | | | | | | | | | | | | | |
| Consumer Loan unit volume from Dealers active both periods | | 282,008 | 259,999 | 259,999 | 8.5 | 8.5 | % | 250,114 | 250,214 | 250,214 | 0.0 | 0.0 | % | | 339,361 | 304,779 |

| | 2023 | 2022 | 2022 | % Change | % Change | 2022 | 2021 | 2021 | % Change | % Change | 2024 | 2023 | 2023 | % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Dealers active both periods | | | | | | | | | | | | | | |
| Average volume per Dealer active both periods | 29.7 | 27.4 | | 8.5 | 8.5 % | | 28.8 | | | 0.0 % | 31.9 | 28.7 | | |
| Consumer Loan unit volume from Dealers not active both periods | 50,491 | 20,468 | 20,468 | 146.7 | 146.7 % | 30,353 | 18,516 | 18,516 | 63.9 | 63.9 % | 46,765 | 27,720 | | |
| Dealers not active both periods | 4,668 | 2,395 | 2,395 | 94.9 | 94.9 % | 3,210 | 2,719 | 2,719 | 18.1 | 18.1 % | 4,826 | 3,537 | | |
| Average volume per Dealer not active both periods | 10.8 | 8.5 | 8.5 | 27.1 | 27.1 % | 9.5 | 6.8 | 6.8 | 39.7 | 39.7 % | 9.7 | 7.8 | | |

(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 Years Ended December 31, | | | | | For the Years Ended December 31, | | For the Years Ended December 31, | | | | For the Years Ended December 31, | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2022 | % Change | % Change | 2022 | 2021 | 2021 | % Change | % Change | 2024 | 2023 | 2023 | % Cha |
| Consumer Loan unit volume from new active Dealers | 46,741 | 28,223 | 28,223 | 65.6 | 65.6 % | 28,223 | 18,267 | 18,267 | 54.5 | 54.5 % | 43,985 | 46,741 | 46,741 | - |
| New active Dealers (1) | 4,070 | 2,819 | 2,819 | 44.4 | 44.4 % | 2,819 | 2,094 | 2,094 | 34.6 | 34.6 % | 4,330 | 4,070 | 4,070 | |
| Average volume per new active Dealer | 11.5 | 10.0 | 10.0 | 15.0 | 15.0 % | 10.0 | 8.7 | 8.7 | 14.9 | 14.9 % | 10.2 | 11.5 | 11.5 | -1 |
| Attrition (2) | -7.3 % | -6.9 % | | | | -6.9 % | -7.7 % | | | | -8.3 % | -7.3 % | | |

(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.

Consumer Loans are assigned to us as either Dealer Loans through our the Portfolio Program or Purchased Loans through our the Purchase Program. The following table shows the percentage of Consumer Loans assigned to us under each of the programs for each of the last three years:

| | | Unit Volume | | Dollar Volume (1) | | | Unit Volume | | Dollar Volume (1) | |
|---|---|---|---|---|---|---|---|---|---|---|
| For the Years Ended December 31, | For the Years Ended December 31, | Portfolio Program | Purchase Program | Portfolio Program | Purchase Program | For the Years Ended December 31, | Portfolio Program | Purchase Program | Portfolio Program | Purchase Program |
| 2021 | | 67.9 % | 32.1 % | 65.0 % | 35.0 % | | | | | |
| 2022 | 2022 | 73.5 % | 26.5 % | 69.8 % | 30.2 % | 2022 | 73.5 % | 26.5 % | 69.8 % | 30.2 % |
| 2023 | 2023 | 74.0 % | 26.0 % | 70.7 % | 29.3 % | 2023 | 74.0 % | 26.0 % | 70.7 % | 29.3 % |
| 2024 | | 78.7 % | 21.3 % | 77.5 % | 22.5 % | | | | | |

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

As of December 31, 2023 December 31, 2024 and 2022, 2023, the net Dealer Loans receivable balance was 67.7% 72.3% and 64.7% 67.7%, respectively, of the total net Loans receivable balance.

**Results of Operations**

The following is a discussion of our 2023 2024 and 2022 2023 results of operations and income statement data on a consolidated basis, including year-to-year comparisons between 2023 2024 and 2022. 2023. Discussions of 2021 2022 items and year-to-year comparisons between 2022 2023 and 2021 2022 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023.

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 yields.

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. business, including our results of operations, financial condition, and financial leverage. For additional information, see Note 2 and Note 5 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

***Year Ended December 31, 2023 December 31, 2024 Compared to Year Ended December 31, 2022 December 31, 2023***

| (Dollars in millions, except per share data) | (Dollars in millions, except per share data) | For the Years Ended December 31, | | | | | (Dollars in millions, except per share data) | | | | | For the Years Ended December 31 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | | 2022 | | $ Change | | | % Change | | | 2024 |
| **Revenue:** | **Revenue:** | | | | | | | **Revenue:** | | | | |
| Finance charges | Finance charges | $ 1,755.4 | $ | $ 1,686.3 | $ | $ 69.1 | 4.1 | | 4.1 | % | Finance charges | $ 1,992.7 |
| Premiums earned | Premiums earned | 79.6 | 62.7 | 62.7 | 16.9 | | 16.9 | 27.0 | 27.0 | % | Premiums earned | |
| Other income | Other income | 66.9 | 83.4 | 83.4 | (16.5) | | (16.5) | -19.8 | -19.8 | % | Other income | |
| Total revenue | Total revenue | 1,901.9 | 1,832.4 | 1,832.4 | 69.5 | | 69.5 | 3.8 | 3.8 | % | Total revenue | |
| **Costs and expenses:** | **Costs and expenses:** | | | | | | | | | | **Costs and expenses:** | |
| Salaries and wages | Salaries and wages | 280.2 | 262.0 | 262.0 | 18.2 | | 18.2 | 6.9 | 6.9 | % | Salaries and wages | |
| General and administrative | General and administrative | 87.2 | 88.7 | 88.7 | (1.5) | | (1.5) | -1.7 | -1.7 | % | General and administrative | |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sales and marketing | Sales and marketing | 91.7 | 75.6 | 75.6 | 16.1 | | 16.1 | | 21.3 | | 21.3 | % | Sales and marketing | |
| Total operating expenses | Total operating expenses | 459.1 | 426.3 | 426.3 | 32.8 | | 32.8 | | 7.7 | | 7.7 | % | Total operating expenses | |
| Provision for credit losses on forecast changes | | | | | | | | | | | | | | |
| Provision for credit losses on forecast changes | | | | | | | | | | | | | | |
| Provision for credit losses on forecast changes | | 413.7 | 137.7 | 137.7 | 276.0 | | 276.0 | | 200.4 | | 200.4 | % | | 493.8 |
| Provision for credit losses on new Consumer Loan assignments | Provision for credit losses on new Consumer Loan assignments | 322.5 | 343.7 | 343.7 | (21.2) | | (21.2) | | -6.2 | | -6.2 | % | Provision for credit losses on new Consumer Loan assignments | |
| Total provision for credit losses | Total provision for credit losses | 736.2 | 481.4 | 481.4 | 254.8 | | 254.8 | | 52.9 | | 52.9 | % | Total provision for credit losses | |
| Interest | | | | | | | | | | | | | | |
| Interest | | | | | | | | | | | | | | |
| Interest | | 266.5 | 166.6 | 166.6 | 99.9 | | 99.9 | | 60.0 | | 60.0 | % | | 419.5 |
| Provision for claims | Provision for claims | 70.7 | 46.4 | 46.4 | 24.3 | | 24.3 | | 52.4 | | 52.4 | % | Provision for claims | |
| Loss on extinguishment of debt | Loss on extinguishment of debt | 1.8 | — | — | 1.8 | | 1.8 | | — | | — | % | Loss on extinguishment of debt | |
| Loss on sale of building | | 23.7 | | — | | 23.7 | | | | — % | | | | |
| Total costs and expenses | Total costs and expenses | 1,534.3 | 1,120.7 | 1,120.7 | 413.6 | | 413.6 | | 36.9 | | 36.9 | % | Total costs and expenses | |
| Income before provision for income taxes | Income before provision for income taxes | 367.6 | 711.7 | 711.7 | (344.1) | | (344.1) | | -48.3 | | -48.3 | % | income before provision for income taxes | |
| Provision for income taxes | Provision for income taxes | 81.5 | 175.9 | 175.9 | (94.4) | | (94.4) | | -53.7 | | -53.7 | % | Provision for income taxes | |
| Net income | Net income | $ 286.1 | $ | $ 535.8 | $ | $(249.7) | | | -46.6 | | -46.6 | % Net income | $ | 247.9 |
| Net income per share: | Net income per share: | | | | | | | | | | | | Net income per share: | |
| Basic | Basic | $ 22.09 | $ | $ 39.50 | $ | $(17.41) | | | -44.1 | | -44.1 | % Basic | $ | 20.12 |
| Diluted | Diluted | $ 21.99 | $ | $ 39.32 | $ | $(17.33) | | | -44.1 | | -44.1 | % Diluted | $ | 19.88 |
| Weighted average shares outstanding: | Weighted average shares outstanding: | | | | | | | | | | | | Weighted average shares outstanding: | |
| Basic | Basic | 12,953,424 | 13,563,885 | 13,563,885 | (610,461) | | (610,461) | | -4.5 | | -4.5 | % | Basic | 12,3 |
| Diluted | Diluted | 13,010,735 | 13,625,081 | 13,625,081 | (614,346) | | (614,346) | | -4.5 | | -4.5 | % | Diluted | 12,4 |

*Finance Charges.* The increase of $69.1 million $237.3 million, or 4.1% 13.5%, was primarily due to an increase in the average net Loans receivable balance, as follows:

| (Dollars in millions) | (Dollars in millions) | For the Years Ended December 31, | | (Dollars in millions) | | For the Years Ended December 31, | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | | Change | | 2024 | 2023 | Change |
| Average net Loans receivable balance | | | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Average yield on our Loan portfolio | Average yield on our Loan portfolio | 26.5 % | 26.7 % | -0.2 % | Average yield on our Loan portfolio | 26.5 % | 26.5 % | — % |

The following table summarizes the impact each component had on the overall increase in finance charges for the year ended December 31, 2023 December 31, 2024:

| (In millions)<br>Impact on finance charges: | | For the Year Ended December 31, 2023 December 31, 2024 |
|---|---|---|
| Due to an increase in the average net Loans receivable balance | $ | 84.6 239.1 |
| Due to a decrease in the average yield | | (15.5) (1.8) |
| Total increase in finance charges | $ | 69.1 237.3 |

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 decrease in the average yield of our Loan portfolio was primarily due to lower contractual yields on more recent Consumer Loan assignments.

*Premiums Earned.* The increase of $16.9 million $16.5 million, or 27.0% 20.7%, was primarily due to growth in the size of our reinsurance portfolio, which resulted from growth in new Consumer Loan assignments and an increase in the average premium written per reinsured vehicle service contract in recent periods.

*Other Income*. The decrease of $16.5 million, or 19.8%, was primarily due to:

- A $26.5 million decrease in ancillary product profit sharing income, primarily due to:
  - Increases in average claim rates and volume of claims on GAP contracts.
  - $5.9 million of income recognized in 2022 related to an inception-to-date adjustment to premium recognition timing based on our historical claims experience on GAP contracts.
- A $2.7 million decrease in remarketing fee income for fees charged to Dealers related to the repossession and remarketing of vehicles. Remarketing fee income for the year ended December 31, 2022 included $3.1 million of fees charged to Dealers for repossession activity that occurred from August 2020 through December 2021.
- A $13.1 million increase in interest income due to increases in benchmark interest rates and the average restricted cash and cash equivalents balance.

*Operating Expenses*. The increase of $32.8 million $42.4 million, or 7.7% 9.2%, was primarily due to:

- An increase in salaries and wages expense of $18.2 million $29.0 million, or 6.9% 10.3%, primarily due to our engineering department increases in (i) the number of team members as we are investing in our business to with the goal of increasing the speed at which we enhance our product for Dealers and transform our technology systems to be more Dealer- and customer-focused and an increase in consumers, (ii) fringe benefits, primarily due to higher medical claims. claims, and (iii) stock-based compensation expense, primarily due to equity awards granted to our executive officers and senior leaders.
- An increase in sales general and marketing administrative expense of $16.1 million $10.7 million, or 21.3% 12.3%, primarily due to investments increases in our business to enhance our sales legal and marketing strategy, an increase in the size of our sales force, and an increase in sales commissions related to growth in Consumer Loan assignment volume. technology systems expenses.

*Provision for Credit Losses*. The increase of $254.8 million $78.5 million, or 52.9% 10.7%, was primarily due to an increase in provision for credit losses on forecast changes, partially offset by a decrease in provision for credit losses on new Consumer Loan assignments. changes.

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)<br>Provision for Credit Losses | (In millions)<br>Provision for Credit Losses | For the Years Ended December 31,<br>2023 | 2022 | Change | (In millions)<br>Provision for Credit Losses | For the Years Ended December 31,<br>2024 | 2023 | Change |
|---|---|---|---|---|---|---|---|---|
| Forecast changes | | | | | | | | |
| New Consumer Loan assignments | | | | | | | | |
| Total | | | | | | | | |

The increase in provision for credit losses related to forecast changes was primarily due to a greater decline in Consumer Loan performance during 2023 2024 compared to 2022. 2023 and slower net cash flow timing during 2024 compared to 2023.

During 2023, 2024, we decreased our estimate of future net cash flows by $206.3 million $314.0 million, or 2.3% 3.1%, 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, to below-average levels. which remain below historical averages. Historically, Consumer Loan prepayments have been lower in periods with less availability of consumer credit. The $314.0 million decrease in forecasted net cash flows for the year ended December 31, 2024 was composed of an ordinary decrease in forecasted net cash flows of $166.8 million, or 1.7%, and an adjustment applied to our forecasting methodology during the second quarter of 2024, 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.

During 2023, we decreased our estimate of future net cash flows by $206.3 million, or 2.3%, to reflect a decline in Consumer Loan prepayments to below-average levels. The $206.3 million decrease in forecasted net cash flows during 2023 included the impact was composed of an ordinary decrease in forecasted net cash flows of $161.8 million, or 1.8%, and an adjustment to our forecasting methodology during the second quarter of 2023, which, upon implementation, decreased our estimate of future net cash flows by $44.5 million, or 0.5%, and increased our provision for credit losses by $71.3 million. We adjusted our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent Consumer Loan performance and Consumer Loan prepayment data. For additional information, see Note 5 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

During 2022, we reduced our estimate of future net cash flows by $59.7 million, or 0.7%, to reflect a decline in Consumer Loan performance during the period. The $59.7 million decrease in forecasted net cash flows during 2022 included the impact of forecasting methodology changes implemented during the first quarter of 2022, which upon implementation increased our estimate of future net cash flows by $95.7 million and reduced our provision for credit losses by $70.6 million. The forecasting methodology changes included the removal of the COVID forecast adjustment (as defined below under “Critical Accounting Estimates—Finance Charge Revenue & Allowance for Credit Losses”) from our estimate of future net cash flows and an enhancement to our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent data and new forecast variables. For additional information, see Note 5 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

The decrease in provision for credit losses related to new Consumer Loan assignments was due to a 20.9% 14.3% decrease in the average provision per new Consumer Loan assignment, partially offset by an 18.6% a 16.1% increase in Consumer Loan assignment unit volume. The decrease in average provision per new Consumer Loan assignment was primarily due to a decrease in the average advance rate for 2023 2024 Consumer Loans. Loans and a lower percentage of Purchased Loans in the mix of Consumer Loan assignments received during 2024.

*Interest.* The increase in interest expense of $99.9 million $153.0 million, or 60.0% 57.4%, was primarily due to an to:

- An increase in our average cost of debt, which was increased interest expense by $93.7 million, primarily as a result of higher interest rates on recently-completed recently completed or extended secured financings and recently issued senior notes and the repayment of older secured financings and senior notes with lower interest rates, as follows: rates.
- An increase in our average outstanding debt balance, which increased interest expense by $59.3 million, primarily due to borrowings used to fund the growth of our Loan portfolio and stock repurchases.

| (Dollars in millions) | For the Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2022 | | Change | |
| Interest expense | $ | 266.5 | $ | 166.6 | $ | 99.9 |
| Average outstanding debt principal balance (1) | | 4,808.4 | | 4,687.6 | | 120.8 |
| Average cost of debt | | 5.5 % | | 3.6 % | | 1.9 % |

The following table presents the change in interest expense, average outstanding debt balance, and average cost of debt for the year ended December 31, 2024 as compared to the year ended December 31, 2023:

(1) Includes the unamortized debt discount and excludes deferred debt issuance costs.

| (Dollars in millions) | For the Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | Change | |
| Interest expense | $ | 419.5 | $ | 266.5 | $ | 153.0 |
| Average outstanding debt balance | | 5,849.7 | | 4,785.7 | | 1,064.0 |
| Average cost of debt | | 7.2 % | | 5.5 % | | 1.7 % |

*Provision for Claims.* The increase in provision for claims Loss on Sale of $24.3 million, or 52.4%, was primarily due to increases in the size of our reinsurance portfolio and the average claim paid per reinsured vehicle service contract.

*Provision for Income Taxes.* *Building.* For the year ended December 31, 2023 December 31, 2024, we recognized a loss on the effective income tax rate decreased to 22.2% from 24.7% for the year ended December 31, 2022. The decrease was primarily due to the impact sale of tax benefits related to our stock-based compensation plan and the settlement a building of an uncertain tax position for state income taxes during the second quarter of 2023, partially offset by an increase in non-deductible executive compensation expense. $23.7 million. For additional information, see Note 11 6 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

*Provision for Income Taxes.* For the year ended December 31, 2024, the effective income tax rate increased to 24.8% from 22.2% for the year ended December 31, 2023. The increase was primarily due to:

- A decrease in the impact of excess tax benefits on our effective income tax rate, primarily due to the timing of long-term stock award grants.
- An increase in non-deductible executive compensation expense.
- An increase in the impact of state and local income taxes on our effective income tax rate, primarily due to an adjustment to an uncertain tax position estimate during the second quarter of 2024 and changes in state tax laws that were enacted during the second quarter of 2024.

For additional information, see Note 10 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

**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.

Our significant accounting policies are discussed in Note 2 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference. We believe that the following accounting estimates are the most critical to aid in fully understanding and evaluating our reported financial results, and involve a high degree of subjective or complex judgment, and the use of different estimates or assumptions could produce materially different financial results.

Finance Charge Revenue & Allowance for Credit Losses

*Nature of Estimates Required.* We estimate the amount and timing of future collections and Dealer Holdback payments. These estimates impact Loans receivable and allowance for credit losses on our balance sheet and finance charges and provision for credit losses on our income statement.

*Assumptions and Approaches Used.* 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. Prior to the adoption of CECL on January 1, 2020, we accounted for our Loans as loans acquired with significant credit deterioration. For additional information regarding the adoption impact of CECL, see Note 2 and Note 5 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

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). For Consumer Loans assigned on or subsequent to January 1, 2020, the effective interest rate is based on contractual future net cash flows. For Consumer Loans assigned prior to January 1, 2020, the effective interest rate was determined based on expected future net cash flows. are no longer material to our consolidated financial statements.

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.

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 monitor and evaluate Consumer Loan performance 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 the 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.

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.

During the second quarter of 2023, we adjusted our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent Consumer Loan performance and Consumer Loan prepayment data. During the first half of 2023, weWe had experienced a decrease in Consumer Loan prepayments to below-average levels and, as a result, slowed our forecasted net cash flow timing. The below-average levels of Consumer Loan prepayments continued through the fourth quarter of 2023. Historically, Consumer Loan prepayments have been lower in periods with less availability of consumer credit. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change throughas a provision for credit losses. The implementation of the adjustment to our forecasting methodology during the second quarter of 2023 reduced forecasted net cash flows by $44.5 million, or 0.5%, and increased provision for credit losses by $71.3 million.

The COVID-19 pandemic created conditions that increased the level of uncertainty associated with our estimate of the amount and timing of future net cash flows from our Loan portfolio. During the first quarter of 2020, we applied a subjective adjustment to our forecasting model to reflect our best estimate of the future impact of the COVID-19 pandemic on future net cash flows ("COVID forecast adjustment"), which reduced our estimate of future net cash flows by $162.2 million. We continued to apply the COVID forecast adjustment through the end of 2021, as it continued to represent our best estimate. During the first quarter of 2022, we determined that we had sufficient Consumer Loan performance experience since the lapse of federal stimulus payments and enhanced unemployment benefits to refine our estimate of future net cash flows. Accordingly, during the first quarter of 2022, we removed the COVID forecast adjustment and enhanced our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent data and new forecast variables. Under CECL, changes in the amount and timing of forecasted net cash flows are recorded as a provision for credit losses in the period of change.

The removal of the COVID forecast adjustment and the implementation of the enhanced forecasting methodology during the first quarter of 2022 impacted forecasted net cash flows and provision for credit losses as follows:

| (In millions) | Increase / (Decrease) in | |
|---|---|---|
| Forecasting Methodology Changes | Forecasted Net Cash Flows | Provision for Credit Losses |
| Removal of COVID forecast adjustment | $ 149.5 | $ (118.5) |
| Implementation of enhanced forecasting methodology | (53.8) | 47.9 |
| Total | $ 95.7 | $ (70.6) |

Our provision for credit losses for the year ended December 31, 2024, included:

- $320.9 million provision for credit losses on new Consumer Loan assignments, which reduced consolidated net income by $247.1 million, or $19.82 per diluted share; and
- $493.8 million provision for credit losses on forecast changes related to changes in the amount and timing of expected future net cash flows, which reduced consolidated net income by $380.2 million, or $30.49 per diluted share.

Our provision for credit losses for the year ended December 31, 2023, included:

- $322.5 million provision for credit losses on new Consumer Loan assignments, which reduced consolidated net income by $248.3 million, or $19.08 per diluted share; and
- $413.7 million provision for credit losses on forecast changes related to changes in the amount and timing of expected future net cash flows, which reduced consolidated net income by $318.5 million, or $24.48 per diluted share.

Our provision for credit losses for the year ended December 31, 2022, included:

- $343.7 million provision for credit losses on new Consumer Loan assignments, which reduced consolidated net income by $264.6 million, or $19.42 per diluted share; and
- $137.7 million provision for credit losses on forecast changes related to changes in the amount and timing of expected future net cash flows, which reduced consolidated net income by $106.0 million, or $7.78 per diluted share.

*Key Factors.* Variances in the amount and timing of future net cash flows from current estimates could materially impact earnings in future periods. A 1% decline in the forecasted future net cash flows on Loans as of December 31, 2023 December 31, 2024 would have reduced 2023 2024 consolidated net income by approximately $51.2 million $59.7 million.

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 a 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, 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. 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.

Premiums Earned

*Nature of Estimates Required.* We estimate the pattern of future claims on vehicle service contracts. These estimates impact accounts payable and accrued liabilities on our balance sheet and premiums earned on our income statement.

*Assumptions and Approaches Used.* Premiums from the reinsurance of vehicle service contracts are recognized over the life of the policy in proportion to the expected costs of servicing those contracts. Expected costs are determined based on our historical claims experience. In developing our cost expectations, we stratify our historical claims experience into groupings based on contractual term, as this characteristic has led to different patterns of cost incurrence in the past. We will continue to update our analysis of historical costs under the vehicle service contract program as appropriate, including the consideration of other characteristics that may have led to different patterns of cost incurrence, and revise our revenue recognition timing for any changes in the pattern of our expected costs as they are identified.

*Key Factors.* Variances in the pattern of future claims from our current estimates would impact the timing of premiums recognized in future periods. A 10% change in premiums earned for the year ended December 31, 2023 December 31, 2024 would have affected 2023 2024 consolidated net income by approximately $6.1 million $7.4 million.

Contingencies

*Nature of Estimates Required.* We estimate the likelihood of adverse judgments against us and any resulting damages, fines, or statutory penalties owed. These estimates impact accounts payable and accrued liabilities on our balance sheet and are general and administrative expenses on our income statement.

*Assumptions and Approaches Used.* With assistance from our legal counsel, we determine if the likelihood of an adverse judgment for various claims, litigation, and regulatory investigations is remote, reasonably possible, or probable. To the extent we believe an adverse judgment is probable and the amount of the judgment is estimable, we recognize a liability. For information regarding current actions to which we are a party, see Note 16 15 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

*Key Factors.* Negative variances in the ultimate disposition of claims and litigation outstanding from current estimates could result in additional expense in future periods.

Uncertain Tax Positions

*Nature of Estimates Required.* We estimate the impact of an uncertain income tax position on the income tax return. These estimates impact income taxes receivable and accounts payable and accrued liabilities on our balance sheet and provision for income taxes on our income statement.

*Assumptions and Approaches Used.* We follow a two-step approach for recognizing uncertain tax positions. First, we evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more-likely-than-not that the position will be sustained upon examination, including resolution of related appeals or litigation processes, if any. Second, for positions that we determine are more-likely-than-not to be sustained, we recognize the tax benefit as the largest benefit that has a greater than 50% likelihood of being sustained. We establish a reserve for uncertain tax positions liability that is comprised of unrecognized tax benefits and related interest. We adjust this liability in the period in which an uncertain tax position is effectively settled, the statute of limitations expires for the relevant taxing authority to examine the tax position, or more information becomes available.

*Key Factors.* To the extent we prevail in matters for which a liability has been established or are required to pay amounts in excess of our established liability, our effective income tax rate in future periods could be materially affected.

**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 December 31, 2023 December 31, 2024. For information regarding these financings and the covenants included in the related documents, see Note 9 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

On March 16, 2023 February 16, 2024, we extended the $100.0 million Term ABS 2021-1 financing and extended the date on which the financing will cease to revolve from December 16, 2024 to February 17, 2026.

On February 27, 2024, we completed a $400.0 million $200.0 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 7.3% 7.8% (including upfront fees and other costs), and it will revolve for 36 months, after which it will amortize based upon the initial purchasers' cash flows on the underlying Loans.

On March 28, 2024, we completed a $500.0 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 6.4% (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 April 28, 2023 June 17, 2024, we extended the date on which maturity of our $400.0 million Warehouse Facility II will cease revolving secured line of credit facility from June 22, 2026 to revolve from April 30, 2024 to April 30, 2026 June 22, 2027. The interest rate on borrowings under the facility has been increased changed from LIBOR the Bloomberg Short-Term Bank Yield Index rate plus 175 187.5 basis points to SOFR the Secured Overnight Financing Rate ("SOFR") plus 230 197.5 basis points.

On May 25, 2023 June 20, 2024, we completed a $400.0 million $550.0 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 6.8% 6.5% (including the initial purchasers' 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 22, 2023 June 21, 2024, we increased the financing amount on the Term ABS 2022-2 financing from $200.0 million to $300.0 million and extended the maturity of our revolving secured line of credit facility date on which the financing will cease to revolve from June 22, 2025 December 15, 2025 to June 22, 2026. Prior to this amendment, the amount of the facility was set to decrease by $25.0 million on June 22, 2023; however, this amendment increased the amount of the facility by $5.0 million, resulting in a net decrease of $20.0 million, from $410.0 million to $390.0 million June 15, 2027.

On August 4, 2023 September 19, 2024, we increased the financing amount on Warehouse Facility II from $400.0 million to $500.0 million and extended the date on which the facility will cease to revolve from April 30, 2026 to September 20, 2027. The interest rate on borrowings under the facility has been decreased from SOFR plus 230 basis points to SOFR plus 185 basis points.

On September 19, 2024, we extended the date on which our $75.0 million Warehouse Facility VI the $500.0 million Term ABS 2019-2 financing will cease to revolve from September 30, 2024 August 15, 2025 to September 30, 2026 September 15, 2026 and increased the interest rate under the financing from 5.15% to 5.43%.

On August 24, 2023 September 26, 2024, we completed a $400.0 million $600.0 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 7.3% 5.2% (including the initial purchasers' 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 September 21, 2023 December 5, 2024, we increased the financing amount on Warehouse Facility V from $200.0 million to $250.0 million and extended the date on which our $200.0 million Warehouse Facility VIII the facility will cease to revolve from September 1, 2024 December 29, 2025 to September 21, 2026 December 29, 2027. The maturity of the facility was also extended from December 27, 2027 to December 27, 2029. The interest rate on borrowings under the facility has been increased decreased from SOFR plus 201.4 245 basis points to SOFR plus 225 185 basis points.

On November 30, 2023 December 20, 2024, we completed a $200.0 million $300.0 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 8.6% 6.3% (including the initial purchasers' upfront fees and other costs), and it will revolve for 24 36 months, after which it will amortize based upon the cash flows on the underlying Loans.

On December 19, 2023, we issued $600.0 million of 9.250% senior notes due 2028 (the "2028 senior notes"). 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.

On December 21, 2023, we completed a $294.0 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 7.0% (including the initial purchasers' 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 December 29, 2023, we extended the date on which our $300.0 million Warehouse Facility IV will cease to revolve from May 20, 2025 to December 29, 2026.

Cash and cash equivalents increased to $343.7 million as of December 31, 2024 from $13.2 million as of December 31, 2023 from $7.7 million as of December 31, 2022. As of December 31, 2023 December 31, 2024 and December 31, 2022 December 31, 2023, we had $1,505.8 million $1,734.9 million and $1,554.1 million $1,505.8 million, respectively, in unused and available lines of credit. As of December 31, 2023 and December 31, 2022, we had $5,067.5 million and $4,590.7 million, respectively, of Our total balance sheet indebtedness. indebtedness increased to $6,352.9 million as of December 31, 2024 from $5,067.5 million as of December 31, 2023, primarily due to the growth in new Consumer Loan assignments and stock repurchases.

A summary as of December 31, 2023 December 31, 2024 of our material financial obligations requiring future repayments is as follows:

| (In millions)<br>(In millions)<br>(In millions) | Payments Due as of December 31, 2023 | Payments Due as of December 31, 2024 |
|---|---|---|
| Long-term debt, including current maturities (1)<br>Long-term debt, including current maturities (1)<br>Long-term debt, including current maturities (1) | | |
| Dealer Holdback (2)<br>Dealer Holdback (2)<br>Dealer Holdback (2) | | |
| Operating lease obligations (3)<br>Operating lease obligations (3)<br>Operating lease obligations (3) | | |
| Purchase obligations (4)<br>Purchase obligations (4)<br>Purchase obligations (4) | | |
| Total financial obligations<br>Total financial obligations<br>Total financial obligations | | |

(1) The amounts presented consist solely of principal and do not reflect deferred debt issuance costs of $36.6 million $37.7 million and unamortized debt discount of $2.5 million $1.3 million. We are also obligated to make interest payments at the applicable interest rates, as discussed in Note 9 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference. Based on the actual principal amounts outstanding under our revolving secured line of credit facility, our Warehouse facilities, our Term ABS financings, and our senior notes as of December 31, 2023 December 31, 2024, the forecasted principal amounts outstanding on all other debt, and the actual interest rates in effect as of December 31, 2023 December 31, 2024, interest is expected to be approximately $303.0 million during 2024; $249.7 million $397.8 million during 2025; $271.8 million during 2026; and $219.4 million $180.9 million during 2026 2027 and thereafter.

(2) We have contractual obligations to pay Dealer Holdback to Dealers. Payments of Dealer Holdback are contingent upon the receipt of consumer payments and the repayment of advances. The amounts presented represent our forecast as of December 31, 2023 December 31, 2024.

(3) A lease liability of $2.7 million $1.6 million is recognized within accounts payable and accrued liabilities in our consolidated balance sheet as of December 31, 2023 December 31, 2024.

(4) Purchase obligations consist primarily of contractual obligations related to our information system needs.

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.

**Market Risk**

We are exposed primarily to market risks associated with movements in interest rates. Our policies and procedures prohibit the use of financial instruments for speculative purposes. A discussion of our accounting policies for derivative instruments is included in Note 2 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

*Interest Rate Risk.* We rely on various sources of financing, some of which contain floating rates of interest and expose us to risks associated with increases in interest rates. We Assuming that we maintain a level amount of floating rate debt, an increase in interest rates may result in higher interest expense for our floating rate debt facilities. From time to time, we may manage that risk through the use of derivatives such risk primarily by entering into as interest rate cap agreements. caps.

As of December 31, 2023 December 31, 2024, we had $79.2 million $0.1 million of floating rate debt outstanding under our revolving secured lines of credit, without interest rate protection. For every 100-basis-point increase in interest rates on our revolving secured lines of credit, annual after-tax earnings would decrease by approximately $0.6 million, a negligible amount, assuming we maintain a level amount of floating rate debt.

As of December 31, 2023 December 31, 2024, we had interest rate cap agreements outstanding to manage the interest rate risk on Warehouse Facility IV, Warehouse Facility V and Warehouse Facility VIII. However, as of December 31, 2023 December 31, 2024, there was no floating rate debt outstanding under these facilities.

As of December 31, 2023 December 31, 2024, we did not have a balance outstanding under Warehouse Facility II, Warehouse IV, and Warehouse Facility VI, which do not have interest rate protection.

As of December 31, 2023 December 31, 2024, we had $100.0 million in floating rate debt outstanding under Term ABS 2021-1, which was covered by an without interest rate cap with a cap rate of 5.46% on the underlying benchmark rate. protection. For every 100-basis-point increase in interest rates on Term ABS 2021-1, up to the cap rate of 5.46%, annual after-tax earnings would decrease by approximately $0.8 million, assuming we maintain a level amount of floating rate debt.

As of December 31, 2023 December 31, 2024, we had $200.0 million $300.0 million in floating rate debt outstanding under Term ABS 2022-2, which was covered by an without interest rate cap with a cap rate of 6.50% on the underlying benchmark rate. protection. For every 100-basis-point increase in interest rates on Term ABS 2022-2, up to the cap rate of 6.50%, annual after-tax earnings would decrease by approximately $1.5 million $2.3 million, assuming we maintain a level amount of floating rate debt.

**New Accounting Update Updates Not Yet Adopted**

See Note 2 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference, for information concerning the following new accounting update updates and the impact of the implementation of this update these updates on our financial statements:

- Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative.
- Improvements to Reportable Segment Disclosures Initiative
- Improvements to Income Tax Disclosures
- Disaggregation of Income Statement Expenses

**Forward-Looking Statements**

We make forward-looking statements in this report and may make such statements in future filings with the 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 this Form 10-K, which is incorporated herein by reference, and the risks and uncertainties discussed elsewhere in this Form 10-K and in our other reports filed or furnished from time to time with the SEC.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The information called for by Item 7A is incorporated herein by reference from the information in Item 7 under the caption "Market Risk" in this Form 10-K.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Credit Acceptance Corporation

**Opinion on the financial statements**

We have audited the accompanying consolidated balance sheets of Credit Acceptance Corporation (a Michigan corporation) and subsidiaries (the "Company") as of December 31, 2023 December 31, 2024 and 2022, 2023, the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2023 December 31, 2024, and the related notes (collectively referred to as the "financial "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 December 31, 2024 and 2022, 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2023 December 31, 2024, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 9, 2024 February 12, 2025 expressed an unqualified opinion.

**Basis for opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical audit matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing aseparate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Finance Charge Revenue and Allowance for Credit Losses Provision for Credit Losses*

As described further in Notes 2 and Finance Charge Revenue

The Company offers financing programs 5 to a network of automobile dealers ("Dealers") who enter into retail installment contracts directly with consumers ("Consumer Loans"). The Company has two programs, the Portfolio Program and the Purchase Program. Under the Portfolio Program, consolidated financial statements, the Company advances money to Dealers ("Dealer Loans") recorded $1,992.7 million in exchange finance charge revenue for the right to service the underlying Consumer Loans. Under the Purchase Program, the Company buys the Consumer Loan from the Dealers ("Purchased Loans") period ended December 31, 2024 and keeps all amounts collected from the consumer. Dealer Loans and Purchased Loans, collectively referred to as "Loans", are presented as Loans receivable in the consolidated balance sheets.

The Company accounts for Loans in accordance with Financial Accounting Standards Board Accounting Standard Codification ("ASC") 326, Financial Instruments, which is also known as the current expected credit loss model ("CECL").

We identified the an allowance for credit losses provision of $3,438.8 million on loans receivable of $11,289.1 million for a net carrying amount of loan receivables of $7,850.3 million as of December 31, 2024.

Finance charge revenue is determined by applying the effective interest rate to the net carrying amount of the loan receivable. The effective interest rate is based on contractual future net cash flows. The allowance for credit losses and is then estimated by discounting the expected future net cash flows at the same effective interest used in determining finance charge revenue. Expected future net cash flows are estimated using a statistical model that considers a number of credit quality indicators to derive the amount of those expected future net cash flows. We identified finance charge revenue which are recorded based on internally developed models, and allowance for credit losses as a critical audit matter.

The principal consideration considerations for our determination that the finance charge revenue and allowance for credit losses provision for credit losses and finance charge revenue is a critical audit matter is are the high degree of subjectivity that is involved estimation uncertainty in evaluating management's modeling of expected future net cash flows. Management's statistical model used to determine expected future net cash flows required complex auditor judgment to evaluate the reasonableness of management's estimates the outcomes of expected future cash flows on the Loans, which are derived from model and the models. involvement of those with specialized skill and knowledge.

Our audit procedures related to the finance charge revenue and allowance for credit losses provision for credit losses and finance charge revenue included the following, among others:

- We tested the design and operating effectiveness of relevant controls related to the models, including controls management's review control over the validation of the models, the completeness model performance variances between actual and accuracy of information used in the models, management review controls over the models, and segregation of duties for maintaining the models.
    - We assessed the reasonableness of the methodology used in the models to compute the expected future cash flows. Our assessment included the use of our internal specialist's evaluation of the appropriateness of the Company's internal model validation process.
    - We reperformed the computation of the initial and current forecasts of expected future cash flows for a sample of Loans using management's model methodology. For that sample, we verified the accuracy of certain credit quality indicators used in the models, by comparing to the Consumer Loan documents. For an additional sample, we assessed the correlation of collection history to forecasted future net cash flows for a sample of Loans.
    - We assessed the reasonableness of the timing of the expected future cash flows based on historical monthly cash flows compared to forecasted monthly cash flows considering seasonality trends.
    - We analyzed the historical forecasts against actual cash flows in evaluating management's ability to predict future cash flows.
    - We sampled new Loans during 2023 and confirmed the balance with the Dealer and/or agreed to the Consumer Loan documents for accuracy and existence.
    - We sampled collections received during 2023 to verify the accuracy of the Loans.
    - We recalculated the effective interest rate for a sample of Loans based on the contractual net cash flows.
- We recomputed tested the present value design and operating effectiveness of management's review control over their statistical model used to determine expected future net cash flows discounted at which verifies the effective interest rate and the initial provision for credit losses for statistical model is operating as intended.
- For a sample of new Consumer Loan assignments. loans, we selected loan specific credit quality indicators used in the statistical model and agreed those credit quality indicators to source documents in order to recalculate the expected future net cash flows produced by the statistical model.
- We selected a sample involved those with specialized skill and knowledge to assess the conceptual soundness of Loans the statistical model's design and recomputed the provision for credit losses and finance charge revenue for the year-ended December 31, 2023, and allowance for credit losses as of December 31, 2023. For the sample tested, we also recomputed the management's validation to accurately determine estimated dealer holdback, if applicable. future net cash flows.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2005.

Southfield, Michigan
February 9, 2024 12, 2025

**CONSOLIDATED BALANCE SHEETS**

| | | | | | | |
|---|---|---|---|---|---|---|
| (Dollars in millions, except per share data) | (Dollars in millions, except per share data) | **As of December 31,** | (Dollars in millions, except per share data) | **As of December 31,** | | |
| | | **2023** | **2022** | | **2024** | **2023** |
| **ASSETS:** | **ASSETS:** | | | **ASSETS:** | | |
| Cash and cash equivalents | | | | | | |
| Restricted cash and cash equivalents | | | | | | |
| Restricted securities available for sale | | | | | | |
| Loans receivable | | | | | | |
| Loans receivable | | | | | | |
| Loans receivable | | | | | | |
| Allowance for credit losses | | | | | | |

| | | |
|---|---|---|
| Loans receivable, net | | |
| Property and equipment, net | | |
| Property and equipment, net | | |
| Property and equipment, net | | |
| Income taxes receivable | | |
| Other assets | | |
| Total Assets | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY: | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY: | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY: | | |
| **Liabilities:** | **Liabilities:** | **Liabilities:** |
| Accounts payable and accrued liabilities | | |
| Revolving secured lines of credit | | |
| Secured financing | | |
| Senior notes | | |
| Mortgage note | | |
| Deferred income taxes, net | | |
| Income taxes payable | | |
| Total Liabilities | | |
| **Commitments and Contingencies - See Note 16** | | |
| **Commitments and Contingencies - See Note 16** | | |
| **Commitments and Contingencies - See Note 16** | | |
| **Commitments and Contingencies - See Note 15** | | |
| **Commitments and Contingencies - See Note 15** | | |
| **Commitments and Contingencies - See Note 15** | | |
| **Shareholders' Equity:** | **Shareholders' Equity:** | **Shareholders' Equity:** |
| Preferred stock, $.01 par value, 1,000,000 shares authorized, none issued | | |
| Common stock, $.01 par value, 80,000,000 shares authorized, 12,522,397 and 12,756,885 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively | | |
| Common stock, $.01 par value, 80,000,000 shares authorized, 12,048,151 and 12,522,397 shares issued and outstanding as of December 31, 2024 and December 31, 2023, respectively | | |
| Paid-in capital | | |
| Retained earnings | | |
| Accumulated other comprehensive loss | | |
| Total Shareholders' Equity | | |
| Total Liabilities and Shareholders' Equity | | |

See accompanying notes to consolidated financial statements.

**CONSOLIDATED STATEMENTS OF INCOME**

| (Dollars in millions, except per share data) | (Dollars in millions, except per share data) | For the Years Ended December 31, | | (Dollars in millions, except per share data) | For the Years Ended December 31, | | | |
|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | | 2021 | 2024 | 2023 | 2022 |
| **Revenue:** | **Revenue:** | | | | **Revenue:** | | | |
| Finance charges | | | | | | | | |

| | | | |
|---|---|---|---|
| Premiums earned | | | |
| Other income | | | |
| Total revenue | | | |
| **Costs and expenses:** | **Costs and expenses:** | | **Costs and expenses:** |
| Salaries and wages | | | |
| General and administrative | | | |
| Sales and marketing | | | |
| Total operating expenses | | | |
| Provision for credit losses on forecast changes | | | |
| Provision for credit losses on forecast changes | | | |
| Provision for credit losses on forecast changes | | | |
| Provision for credit losses on new Consumer Loan assignments | | | |
| Total provision for credit losses | | | |
| Interest | | | |
| Interest | | | |
| Interest | | | |
| Provision for claims | | | |
| Loss on extinguishment of debt | | | |
| Loss on sale of building | | | |
| Total costs and expenses | | | |
| Income before provision for income taxes | | | |
| Provision for income taxes | | | |
| Net income | | | |
| Net income per share: | Net income per share: | | Net income per share: |
| Basic | | | |
| Diluted | | | |
| Weighted average shares outstanding: | Weighted average shares outstanding: | | Weighted average shares outstanding: |
| Basic | | | |
| Diluted | | | |

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| (In millions) | (In millions) | For the Years Ended December 31, | | (In millions) | For the Years Ended December 31, | | | |
|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | | 2021 | 2024 | 2023 | 2022 |
| Net income | | | | | | | | |
| Other comprehensive income (loss), net of tax: | Other comprehensive income (loss), net of tax: | | | | Other comprehensive income (loss), net of tax: | | | |
| Unrealized gain (loss) on securities, net of tax | | | | | | | | |
| Other comprehensive income (loss) | | | | | | | | |
| Comprehensive income | | | | | | | | |

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

| (Dollars in millions) | (Dollars in millions) | Common Stock | (Dollars in millions) | Common Stock |
|---|---|---|---|---|

| | Number of Shares | Amount | Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total Shareholders' Equity | Number of Shares | Amount | Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance, January 1, 2021 | | | | | | | | | | | | |
| Net income | | | | | | | | | | | | |
| Other comprehensive loss | | | | | | | | | | | | |
| Stock-based compensation | | | | | | | | | | | | |
| Forfeiture of restricted stock awards | | | | | | | | | | | | |
| Repurchase of common stock | | | | | | | | | | | | |
| Restricted stock units converted to common stock | | | | | | | | | | | | |
| Stock options exercised | | | | | | | | | | | | |
| Balance, December 31, 2021 | | | | | | | | | | | | |
| Balance, January 1, 2022 | | | | | | | | | | | | |
| Net income | | | | | | | | | | | | |
| Other comprehensive loss | | | | | | | | | | | | |
| Stock-based compensation | | | | | | | | | | | | |
| Repurchase of common stock | | | | | | | | | | | | |
| Repurchase of common stock | | | | | | | | | | | | |
| Repurchase of common stock | | | | | | | | | | | | |
| Restricted stock units converted to common stock | | | | | | | | | | | | |
| Restricted stock units settled in common stock | | | | | | | | | | | | |
| Stock options exercised | | | | | | | | | | | | |
| Balance, December 31, 2022 | | | | | | | | | | | | |
| Net income | | | | | | | | | | | | |
| Other comprehensive gain | | | | | | | | | | | | |
| Stock-based compensation | | | | | | | | | | | | |
| Repurchase of common stock | | | | | | | | | | | | |
| Restricted stock units converted to common stock | | | | | | | | | | | | |
| Repurchase of common stock | | | | | | | | | | | | |
| Repurchase of common stock | | | | | | | | | | | | |
| Restricted stock units settled in common stock | | | | | | | | | | | | |
| Stock options exercised | | | | | | | | | | | | |
| Balance, December 31, 2023 | | | | | | | | | | | | |
| Net income | | | | | | | | | | | | |
| Other comprehensive gain | | | | | | | | | | | | |

| |
|---|
| Stock-based compensation |
| Repurchase of common stock |
| Restricted stock units settled in common stock |
| Stock options exercised |
| Balance, December 31, 2024 |

See accompanying notes to consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

| (In millions) | (In millions) | For the Years Ended December 31, 2023 | 2022 | (In millions) | For the Years Ended December 31, 2021 | 2024 | 2023 | 2022 |
|---|---|---|---|---|---|---|---|---|
| **Cash Flows From Operating Activities:** | **Cash Flows From Operating Activities:** | | | | **Cash Flows From Operating Activities:** | | | |
| Net income | | | | | | | | |
| Adjustments to reconcile cash provided by operating activities: | Adjustments to reconcile cash provided by operating activities: | | | | Adjustments to reconcile cash provided by operating activities: | | | |
| Provision for credit losses | | | | | | | | |
| Depreciation | | | | | | | | |
| Amortization | | | | | | | | |
| Provision (credit) for deferred income taxes | | | | | | | | |
| Credit for deferred income taxes | | | | | | | | |
| Stock-based compensation | | | | | | | | |
| Loss on extinguishment of debt | | | | | | | | |
| Loss on sale of building | | | | | | | | |
| Other | | | | | | | | |
| Change in operating assets and liabilities: | Change in operating assets and liabilities: | | | | Change in operating assets and liabilities: | | | |
| Increase (decrease) in accounts payable and accrued liabilities | | | | | | | | |
| Increase in accounts payable and accrued liabilities | | | | | | | | |
| Decrease in income taxes receivable | | | | | | | | |
| Increase in income taxes payable | | | | | | | | |
| Decrease (increase) in other assets | | | | | | | | |
| Net cash provided by operating activities | | | | | | | | |
| **Cash Flows From Investing Activities:** | **Cash Flows From Investing Activities:** | | | | **Cash Flows From Investing Activities:** | | | |
| Purchases of restricted securities available for sale | | | | | | | | |
| Proceeds from sale of restricted securities available for sale | | | | | | | | |
| Maturities of restricted securities available for sale | | | | | | | | |
| Principal collected on Loans receivable | | | | | | | | |
| Advances to Dealers | | | | | | | | |
| Purchases of Consumer Loans | | | | | | | | |
| Accelerated payments of Dealer Holdback | | | | | | | | |
| Payments of Dealer Holdback | | | | | | | | |
| Purchases of property and equipment | | | | | | | | |
| Net cash provided by (used in) investing activities | | | | | | | | |
| Proceeds from sale of building | | | | | | | | |

| | | |
|---|---|---|
| Net cash used in investing activities | | |
| **Cash Flows From Financing Activities:** | **Cash Flows From Financing Activities:** | **Cash Flows From Financing Activities:** |
| Borrowings under revolving secured lines of credit | | |
| Repayments under revolving secured lines of credit | | |
| Proceeds from secured financing | | |
| Repayments of secured financing | | |
| Proceeds from issuance of senior notes | | |
| Repayment of senior notes | | |
| Payments of debt issuance costs and debt extinguishment costs | | |
| Repurchase of common stock | | |
| Proceeds from stock options exercised | | |
| Other | | |
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents | | |
| Cash and cash equivalents and restricted cash and cash equivalents, beginning of period | | |
| Cash and cash equivalents and restricted cash and cash equivalents, end of period | | |
| **Supplemental Disclosure of Cash Flow Information:** | **Supplemental Disclosure of Cash Flow Information:** | **Supplemental Disclosure of Cash Flow Information:** |
| Cash paid during the period for interest | | |
| Cash paid during the period for income taxes, net of refunds | | |

See accompanying notes to consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. DESCRIPTION OF BUSINESS

*Principal Business.* Since 1972, Credit Acceptance Corporation (referred to as the “Company”, “Credit Acceptance”, “we”, “our” or “us”) has offered makes vehicle ownership possible by providing innovative financing programs 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 commitment desire to changing consumers' 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 Years Ended December 31, | | |
|---|---|---|---|
| Consumer Loan Assignment Volume | 2023 | 2022 | 2021 |
| Percentage of total unit volume with either FICO® scores below 650 or no FICO® scores | 80.9 % | 84.8 % | 91.0 % |

In recent years, we expanded our financing programs to consumers with higher credit ratings, which has contributed to the reduction in the percentage of total unit volume with either FICO® scores below 650 or no FICO® scores over the three year period presented above.

| Consumer Loan Assignment Volume | For the Years Ended December 31, 2024 | 2023 | 2022 |
|---|---|---|---|
| Percentage of total unit volume with either FICO® scores below 650 or no FICO® scores | 80.6 % | 80.9 % | 84.8 % |

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 three years:

| | | Unit Volume | | Unit Volume | | Dollar Volume (1) | | Unit Volume | | Dollar Volume (1) |
|---|---|---|---|---|---|---|---|---|---|---|
| For the Years Ended December 31, | For the Years Ended December 31, | Dealer Loans | Purchased Loans | Dealer Loans | Purchased Loans | For the Years Ended December 31, | Dealer Loans | Purchased Loans | Dealer Loans | Purchased Loans |
| 2021 | | 67.9 % | 32.1 % | 65.0 % | 35.0 % | | | | | |
| 2022 | 2022 | 73.5 % | 26.5 % | 69.8 % | 30.2 % | 2022 | 73.5 % | 26.5 % | 69.8 % | 30.2 % |
| 2023 | 2023 | 74.0 % | 26.0 % | 70.7 % | 29.3 % | 2023 | 74.0 % | 26.0 % | 70.7 % | 29.3 % |
| 2024 | | 78.7 % | 21.3 % | 77.5 % | 22.5 % | | | | | |

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

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”).

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

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.

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 our 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 our 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.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Principles of Consolidation

The consolidated financial statements include our accounts and our wholly owned subsidiaries. All significant intercompany transactions have been eliminated. Our primary subsidiaries as of December 31, 2023 December 31, 2024 are: Buyer's Vehicle Protection Plan, Inc. ("BVPP"), Vehicle Remarketing Services, Inc. ("VRS"), VSC Re Company ("VSC Re"), CAC Warehouse Funding LLC II, CAC Warehouse Funding LLC IV, CAC Warehouse Funding LLC V, CAC Warehouse Funding LLC VI, CAC Warehouse Funding LLC VIII, Credit Acceptance Funding LLC 2019-2, Credit Acceptance Funding LLC 2020-3, Credit Acceptance Funding LLC 2021-1, Credit Acceptance Funding LLC 2021-2, Credit Acceptance Funding LLC 2021-3, Credit Acceptance Funding LLC 2021-4, Credit Acceptance Funding LLC 2022-1, Credit Acceptance Funding LLC 2022-2, Credit Acceptance Funding LLC 2022-3, Credit Acceptance Funding LLC 2023-1, Credit Acceptance Funding LLC 2023-2, Credit Acceptance Funding LLC 2023-3, Credit Acceptance Funding LLC 2023-A, Credit Acceptance Funding LLC 2023-5, Credit Acceptance Funding LLC 2024-A, Credit Acceptance Funding LLC 2024-1, Credit Acceptance Funding LLC 2024-2, Credit Acceptance Funding LLC 2024-3, and Credit Acceptance Funding LLC 2023-5. 2024-B.

### Business Segment Information

We currently operate in one reportable segment which represents our core business of offering innovative financing programs solutions that enable Dealers 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 15 14 to the consolidated financial statements.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires us to make estimates and assumptions 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. The accounts which are subject to significant estimation include the allowance for credit losses, finance charge revenue, premiums earned, contingencies, and uncertain tax positions. Actual results could materially differ from those estimates.

### 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 December 31, 2023 December 31, 2024 and 2022, 2023, we had $12.8 million $342.7 million and $7.1 million $12.8 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 December 31, 2023 December 31, 2024 and 2022, 2023, we had $453.7 million $497.0 million and $406.5 million $453.7 million, respectively, in restricted cash and cash equivalents that were not insured by the FDIC.

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) | (In millions) | As of December 31, | | (In millions) | As of December 31, |
|---|---|---|---|---|---|
| | | 2023 | 2022 | | 2021 |
| | | 2024 | 2023 | | 2022 |
| Cash and cash equivalents | | | | | |
| Restricted cash and cash equivalents | | | | | |

Total cash and cash equivalents and restricted cash and cash equivalents

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

**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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

**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 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.

*Recognition and Measurement Policies. 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 qualified for transition relief and 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 purchased originated financial assets with credit deterioration ("PCD Originated Method").

Under the PCD Method, for each reporting period subsequent to the adoption of CECL, we:

- recognize finance charge revenue using the effective interest rate that was calculated on the adoption date based on expected 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consumer Loans assigned to us on or subsequent to January 1, 2020 do not qualify for the PCD Method and are accounted for as originated financial assets ("Originated Method"). While the cash flows we expect to collect at the time of assignment are significantly lower than the contractual cash flows owed to us due to credit quality, our Loans do not qualify for the PCD Method because the assignment of the Consumer Loan to us occurs a moment after the Consumer Loan is originated by the Dealer, so “a more-than-insignificant deterioration in credit quality since origination” has not occurred at the time of assignment. In addition, Dealer Loans also do not qualify for the PCD Method because Consumer Loans assigned to us under the Portfolio Program are considered to be advances under Dealer Loans originated by us rather than Consumer Loans purchased by us.

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:

- are not aggregated, if assigned on or subsequent to January 1, 2020; or
- aggregated into pools based on the month of purchase, if assigned prior to January 1, 2020. 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 our 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.

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

*Allowance for Credit Losses.* The outstanding balance of the allowance for credit losses of each Loan represents the amount required to reduce 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)**

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 balances 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 balances 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 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. During the second quarter of 2023, we adjusted our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent Consumer Loan performance and Consumer Loan prepayment data. During the first quarter of 2022, we removed the COVID-19 forecast adjustment (as defined in Note 5) from our estimate of future net cash flows and enhanced our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent data and new forecast variables. For additional information, see Note 5. For the three year period ended December 31, 2023 December 31, 2024, we did not make any other methodology changes for Loans that had a material impact on our financial statements.



**Property and Equipment**

Purchases of property and equipment are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful life of the asset. Estimated useful lives are generally as follows: buildings – 40 years, building improvements – 10 years, data processing equipment – 3 years, software – 5 years, and office furniture and equipment – 7 years. The cost of assets sold or retired and the related accumulated depreciation are removed from the balance sheet at the time of disposition and any resulting gain or loss is included in operations. Maintenance, repairs, and minor replacements are charged to operations as incurred; major replacements and improvements are capitalized. We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Costs incurred during the application development stage of software developed for internal use are capitalized and generally depreciated on a straight-line basis over five years. Costs incurred to maintain existing software are expensed as incurred. For additional information regarding our property and equipment, see Note 6 to the consolidated financial statements.

**Deferred Debt Issuance Costs**

Deferred debt issuance costs associated with secured financings and senior notes are included as a deduction from the carrying amount of the related debt liability, and deferred debt issuance costs associated with our revolving secured line of credit facility are included in other assets. Expenses associated with the issuance of debt instruments are capitalized and amortized as interest expense over the term of the debt instrument using the effective interest method for asset-backed secured financings ("Term ABS financings") and senior notes and the straight-line method for lines of credit and revolving secured warehouse ("Warehouse") facilities. For additional information regarding deferred debt issuance costs, see Note 9 to the consolidated financial statements.

**Derivative Instruments**

We rely on various sources of financing, some of which contain floating rates of interest and expose us to risks associated with increases in interest rates. We manage such risk primarily by entering into interest rate cap agreements ("derivative instruments"). These derivative instruments are not designated as hedges, and changes in their fair value increase or decrease interest expense.

We recognize derivative instruments as either other assets or accounts payable and accrued liabilities on our consolidated balance sheets. For additional information regarding our derivative instruments, see Note 10 to the consolidated financial statements.

**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.

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

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 our 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). For Consumer Loans assigned on or subsequent to January 1, 2020, the The effective interest rate is based on contractual future net cash flows. For Consumer Loans assigned prior to January 1, 2020, the effective interest rate was determined based on expected 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.

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

**Reinsurance**

VSC Re, our Our wholly owned subsidiary VSC Re is engaged in the business of reinsuring coverage under vehicle service contracts sold to consumers by Dealers on vehicles 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.

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.

**Stock-Based Compensation Plans**

We have stock-based compensation plans for team members and non-employee directors, which are described more fully in Note 14 13 to the consolidated financial statements. We apply a fair-value-based measurement method in accounting for stock-based compensation plans and recognize stock-based compensation expense over the requisite service period of the grant as salaries and wages expense.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

**Employee Benefit Plan**

We sponsor a 401(k) plan that covers substantially all of our team members. We offer matching contributions to the 401(k) plan based on each enrolled team members' member's eligible annual gross pay (subject to statutory limitations). Our matching contribution rate is equal to 100% of the first 4% participants contribute and an additional 50% of the next 2% participants contribute, for a maximum matching contribution of 5% of each participant's eligible annual gross pay. For the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, we recognized compensation expense of $9.4 million $10.3 million, $8.5 million $9.4 million, and $7.5 million $8.5 million, respectively, for our matching contributions to the plan.

**Income Taxes**

Provisions for federal, state, and foreign income taxes are calculated on reported pre-tax earnings based on current tax law and also include, in the current period, the cumulative effect of any changes in tax rates from those used previously in determining deferred tax assets and liabilities. Such provisions differ from the amounts currently receivable or payable because certain items of income and expense are recognized in different time periods for financial reporting purposes than for income tax purposes.

Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

We follow a two-step approach for recognizing uncertain tax positions. First, we evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more-likely-than-not that the position will be sustained upon examination, including resolution of related appeals or litigation processes, if any. Second, for positions that we determine are more-likely-than-not to be sustained, we recognize the tax benefit as the largest benefit that has a greater than 50% likelihood of being sustained. We establish a reserve for uncertain tax positions liability that is comprised of unrecognized tax benefits and related interest. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes. We recognize interest and penalties related to uncertain tax positions in provision for income taxes. For additional information regarding our income taxes, see Note 11 10 to the consolidated financial statements.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising expenses were $1.4 million for the year ended December 31, 2024, $0.5 million for the year ended December 31, 2023, and $1.0 million for the year ended December 31, 2022, and $0.3 million for the year ended December 31, 2021.

**New Accounting Updates Update Adopted During the Current Year**

*Troubled Debt Restructurings and Vintage Improvements to Reportable Segment Disclosures.* In March 2022, November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-02, 2023-07, which intends to improve enhances the usefulness of information provided to investors about certain loan refinancings, restructurings, required disclosures for operating segments in annual and write-offs. interim consolidated financial statements. The adoption of ASU 2022-02 on January 1, 2023 2023-07 for the year ended December 31, 2024 expanded our write-off business segment disclosures, but did not otherwise have a material impact on our consolidated financial statements.

*Reference Rate Reform: Deferral of the Sunset Date.* In December 2022, the FASB issued ASU 2022-06, which amends ASU 2020-04 to extend the period of time preparers can utilize the reference rate reform relief guidance during the phaseout of the London Interbank Offered Rate. ASU 2022-06 defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. The adoption of ASU 2022-06 on January 1, 2023 did not have a material impact on our consolidated financial statements or related disclosures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

**New Accounting Update Updates Not Yet Adopted**

*Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative.* In October 2023, the FASB issued 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 Reportable Segment Disclosures.* In November 2023, the FASB issued ASU 2023-07, which enhances the required disclosures for operating segments in our annual and interim consolidated financial statements. ASU 2023-07 is effective on a retrospective basis for annual periods beginning after December 15, 2023, and interim periods beginning after December 15, 2024. Early adoption is permitted but we have not yet adopted ASU 2023-07. We are currently evaluating the impact the adoption of ASU 2023-07 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 are currently evaluating the impact the adoption of ASU 2023-09 will have on our consolidated financial statements and related disclosures.

Reclassification*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.

Certain amounts from prior periods have been reclassified to conform to the current presentation.

**Subsequent Events**

We have evaluated events and transactions occurring subsequent to the consolidated balance sheet date of December 31, 2023December 31, 2024 for items that could potentially be recognized or disclosed in these financial statements. We did not identify any items which would require disclosure in or adjustment to the consolidated financial statements.

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

**3. 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 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.

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

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

*Mortgage Note.* The fair value is was determined by calculating the present value of the debt instrument based on current rates for debt with a similar risk profile and maturity.

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

| (In millions) | (In millions) | As of December 31, | | | (In millions) | As of December 31, | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | | 2022 | | | 2024 | 2023 | | |
| | | Carrying Amount | Estimated Fair Value | Carrying Amount | | Estimated Fair Value | Carrying Amount | Estimated Fair Value | Carrying Amount | Estimated Fair Value |

| | | |
|---|---|---|
| **Assets** | **Assets** | **Assets** |
| Cash and cash equivalents | | |
| Restricted cash and cash equivalents | | |
| Restricted securities available for sale | | |
| Loans receivable, net | | |
| **Liabilities** | **Liabilities** | **Liabilities** |
| Revolving secured lines of credit | | |
| Secured financing | | |
| Senior notes | | |
| Mortgage note | | |

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

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.

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

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) | (In millions) | As of December 31, 2023 | | | (In millions) | As of December 31, 2024 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | | Total Fair Value | Level 1 | Level 2 | Level 3 | Total Fair Value |
| **Assets** | **Assets** | | | | **Assets** | | | | |
| Cash and cash equivalents (1) | | | | | | | | | |
| Restricted cash and cash equivalents (1) | | | | | | | | | |
| Restricted securities available for sale (2) | | | | | | | | | |
| Loans receivable, net (1) | | | | | | | | | |
| **Liabilities** | **Liabilities** | | | | **Liabilities** | | | | |
| Revolving secured lines of credit (1) | | | | | | | | | |
| Secured financing (1) | | | | | | | | | |
| Senior notes (1) | | | | | | | | | |
| Mortgage note (1) | | | | | | | | | |

| (In millions) | (In millions) | As of December 31, 2022 | | | (In millions) | As of December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | | Total Fair Value | Level 1 | Level 2 | Level 3 | Total Fair Value |
| **Assets** | **Assets** | | | | **Assets** | | | | | |
| Cash and cash equivalents (1) | | | | | | | | | | |
| Restricted cash and cash equivalents (1) | | | | | | | | | | |
| Restricted securities available for sale (2) | | | | | | | | | | |
| Loans receivable, net (1) | | | | | | | | | | |
| **Liabilities** | | | | | | | | | | |
| Revolving secured lines of credit (1) | | | | | | | | | | |
| Revolving secured lines of credit (1) | | | | | | | | | | |

| | |
|---|---|
| Revolving secured lines of credit (1) | |
| Secured financing (1) | |
| Senior notes (1) | |
| Mortgage note (1) | |

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



## 4. RESTRICTED SECURITIES AVAILABLE FOR SALE

Restricted securities available for sale consist of the following:

| (In millions) | (In millions) | As of December 31, 2023 | | | (In millions) | As of December 31, 2024 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| Corporate bonds | | | | | | | | | |
| U.S. Government and agency securities | | | | | | | | | |
| Asset-backed securities | | | | | | | | | |
| Municipal securities | | | | | | | | | |
| Municipal securities | | | | | | | | | |
| Municipal securities | | | | | | | | | |
| Mortgage-backed securities | | | | | | | | | |
| Mortgage-backed securities | | | | | | | | | |
| Mortgage-backed securities | | | | | | | | | |
| Total restricted securities available for sale | | | | | | | | | |

| (In millions) | (In millions) | As of December 31, 2022 | | | (In millions) | As of December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| Corporate bonds | | | | | | | | | |
| U.S. Government and agency securities | | | | | | | | | |
| Asset-backed securities | | | | | | | | | |
| Municipal securities | | | | | | | | | |
| Mortgage-backed securities | | | | | | | | | |
| Total restricted securities available for sale | | | | | | | | | |

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 L | | | | |
|---|---|---|---|---|---|
| | Less than 12 Months | | 12 Months or More | | |
| | Estimated Fair Value | Gross Unrealized Losses | Estimated Fair Value | Gross Unrealized Losses | Total Estimated Fair Value |

| (In millions) | Less than 12 | | |
|---|---|---|---|
| | Estimated Fair Value | | |
| Corporate bonds | $ | 2.7 13.1 | $ |
| U.S. Government and agency securities | | 6.8 19.8 | |

| | | |
|---|---|---|
| Asset-backed securities | | 1.6 2.4 |
| Mortgage-backed securities | | 1.7 |
| Total restricted securities available for sale | $ | 11.1 37.0 |

| (In millions) | (In millions) | Securities Available for Sale with Gross Unrealized Losses as of Dece | | |
|---|---|---|---|---|
| | | Less than 12 Months | | 12 Months or More |
| | | Estimated Fair Value | Gross Unrealized Losses | Estimated Fair Value |
| Corporate bonds | | | | |
| U.S. Government and agency securities | | | | |
| Asset-backed securities | | | | |
| Mortgage-backed securities | | | | |
| Total restricted securities available for sale | | | | |

**NOTES TO CONSO**

The cost and estimated fair values of debt securities by contractual maturity were as follows (securities with multiple
to call or prepay obligations with or without call or prepayment penalties.

| (In millions) | (In millions) | As of December 31, | |
|---|---|---|---|
| | | 2023 | |
| Contractual Maturity | Contractual Maturity | Amortized Cost | Estimated Fair Value |
| Within one year | | | |
| Over one year to five years | | | |
| Over five years to ten years | | | |
| Over ten years | | | |
| Total restricted securities available for sale | | | |

**5. LOANS RECEIVABLE**

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

| (In millions) | (In millions) | As of Decemb |
|---|---|---|
| | | Dealer Loans |
| Loans receivable | | |
| Allowance for credit losses | | |
| Loans receivable, net | | |

(In millions)

(In millions)

| (In millions) | As of Decemb |
|---|---|
| | Dealer Loans |
| Loans receivable | |
| Allowance for credit losses | |
| Loans receivable, net | |

**NOTES TO CONSO**

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

| (In millions) | (In millions) | For the Year Ended December 31, 2023 | |
|---|---|---|---|
| | Loans Receivable | Loans Receivable | Allowance for Cr |

| | Dealer Loans | Dealer Loans | Purchased Loans | Total | Dealer Loans | Purchased Loans |
|---|---|---|---|---|---|---|
| Balance, beginning of period | | | | | | |
| Finance charges | | | | | | |
| Provision for credit losses | | | | | | |
| New Consumer Loan assignments (1) | | | | | | |
| Collections (2) | | | | | | |
| Accelerated Dealer Holdback payments | | | | | | |
| Dealer Holdback payments | | | | | | |
| Transfers (3) | | | | | | |
| Write-offs | | | | | | |
| Recoveries (4) | | | | | | |
| Deferral of Loan origination costs | | | | | | |
| Balance, end of period | | | | | | |

| (In millions) | (In millions) | | For the Year Ended December 31, 2022 | | | |
|---|---|---|---|---|---|---|
| | Loans Receivable | | | Loans Receivable | | Allowance for Cr |
| | Dealer Loans | Dealer Loans | Purchased Loans | Total | Dealer Loans | Purchased Loans |
| Balance, beginning of period | | | | | | |
| Finance charges | | | | | | |
| Provision for credit losses | | | | | | |
| New Consumer Loan assignments (1) | | | | | | |
| Collections (2) | | | | | | |
| Accelerated Dealer Holdback payments | | | | | | |
| Dealer Holdback payments | | | | | | |
| Transfers (3) | | | | | | |
| Write-offs | | | | | | |
| Recoveries (4) | | | | | | |
| Deferral of Loan origination costs | | | | | | |
| Balance, end of period | | | | | | |



| (In millions) | (In millions) | | For the Year Ended December 31, 2021 | | | |
|---|---|---|---|---|---|---|
| | Loans Receivable | | | Loans Receivable | | Allowance for Cr |
| | Dealer Loans | Dealer Loans | Purchased Loans | Total | Dealer Loans | Purchased Loans |
| Balance, beginning of period | | | | | | |
| Finance charges | | | | | | |
| Provision for credit losses | | | | | | |
| New Consumer Loan assignments (1) | | | | | | |
| Collections (2) | | | | | | |
| Accelerated Dealer Holdback payments | | | | | | |
| Dealer Holdback payments | | | | | | |
| Transfers (3) | | | | | | |
| Write-offs | | | | | | |
| Recoveries (4) | | | | | | |
| Deferral of Loan origination costs | | | | | | |
| Balance, end of period | | | | | | |

(1) The Dealer Loans amount represents advances paid to Dealers on Consumer Loans assigned under our the Portfolio Program. The Purchased L
(2) Represents repayments that we collected on Consumer Loans assigned under our programs.
(3) Under our the Portfolio Program, certain events may result in Dealers forfeiting their rights to Dealer Holdback. We transfer the Dealer's outstand
(4) The Dealer Loans amount represents net cash flows received (collections less any related Dealer Holdback payments) on Dealer Loans that wer

We recognize provision for credit losses on new Consumer Loan assignments for contractual net cash flows that w expected future net cash flows subsequent to assignment. The following table summarizes the provision for credit losses f

| (In millions) | |
|---|---|
| | Provision for Credit Losses |
| New Consumer Loan assignments | |

| | |
|---|---|
| Forecast changes | |
| Total | |

| (In millions) | Provision for Credit Losses |
|---|---|
| New Consumer Loan assignments | |
| Forecast changes | |
| Total | |

| (In millions) | Provision for Credit Losses |
|---|---|
| New Consumer Loan assignments | |
| Forecast changes | |
| Total | |

| (In millions) | Provision for Credit Losses |
|---|---|
| New Consumer Loan assignments | |
| Forecast changes | |
| Total | |

**NOTES TO CONSO**

The net Loan income (finance charge revenue less provision for credit losses expense) that we recognize over the life

- a significant provision for credit losses expense at the time of assignment for contractual net cash flows we do n
- finance charge revenue in subsequent periods that is significantly in excess of our expected yields.

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

| (In millions) | New Consumer Loan Assignments |
|---|---|
| Contractual net cash flows at the time of assignment (1) | |
| Expected net cash flows at the time of assignment (2) | |
| Loans receivable at the time of assignment (3) | |
| Provision for credit losses expense at the time of assignment | |
| Expected future finance charges at the time of assignment (4) | |
| Expected net Loan income at the time of assignment (5) | |

| (In millions) | New Consumer Loan Assignments |
|---|---|
| Contractual net cash flows at the time of assignment (1) | |
| Expected net cash flows at the time of assignment (2) | |
| Loans receivable at the time of assignment (3) | |
| Provision for credit losses expense at the time of assignment | |
| Expected future finance charges at the time of assignment (4) | |
| Expected net Loan income at the time of assignment (5) | |

(In millions)

| | New Consumer Loan Assignments |
|---|---|
| Contractual net cash flows at the time of assignment (1) | |
| Expected net cash flows at the time of assignment (2) | |
| Loans receivable at the time of assignment (3) | |
| Provision for credit losses expense at the time of assignment | |
| Expected future finance charges at the time of assignment (4) | |
| Expected net Loan income at the time of assignment (5) | |

(In millions)

| | New Consumer Loan Assignments |
|---|---|
| Contractual net cash flows at the time of assignment (1) | |
| Expected net cash flows at the time of assignment (2) | |
| Loans receivable at the time of assignment (3) | |
| Provision for credit losses expense at the time of assignment | |
| Expected future finance charges at the time of assignment (4) | |
| Expected net Loan income at the time of assignment (5) | |

(1) The Dealer Loans amount represents repayments that we were contractually owed at the time of assignment on Consumer Loans assigned u
represents repayments that we were contractually owed at the time of assignment on Consumer Loans assigned under our the Purchase Progra

(2) The Dealer Loans amount represents repayments that we expected to collect at the time of assignment on Consumer Loans assigned under c
assignment on Consumer Loans assigned under our the Purchase Program.

(3) The Dealer Loans amount represents advances paid to Dealers on Consumer Loans assigned under our the Portfolio Program. The Purchased L

(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 (2) exceed Loans receivable at the time of assignment (3). assign

**NOTES TO CONSO**

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

(In millions)

| | Expected Future Net Cash Flows |
|---|---|
| Balance, beginning of period | |
| New Consumer Loan assignments (1) | |
| Realized net cash flows (2) | |
| Forecast changes | |
| Transfers (3) | |
| Balance, end of period | |

(In millions)

| | Expected Future Net Cash Flows |
|---|---|
| Balance, beginning of period | |
| New Consumer Loan assignments (1) | |
| Realized net cash flows (2) | |
| Forecast changes | |
| Transfers (3) | |
| Balance, end of period | |

(In millions)

| | Expected Future Net Cash Flows |
|---|---|
| Balance, beginning of period | |
| New Consumer Loan assignments (1) | |
| Realized net cash flows (2) | |
| Forecast changes | |
| Transfers (3) | |
| Balance, end of period | |

(In millions)

| | Expected Future Net Cash Flows |
|---|---|
| Balance, beginning of period | |
| New Consumer Loan assignments (1) | |
| Realized net cash flows (2) | |
| Forecast changes | |
| Transfers (3) | |
| Balance, end of period | |

(1) The Dealer Loans amount represents repayments that we expected to collect at the time of assignment on Consumer Loans assigned under c assignment on Consumer Loans assigned under our the Purchase Program.

(2) The Dealer Loans amount represents repayments that we collected on Consumer Loans assigned under our the Portfolio Program, less the Dea Program.

(3) Under our the Portfolio Program, certain events may result in Dealers forfeiting their rights to Dealer Holdback. We transfer the Dealer's outstand

**NOTES TO CONSO**

**Credit Quality**

We monitor and evaluate the credit quality of Consumer Loans assigned under our Portfolio and Purchase Programs information regarding credit quality, see Note 2 to the consolidated financial statements. The following table compares ou 2022 December 31, 2023, as of December 31, 2021 December 31, 2022, and at the time of assignment, segmented by ye

| | | Total Loans as of December 31, 2023 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Forecasted Collection Percentage as of (1) | | | | Current Forecast Variance from | | Fore |
| Consumer Loan Assignment Year | Consumer Loan Assignment Year | December 31, 2023 | December 31, 2022 | December 31, 2021 | Initial Forecast | December 31, 2022 | December 31, 2021 | Init Fore |
| 2014 | | 71.7 % | 71.7 % | 71.5 % | 71.8 % | 0.0 % | 0.2 % | -0.1 |
| 2015 | 2015 | 65.2 % | 65.2 % | 65.1 % | 67.7 % | 0.0 % | 0.1 % | -2.5 |
| 2016 | 2016 | 63.8 % | 63.8 % | 63.6 % | 65.4 % | 0.0 % | 0.2 % | -1.6 |
| 2017 | 2017 | 64.7 % | 64.7 % | 64.4 % | 64.0 % | 0.0 % | 0.3 % | 0.7 |
| 2018 | 2018 | 65.5 % | 65.2 % | 65.1 % | 63.6 % | 0.3 % | 0.4 % | 1.9 |
| 2019 | 2019 | 66.9 % | 66.6 % | 66.5 % | 64.0 % | 0.3 % | 0.4 % | 2.9 |
| 2020 | 2020 | 67.6 % | 67.8 % | 67.9 % | 63.4 % | -0.2 % | -0.3 % | 4.2 |
| 2021 | 2021 | 64.5 % | 66.2 % | 66.5 % | 66.3 % | -1.7 % | -2.0 % | -1.8 |
| 2022 | 2022 | 62.7 % | 66.3 % | — 67.5 | 67.5 % | -3.6 % | — -4.8 | |
| 2023 | 2023 | 67.4 % | — — | — 67.5 | 67.5 % | — — | — | -0.1 |
| 2024 | | 66.5 % | — | — | 67.2 % | — | — | -0.7 |

Dealer Loans as of December 31, 2023

| | | Forecasted Collection Percentage as of (1) (2) | | | Current Forecast Variance from | | | Foreca |
|---|---|---|---|---|---|---|---|---|
| Consumer Loan Assignment Year | Consumer Loan Assignment Year | December 31, 2023 | December 31, 2022 | December 31, 2021 | Initial Forecast | December 31, 2022 | December 31, 2021 | Init Fore |
| 2014 | | 71.6 % | 71.6 % | 71.4 % | 71.9 % | 0.0 % | 0.2 % | -0.3 |
| 2015 | 2015 | 64.6 % | 64.5 % | 64.4 % | 67.5 % | 0.1 % | 0.2 % | -2.9 |
| 2016 | 2016 | 63.0 % | 63.0 % | 62.8 % | 65.1 % | 0.0 % | 0.2 % | -2.1 |
| 2017 | 2017 | 64.0 % | 64.0 % | 63.8 % | 63.8 % | 0.0 % | 0.2 % | 0.2 |
| 2018 | 2018 | 64.9 % | 64.6 % | 64.6 % | 63.6 % | 0.3 % | 0.3 % | 1.3 |
| 2019 | 2019 | 66.5 % | 66.3 % | 66.2 % | 63.9 % | 0.2 % | 0.3 % | 2.6 |
| 2020 | 2020 | 67.4 % | 67.7 % | 67.6 % | 63.3 % | -0.3 % | -0.2 % | 4.1 |
| 2021 | 2021 | 64.2 % | 66.0 % | 66.2 % | 66.3 % | -1.8 % | -2.0 % | -2.1 |
| 2022 | 2022 | 62.0 % | 65.8 % | — 67.3 | 67.3 % | -3.8 % | — | -5.3 |
| 2023 | 2023 | 66.4 % | — — | — 66.8 | 66.8 % | — — | — | -0.4 |
| 2024 | | 65.4 % | — | — | 66.3 % | — | — | -0.9 |

**NOTES TO CONSO**

| | | Purchased Loans as of December 31, 2023 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Forecasted Collection Percentage as of (1) (2) | | | Current Forecast Variance from | | | Forec |
| Consumer Loan Assignment Year | Consumer Loan Assignment Year | December 31, 2023 | December 31, 2022 | December 31, 2021 | Initial Forecast | December 31, 2022 | December 31, 2021 | Initi Forec |
| 2014 | | 72.6 % | 72.5 % | 72.4 % | 70.9 % | 0.1 % | 0.2 % | 1.7 |
| 2015 | 2015 | 68.9 % | 68.9 % | 68.9 % | 68.5 % | 0.0 % | 0.0 % | 0.4 |
| 2016 | 2016 | 66.1 % | 66.0 % | 65.8 % | 66.5 % | 0.1 % | 0.3 % | -0.4 |
| 2017 | 2017 | 66.3 % | 66.3 % | 66.0 % | 64.6 % | 0.0 % | 0.3 % | 1.7 |
| 2018 | 2018 | 66.8 % | 66.4 % | 66.4 % | 63.5 % | 0.4 % | 0.4 % | 3.3 |
| 2019 | 2019 | 67.5 % | 67.2 % | 67.2 % | 64.2 % | 0.3 % | 0.3 % | 3.3 |
| 2020 | 2020 | 67.8 % | 68.0 % | 68.4 % | 63.6 % | -0.2 % | -0.6 % | 4.2 |
| 2021 | 2021 | 65.0 % | 66.7 % | 67.1 % | 66.3 % | -1.7 % | -2.1 % | -1.3 |
| 2022 | 2022 | 64.3 % | 67.4 % | — 68.0 | 68.0 % | -3.1 % | — | -3.7 |
| 2023 | 2023 | 70.1 % | — — | — 69.4 | 69.4 % | — — | — | 0.7 |
| 2024 | | 70.7 % | — | — | 70.7 % | — | — | 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 con Consumer Loans as the contractual amount owed is not removed from the denominator for purposes of computing forecasted collection rates in

(2) The forecasted collection rates presented for Dealer Loans and Purchased Loans reflect the Consumer Loan classification at the time of assignm

We evaluate and adjust the expected collection rate for each Consumer Loan subsequent to assignment primarily th 31, 2023 December 31, 2024 and December 31, 2022 December 31, 2023, segmented by year of assignment:

| (In millions) | (In millions) | Total Loans as of December 31, 2023 (1) (2) |
|---|---|---|
| | | Pre-term Consumer Loans (3) |
| Consumer Loan Assignment Year | | |
| 2018 and prior | | |
| 2018 and prior | | |
| 2018 and prior | | |
| 2019 | | |

| |
|---|
| 2019 and prior |
| 2019 and prior |
| 2019 and prior |
| 2020 |
| 2021 |
| 2022 |
| 2023 |
| 2024 |
| $ |

| (In millions) | (In millions) | Dealer Loans as of December 31, 2023 (1) |
|---|---|---|
| | | Pre-term Consumer Loans (3) |
| Consumer Loan Assignment Year | | |
| 2018 and prior | | |
| 2018 and prior | | |
| 2018 and prior | | |
| 2019 | | |
| 2019 and prior | | |
| 2019 and prior | | |
| 2019 and prior | | |
| 2020 | | |
| 2021 | | |
| 2022 | | |
| 2023 | | |
| 2024 | | |
| | | $ |

NOTES TO CONSO

| (In millions) | (In millions) | Purchased Loans as of December 31, 2023 ( |
|---|---|---|
| | | Pre-term Consumer Loans (3) |
| Consumer Loan Assignment Year | | |
| 2018 and prior | | |
| 2018 and prior | | |
| 2018 and prior | | |
| 2019 | | |
| 2019 and prior | | |
| 2019 and prior | | |
| 2019 and prior | | |
| 2020 | | |
| 2021 | | |
| 2022 | | |
| 2023 | | |
| 2024 | | |
| | | $ |

| (In millions) | (In millions) | Total Loans as of December 31, 2022 (1) (2) |
|---|---|---|
| | | Pre-term Consumer Loans (3) |
| Consumer Loan Assignment Year | | |
| 2017 and prior | | |

2017 and prior

2017 and prior

2018

2018 and prior

2018 and prior

2018 and prior

2019

2020

2021

2022

2023

$

(In millions) (In millions) **Dealer Loans as of December 31, 2022 (1)**

**Pre-term Consumer Loans (3)**

**Consumer Loan Assignment Year**

2017 and prior

2017 and prior

2017 and prior

2018

2018 and prior

2018 and prior

2018 and prior

2019

2020

2021

2022

2023

$

(In millions) (In millions) **Purchased Loans as of December 31, 2022 (**

**Pre-term Consumer Loans (3)**

**Consumer Loan Assignment Year**

2017 and prior

2017 and prior

2017 and prior

2018

2018 and prior

2018 and prior

2018 and prior

2019

2020

2021

2022

2023

$

(1) As Consumer Loans are aggregated by Dealer for purposes of recognizing revenue and measuring credit losses, the Dealer Loan amount was e

(2) As certain Consumer Loans are aggregated by Dealer or month of purchase for purposes of recognizing revenue and measuring credit losses,
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 day



The following table summarizes the write-offs for Consumer Loan assignments for the year years ended December 31

(In millions)

| Write-offs by Consumer Loan Assignment Year | |
|---|---|
| 2019 and prior | $ |
| 2020 | |
| 2021 | |
| 2022 | |
| 2023 | |
| 2024 | |
| | $ |

(In millions)

| Write-offs by Consumer Loan Assignment Year | |
|---|---|
| 2018 and prior | $ |
| 2019 | |
| 2020 | |
| 2021 | |
| 2022 | |
| 2023 | |
| | $ |

During the second quarter of 2024, we applied an adjustment to our methodology for forecasting the amount of future assigned in 2022 had continued to underperform our expectations for several quarters. Consumer Loans assigned in 202 2024, we determined that we had sufficient Consumer Loan performance experience to estimate the magnitude by whic characteristics. Accordingly, we applied an adjustment to Consumer Loans assigned in 2022 through 2024 to reduce forec cash flows are recognized in the period of change as a provision for credit losses. The implementation of this forecast $127.5 million.

During the second quarter of 2023, we adjusted our methodology for forecasting the amount and timing of future net c half of 2023, we We had experienced a decrease in Consumer Loan prepayments to below-average levels and, as a re Historically, Consumer Loan prepayments have been lower in periods with less availability of consumer credit. Changes i the adjustment to our forecasting methodology during the second quarter of 2023 reduced forecasted net cash flows by $4



The COVID-19 pandemic created conditions that increased the level of uncertainty associated with our estimate of th model to reflect our best estimate of the future impact of the COVID-19 pandemic on future net cash flows ("COVID forec end of 2021, as it continued to represent our best estimate. During the first quarter of 2022, we determined that we had s of future net cash flows. Accordingly, during the first quarter of 2022, we removed the COVID forecast adjustment and enh new forecast variables.

The removal of the COVID forecast adjustment and the implementation of the enhanced forecasting methodology duri

(In millions)

| Forecasting Methodology Changes |
|---|
| Removal of COVID forecast adjustment |
| Implementation of enhanced forecasting methodology |
| Total |

### 6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

| (In millions) |
|---|
| Land and land improvements |
| Building and improvements |
| Data processing equipment and software |
| Office furniture and equipment |
| Total property and equipment |
| Less: Accumulated depreciation on property and equipment |
| Total property and equipment, net |

As the vast majority of our team members now work remotely, we have had significant excess space in the two office
sold the larger building for net sales proceeds of $3.2 million and recognized a loss on sale of the building of $23.7 millio
significant amount of unoccupied office space, we believe the market $26.9 million carrying value of our buildings the bu
value exceeded the net sales proceeds of $34.4 $3.2 million. If we were to reclassify one or both of these buildings as held

Depreciation expense on property and equipment was $8.9 million $6.7 million, $9.0 million $8.9 million, and $9.7 milli

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### 7. REINSURANCE

A summary of reinsurance activity is as follows:

| (In millions) | (In millions) |
|---|---|
| Net assumed written premiums | |
| Net premiums earned | |
| Provision for claims | |
| Amortization of capitalized acquisition costs | |

The trust assets and related reinsurance liabilities are as follows:

| (In millions) | (In millions) | Balance Sheet location |
|---|---|---|
| Trust assets | | |
| Trust assets | | |
| Unearned premium | | |
| Claims reserve (1) | | |

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

The following tables present information about incurred and paid claims development for the five-year period ended D

(Dollars in millions)

| Incident Year | Incident Year | Cumulative Incurred Claims<br>Cumulative Incurred Claims<br>Cumulative Incurred Claims<br>As of December 31, | As of December 31, 2023<br>Claims Reserve | Cum |
|---|---|---|---|---|

| |
|---|
| 2019 |
| 2019 |
| 2019 |
| 2020 |
| 2020 |
| 2020 |
| 2021 |
| 2022 |
| 2023 |
| 2024 |
| Total |

| (In millions) | (In millions) | Cumulative Paid Claims | | |
|---|---|---|---|---|
| | | As of De | | |
| Incident Year | Incident Year | 2019 | 2020 | 2021 |
| 2019 | | | | |
| 2020 | | | | |
| 2021 | | | | |
| 2022 | | | | |
| 2023 | | | | |
| 2024 | | | | |
| Total | | | | |

| | | Average Annual Percentage Payout of Incur | | | |
|---|---|---|---|---|---|
| Claim Age (Years) | Claim Age (Years) | 1 | | 2 | |
| Payout Percentage | Payout Percentage | 92.3 | % | 7.5 | % |

NOTES TO CONSO

## 8. OTHER INCOME

Other income consists of the following:

| (In millions) | (In millions) | |
|---|---|---|
| | | 202 |
| | | 202 |
| Ancillary product profit sharing | | |
| Interest | | |
| Remarketing fees | | |
| Other | | |
| Total | | |

Ancillary product profit sharing consists of payments received from TPPs based upon the performance of vehicle serv

Interest consists of income earned on cash and cash equivalents, restricted cash and cash equivalents, and restricte 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 Veh vehicle repossessions with a nationwide network of repossession contractors, the redemption of the vehicles by the cons and does not retain a fee if a repossessed vehicle is redeemed by the consumer prior to the sale.

The following table disaggregates our other income by major source of income and timing of the revenue recognition:

| (In millions) | (In millions) | For the Year Ended December 31, 2023 | | |
|---|---|---|---|---|
| | Ancillary product profit sharing | Ancillary product profit sharing | Interest | Remarketi |

| Source of income |
| --- |
| Third-Party Providers |
| Third-Party Providers |
| Third-Party Providers |
| Dealers |
| Total |

| Timing of revenue recognition |
| --- |
| Timing of revenue recognition |
| Timing of revenue recognition |
| Over time |
| Over time |
| Over time |
| At a point in time |
| Total |



## 9. DEBT

Debt consists of the following:

| (In millions) | (In millions) | | As of December 31, 2023 | |
| --- | --- | --- | --- | --- |
| | | Principal Outstanding | Principal Outstanding | Unamortized Debt |
| Revolving secured lines of credit (1) | | | | |
| Secured financing (2) | | | | |
| Senior notes | | | | |
| Mortgage note | | | | |
| Total debt | | | | |

| (In millions) | | | | |
| --- | --- | --- | --- | --- |
| (In millions) | | | | |
| (In millions) | | | As of December 31, 2022 | |
| | | Principal Outstanding | Principal Outstanding | Unamortized Debt |
| Revolving secured lines of credit (1) | | | | |
| Secured financing (2) | | | | |
| Senior notes | | | | |
| Mortgage note | | | | |
| Total debt | | | | |

(1) Excludes deferred debt issuance costs of $4.2 million $4.4 million and $3.9 million $4.2 million as of December 31, 2023 December 31, 2024 and

(2) Warehouse facilities and Term ABS financings.



General information for each of our financing transactions in place as of December 31, 2023 December 31, 2024 is as

| (Dollars in millions) | (Dollars in millions) | (Dollars in millions) |
| --- | --- | --- |

| Financings | Financings | Wholly Owned Subsidiary | Maturity Date | | Financing Amount | | Interest Rate Basis as of December 31, 2023 | Financings |
|---|---|---|---|---|---|---|---|---|
| Revolving Secured Line of Credit Facility | Revolving Secured Line of Credit Facility | n/a | 06/22/26 | | | $390.0 | At our option, either the Bloomberg Short-Term Bank Yield Index rate (BSBY) plus 187.5 basis points or the prime rate plus 87.5 basis points | |
| RTP Facility | RTP Facility | n/a | — (1) | (1) | | $20.0 | BSBY plus 187.5 basis points | |
| Warehouse Facility II (2) | Warehouse Facility II (2) | CAC Warehouse Funding LLC II | 04/30/26 | (3) | | $400.0 | The Secured Overnight Financing Rate (SOFR) plus 230 basis points | |
| Warehouse Facility IV (2) | Warehouse Facility IV (2) | CAC Warehouse Funding LLC IV | 12/29/26 | (3) | | $300.0 | SOFR plus 221.4 basis points (4) | |
| Warehouse Facility V (2) | Warehouse Facility V (2) | CAC Warehouse Funding LLC V | 12/29/25 | (5) | | $200.0 | SOFR plus 245 basis points (4) | |
| Warehouse Facility VI (2) | Warehouse Facility VI (2) | CAC Warehouse Funding LLC VI | 09/30/26 | (3) | | $ 75.0 | BSBY plus 200 basis points | |
| Warehouse Facility VIII (2) | Warehouse Facility VIII (2) | CAC Warehouse Funding LLC VIII | 09/21/26 | (3) | | $200.0 | SOFR plus 225.0 basis points (4) | |
| Term ABS 2019-2 (2) | Term ABS 2019-2 (2) | Credit Acceptance Funding LLC 2019-2 | 08/15/25 | (6) | | $500.0 | Fixed rate | |
| Term ABS 2020-3 (2) | | Credit Acceptance Funding LLC 2020-3 | 10/17/22 | (3) | | $600.0 | | Fixed rate |
| Term ABS 2021-1 (2) | Term ABS 2021-1 (2) | Credit Acceptance Funding LLC 2021-1 | 12/16/24 | (6) | | $100.0 | SOFR plus 220 basis points (4) | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Term ABS 2021-2 (2) | | Credit Acceptance Funding LLC 2021-2 | 02/15/23 | (3) | $500.0 | | Fixed rate |
| Term ABS 2021-3 (2) | | Credit Acceptance Funding LLC 2021-3 | 05/15/23 | (3) | $450.0 | | Fixed rate |
| Term ABS 2021-4 (2) | Term ABS 2021-4 (2) | Credit Acceptance Funding LLC 2021-4 | 10/16/23 | (3) | $250.1 | Fixed rate | |
| Term ABS 2022-1 (2) | Term ABS 2022-1 (2) | Credit Acceptance Funding LLC 2022-1 | 06/17/24 | (3) | $350.0 | Fixed rate | |
| Term ABS 2022-2 (2) | Term ABS 2022-2 (2) | Credit Acceptance Funding LLC 2022-2 | 12/15/25 | (6) | $200.0 | SOFR plus 235 basis points (4) | |
| Term ABS 2022-3 (2) | Term ABS 2022-3 (2) | Credit Acceptance Funding LLC 2022-3 | 10/15/24 | (3) | $389.9 | Fixed rate | |
| Term ABS 2023-1 (2) | Term ABS 2023-1 (2) | Credit Acceptance Funding LLC 2023-1 | 03/17/25 | (3) | $400.0 | Fixed rate | |
| Term ABS 2023-2 (2) | Term ABS 2023-2 (2) | Credit Acceptance Funding LLC 2023-2 | 05/15/25 | (3) | $400.0 | Fixed rate | |
| Term ABS 2023-3 (2) | Term ABS 2023-3 (2) | Credit Acceptance Funding LLC 2023-3 | 08/15/25 | (3) | $400.0 | Fixed rate | |
| Term ABS 2023-A (2) | Term ABS 2023-A (2) | Credit Acceptance Funding LLC 2023-A | 12/15/25 | (6) | $200.0 | Fixed rate | |
| Term ABS 2023-5 (2) | Term ABS 2023-5 (2) | Credit Acceptance Funding LLC 2023-5 | 12/15/25 | (3) | $294.0 | Fixed rate | |
| Term ABS 2024-A (2) | | Credit Acceptance Funding LLC 2024-A | 02/15/27 | (5) | $200.0 | | Fixed rate |
| Term ABS 2024-1 (2) | | Credit Acceptance Funding LLC 2024-1 | 03/16/26 | (3) | $500.0 | | Fixed rate |
| Term ABS 2024-2 (2) | | Credit Acceptance Funding LLC 2024-2 | 06/15/26 | (3) | $550.0 | | Fixed rate |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Term ABS 2024-3 (2) | | Credit Acceptance Funding LLC 2024-3 | 09/15/26 | (3) | $600.0 | | Fixed rate |
| Term ABS 2024-B (2) | | Credit Acceptance Funding LLC 2024-B | 12/15/27 | (5) | $300.0 | | Fixed rate |
| 2026 Senior Notes | 2026 Senior Notes | n/a | 03/15/26 | | | $ 400.0 | Fixed rate |
| 2028 Senior Notes | 2028 Senior Notes | n/a | 12/15/28 | | | $ 600.0 | Fixed rate |
| Mortgage Note (2) | | Chapter 4 Properties, LLC | 08/06/28 | | | $ 9.0 | |

(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 ple

(4) Interest rate cap agreements are in place to limit the exposure to increasing interest rates.

(5) Represents the revolving maturity date. The outstanding balance will amortize after the revolving maturity date and any amounts remaining on De

(6) (5) Represents the revolving maturity date. The Company has the option to redeem and retire the indebtedness after the revolving maturity date.

**NOTES TO CONSO**

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

| (In millions) | (In millions) |
|---|---|
| **Revolving Secured Lines of Credit** | **Revolving Secured Lines of Credit** |
| Maximum outstanding principal balance | |
| Average outstanding principal balance | |
| **Warehouse Facility II** | **Warehouse Facility II** |
| Maximum outstanding principal balance | |
| Average outstanding principal balance | |
| **Warehouse Facility IV** | **Warehouse Facility IV** |
| Maximum outstanding principal balance | |
| Average outstanding principal balance | |
| **Warehouse Facility V** | **Warehouse Facility V** |
| Maximum outstanding principal balance | |
| Average outstanding principal balance | |
| **Warehouse Facility VI** | |
| Maximum outstanding principal balance | |
| Maximum outstanding principal balance | |
| Maximum outstanding principal balance | |
| Average outstanding principal balance | |
| **Warehouse Facility VIII** | |
| Maximum outstanding principal balance | |
| Maximum outstanding principal balance | |
| Maximum outstanding principal balance | |
| Average outstanding principal balance | |

| (Dollars in millions) | (Dollars in millions) |
|---|---|
| | |
| **Revolving Secured Lines of Credit** | **Revolving Secured Lines of** |
| Principal balance outstanding | |
| Amount available for borrowing (1) | |
| Interest rate | Interest rate |
| **Warehouse Facility II** | **Warehouse Facility II** |
| Principal balance outstanding | |
| Amount available for borrowing (1) | |
| Loans pledged as collateral | |
| Restricted cash and cash equivalents pledged as collateral | |
| Interest rate | Interest rate |
| **Warehouse Facility IV** | **Warehouse Facility IV** |
| Principal balance outstanding | |
| Amount available for borrowing (1) | |
| Loans pledged as collateral | |
| Restricted cash and cash equivalents pledged as collateral | |
| Interest rate | Interest rate |
| **Warehouse Facility V** | **Warehouse Facility V** |
| Principal balance outstanding | |
| Amount available for borrowing (1) | |
| Loans pledged as collateral | |
| Restricted cash and cash equivalents pledged as collateral | |
| Interest rate | Interest rate |
| **Warehouse Facility VI** | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Amount available for borrowing (1) | |
| Loans pledged as collateral | |
| Restricted cash and cash equivalents pledged as collateral | |
| Interest rate | Interest rate |
| **Warehouse Facility VIII** | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Amount available for borrowing (1) | |
| Loans pledged as collateral | |
| Restricted cash and cash equivalents pledged as collateral | |
| Interest rate | Interest rate |
| **Term ABS 2019-2** | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Loans pledged as collateral | |
| Restricted cash and cash equivalents pledged as collateral | |
| Interest rate | Interest rate |
| **Term ABS 2019-3** | |

| | |
|---|---|
| **Term ABS 2020-3** | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Loans pledged as collateral | |
| Restricted cash and cash equivalents pledged as collateral | |
| Interest rate | Interest rate |
| **Term ABS 2020-1** | |
| **Term ABS 2021-1** | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Loans pledged as collateral | |
| Restricted cash and cash equivalents pledged as collateral | |
| Interest rate | Interest rate |

**NOTES TO CONSO**

(Dollars in millions) (D

| | |
|---|---|
| **Term ABS 2020-2** | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Loans pledged as collateral | |
| Restricted cash and cash equivalents pledged as collateral | |
| Interest rate | |
| **Term ABS 2020-3** | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Loans pledged as collateral | |
| Restricted cash and cash equivalents pledged as collateral | |
| Interest rate | |
| **Term ABS 2021-1** | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Loans pledged as collateral | |
| Restricted cash and cash equivalents pledged as collateral | |
| Interest rate | |
| | |
| **Term ABS 2021-2** | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Principal balance outstanding | |
| Loans pledged as collateral | |
| Restricted cash and cash equivalents pledged as collateral | |
| Interest rate | |
| **Term ABS 2021-3** | |
| Principal balance outstanding | |

| |
|---|
| Principal balance outstanding |
| Principal balance outstanding |
| Loans pledged as collateral |
| Restricted cash and cash equivalents pledged as collateral |
| Interest rate |
| **Term ABS 2021-4** |
| Principal balance outstanding |
| Principal balance outstanding |
| Principal balance outstanding |
| Loans pledged as collateral |
| Restricted cash and cash equivalents pledged as collateral |
| Interest rate |
| **Term ABS 2022-1** |
| Principal balance outstanding |
| Principal balance outstanding |
| Principal balance outstanding |
| Loans pledged as collateral |
| Restricted cash and cash equivalents pledged as collateral |
| Interest rate |
| **Term ABS 2022-2** |
| Principal balance outstanding |
| Principal balance outstanding |
| Principal balance outstanding |
| Loans pledged as collateral |
| Restricted cash and cash equivalents pledged as collateral |
| Interest rate |
| **Term ABS 2022-3** |
| Principal balance outstanding |
| Principal balance outstanding |
| Principal balance outstanding |
| Loans pledged as collateral |
| Restricted cash and cash equivalents pledged as collateral |
| Interest rate |
| **Term ABS 2023-1** |
| Principal balance outstanding |
| Principal balance outstanding |
| Principal balance outstanding |
| Loans pledged as collateral |
| Restricted cash and cash equivalents pledged as collateral |
| Interest rate |
| **Term ABS 2023-2** |
| Principal balance outstanding |
| Principal balance outstanding |
| Principal balance outstanding |
| Loans pledged as collateral |
| Restricted cash and cash equivalents pledged as collateral |
| Interest rate |
| **Term ABS 2023-3** |
| Principal balance outstanding |
| Principal balance outstanding |
| Principal balance outstanding |

Loans pledged as collateral
Restricted cash and cash equivalents pledged as collateral
Interest rate



(Dollars in millions)

**Term ABS 2023-1**
Principal balance outstanding
Principal balance outstanding
Principal balance outstanding
Loans pledged as collateral
Restricted cash and cash equivalents pledged as collateral
Interest rate
**Term ABS 2023-2**
Principal balance outstanding
Principal balance outstanding
Principal balance outstanding
Loans pledged as collateral
Restricted cash and cash equivalents pledged as collateral
Interest rate
**Term ABS 2023-3**
Principal balance outstanding
Principal balance outstanding
Principal balance outstanding
Loans pledged as collateral
Restricted cash and cash equivalents pledged as collateral
Interest rate

**Term ABS 2023-A**
Principal balance outstanding
Principal balance outstanding
Principal balance outstanding
Loans pledged as collateral
Restricted cash and cash equivalents pledged as collateral
Interest rate
**Term ABS 2023-5**
Principal balance outstanding
Principal balance outstanding
Principal balance outstanding
Loans pledged as collateral
Restricted cash and cash equivalents pledged as collateral
Interest rate
**2024 Senior Notes**
**Term ABS 2024-A**
Principal balance outstanding
Principal balance outstanding
Principal balance outstanding
Loans pledged as collateral
Restricted cash and cash equivalents pledged as collateral

Interest rate
**Term ABS 2024-1**
Principal balance outstanding
Principal balance outstanding
Principal balance outstanding
Loans pledged as collateral
Restricted cash and cash equivalents pledged as collateral
Interest rate
**Term ABS 2024-2**
Principal balance outstanding
Principal balance outstanding
Principal balance outstanding
Loans pledged as collateral
Restricted cash and cash equivalents pledged as collateral
Interest rate
**Term ABS 2024-3**
Principal balance outstanding
Principal balance outstanding
Principal balance outstanding
Loans pledged as collateral
Restricted cash and cash equivalents pledged as collateral
Interest rate
**Term ABS 2024-B**
Principal balance outstanding
Principal balance outstanding
Principal balance outstanding
Loans pledged as collateral
Restricted cash and cash equivalents pledged as collateral
Interest rate
**2026 Senior Notes**
Principal balance outstanding
Principal balance outstanding
Principal balance outstanding
Interest rate
**2028 Senior Notes**
Principal balance outstanding
Principal balance outstanding
Principal balance outstanding
Interest rate
**Mortgage Note**
Principal balance outstanding
Principal balance outstanding
Principal balance outstanding
Interest rate

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



**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
facility, to which we refer as the RTP facility, with a lender for use solely in facilitating payments by the Company through t

Borrowings under our revolving secured line of credit facility, including any letters of credit issued under the facility, a
80% of Loans, Purchased Contract Balances constituting revolving credit facility collateral (each as defined in the agreeme

**NOTES TO CONSO**

our revolving secured line of credit facility, facility), less a hedging reserve (not exceeding $1.0 million), and less the amou
credit facility are secured by a lien on most of our assets that do not secure obligations under our Warehouse facilities or T

Borrowings under the RTP facility are secured by a lien on the same collateral that secures obligations under our re
revolving secured line of credit facility or if its lending commitments under our revolving secured line of credit facility are te

**Warehouse Facilities**

We have five Warehouse facilities with total borrowing capacity of $1,175.0 million $1,325.0 million. Each of the faciliti
cash and/or an increase in the value of our equity in such subsidiary. In turn, each such subsidiary pledges the Loans a
applicable facility is generally limited to the lesser of 80% of the outstanding balance of the conveyed Loans, as determine

The financings create indebtedness for which the subsidiaries are liable and which is secured by all the assets of eac
obligations for any violations by us of our representations or obligations as seller, servicer, or custodian), even though we
from us, their assets (including the conveyed Loans) are not available to any creditors other than the creditors of the appli

The subsidiaries pay us a monthly servicing fee equal to either 4% or 6%, depending upon the facility, of the collectio
Dealers, if a facility is amortizing, we do not have any rights in any portion of such collections until all outstanding principa
the portion of such collections available after the payment of interest and transaction expenses under the facility, provided

**Term ABS Financings**

We have wholly owned subsidiaries (the “Funding LLCs”) that have completed secured financing transactions with c
cash and the sole membership interest in that Funding LLC. In turn, each Funding LLC, other than the Funding LLCs fo
institutional investors. The Funding LLCs for the Term ABS 2019-2, 2021-1, 2022-2, 2023-A, and 2023-A 2024-B financin
2024-A, 2024-1, 2024-2, and 2023-5 2024-3 financings each consist of three classes of notes (or, in the case of the Term A

**NOTES TO CONSO**

Each Term ABS financing at the time of issuance has a specified revolving period during which we are likely to conve
2023-A 2024-B financings) will then convey the Loans to its respective trust. At the end of the applicable revolving period,

**NOTES TO CONSO**

The Term ABS financings create indebtedness for which the applicable trust or Funding LLC is liable and which is se
form of repurchase obligations or indemnification obligations for any violations by us of our representations or obligations
and the Funding LLCs are organized as bankruptcy-remote legal entities separate from us, their assets (including the co
equal to either 4% or 6%, depending upon the financing, of the collections received with respect to the conveyed Loans. T
not have any rights in any portion of such collections until all outstanding principal, accrued and unpaid interest, fees, an
such collections available after application of any amounts necessary to acquire additional Loans from us and to pay accru
in the balance of eligible loans or, in the case of the Term ABS 2019-2 financing and Term ABS financings occurring after
exercise a “clean-up call” option to purchase Loans from the Funding LLCs and/or the trusts under certain specified cir
indebtedness, the trust is to pay any remaining collections over to its Funding LLC as the sole beneficiary of the trust. For
respective Funding LLC.

The table below sets forth certain additional details regarding the outstanding Term ABS financings:

(Dollars in millions)

| Term ABS Financings | Closing Date | |
|---|---|---|
| Term ABS 2019-2 | August 28, 2019 | $ |
| Term ABS 2020-3 | October 22, 2020 | |
| Term ABS 2021-1 | January 29, 2021 | |
| Term ABS 2021-2 | February 18, 2021 | |
| Term ABS 2021-3 | May 20, 2021 | |
| Term ABS 2021-4 | October 28, 2021 | |
| Term ABS 2022-1 | June 16, 2022 | |
| Term ABS 2022-2 | December 15, 2022 | |
| Term ABS 2022-3 | November 3, 2022 | |
| Term ABS 2023-1 | March 16, 2023 | |
| Term ABS 2023-2 | May 25, 2023 | |
| Term ABS 2023-3 | August 24, 2023 | |
| Term ABS 2023-A | November 30, 2023 | |
| Term ABS 2023-5 | December 21, 2023 | |

**Senior Notes**

On December 19, 2023, we issued $600.0 million aggregate principal amount of 9.250% senior notes due 2028 (the Company's subsidiaries Buyers Vehicle Protection Plan, Inc. and Vehicle Remarketing Services, Inc., as guarantors (colle

The 2028 senior notes mature on December 15, 2028 and bear interest at a rate of 9.250% per annum, computed or 15, 2024. We used a portion of the net proceeds from the 2028 senior notes to repurchase or redeem all of the $400.0 mil 2023 and the remaining $77.7 million was redeemed on December 31, 2023. We used the remaining net proceeds fron million related to the repurchase and redemption of the 2024 senior notes.

**NOTES TO CONS**

On March 7, 2019, we issued $400.0 million aggregate principal amount of 6.625% senior notes due 2026 (the "2026 the trustee under the indenture.

The 2026 senior notes mature on March 15, 2026 and bear interest at a rate of 6.625% per annum, computed on September 15, 2019. We used the net proceeds from the offering of the 2026 senior notes for general corporate purposes

The 2028 senior notes and 2026 senior notes (the "senior notes") are guaranteed on a senior basis by the Guarant guarantors of the senior notes in the future. The indentures for the senior notes provide for a guarantor of the senior notes

**NOTES TO CONSO**

**Mortgage Note**

We have had a $9.0 million mortgage note with a commercial bank that is was secured by a first mortgage lien on a b August 6, 2028, and bears interest at BSBY plus 150 basis points. was paid off in full during the second quarter of 2024 in

**Principal Debt Maturities**

The scheduled principal maturities of our debt as of December 31, 2023 December 31, 2024 are as follows:

(In millions) (In millions)

| Year | Year | Revolving Secured Lines of Credit Facility | Warehouse Facilities | Term ABS Financings (1) | Senior N |
|---|---|---|---|---|---|
| 2024 | | | | | |
| 2025 | | | | | |
| 2026 | | | | | |

| |
|---|
| 2027 |
| 2028 |
| 2029 |
| Thereafter |
| Total |

(1) The principal maturities of the Term ABS financings are estimated based on forecasted collections.

**Debt Covenants**

As of December 31, 2023 December 31, 2024, we were in compliance with our covenants under our revolving secured

Our revolving secured line of credit facility and our Warehouse facilities including those include covenants that requir specified items, before income taxes, depreciation, amortization, and fixed charges to (2) our fixed charges, as defined in of these covenants may indirectly limit the repurchase of common stock or payment of dividends on common stock. Our W

Our Term ABS financings also contain covenants that measure the performance of the conveyed assets covenants under the senior notes indentures and the RTP facility.

**NOTES TO CONSO**

## 10. DERIVATIVE AND HEDGING INSTRUMENTS

*Interest Rate Caps.* We utilize interest rate cap agreements to manage the interest rate risk on certain secured financi

(Dollars in millions)

| Facility Amount | | Facility Name | Pur |
|---|---|---|---|
| $ | 300.0 | Warehouse Facility IV | Cap Flo |
| | 200.0 | Warehouse Facility V | Cap Flo |
| | 200.0 | Warehouse Facility VIII | Cap Flo |
| | 100.0 | Term ABS 2021-1 | Cap Flo |
| | 200.0 | Term ABS 2022-2 | Cap Flo |

(Dollars in millions)

| Facility Amount | | Facility Name | Pur |
|---|---|---|---|
| $ | 400.0 | Warehouse Facility II | Cap Flo |
| | 300.0 | Warehouse Facility IV | Cap Flo |
| | 200.0 | Warehouse Facility V | Cap Flo |
| | 200.0 | Warehouse Facility VIII | Cap Flo |
| | | | Cap Flo |
| | 100.0 | Term ABS 2021-1 | Cap Flo |
| | 200.0 | Term ABS 2022-2 | Cap Flo |

(1) Rate excludes the spread over the corresponding benchmark rate.

The interest rate caps have not been designated as hedging instruments. As of December 31, 2023 and 2022, the int

Information related to the effect of derivative instruments not designated as hedging instruments on our consolidated s

(In millions)

| Derivatives Not Designated as Hedging Instruments | Location |
|---|---|
| Interest rate caps | Interest expense |



## 11. INCOME TAXES

### Income Tax Provision

The income tax provision consists of the following:

| (In millions) | (In millions) |
|---|---|
| Income before provision for income taxes: | |
| Current provision for income taxes: | Current provision for income taxes: |
| Federal | |
| State | |
| Deferred provision for income taxes: | Deferred provision for income taxes: |
| Federal | |
| State | |
| Interest and penalties expense: | Interest and penalties expense: |
| Interest | |
| Penalties | |
| Provision for income taxes | |



### Deferred Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred ta

| (In millions) | (In millions) |
|---|---|
| Deferred tax assets: | Deferred tax assets: |
| Allowance for credit losses | |
| Stock-based compensation | |
| Deferred state net operating loss | |
| Other, net | |
| Other, net | |
| Other, net | |
| Total deferred tax assets | |
| Deferred tax liabilities: | Deferred tax liabilities: |
| Valuation of Loans receivable | |
| Deferred Loan origination costs | |
| Other, net | |
| Total deferred tax liabilities | |
| Net deferred tax liability | |

The deferred state net operating loss tax asset arising from the operating loss carryforward for state income tax purp their utilization.

**Effective Income Tax Rate**

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

| | |
|---|---|
| U.S. federal statutory income tax rate | U.S. federal statutory income tax rate |
| State and local income taxes | State and local income taxes |
| Non-deductible executive compensation expense | Non-deductible executive compensation expens |
| Excess tax benefits from stock-based compensation plans | Excess tax benefits from stock-based compensa |
| Other | Other |
| Effective income tax rate | Effective income tax rate |

State and local income taxes

For the year ended December 31, 2024, the impact of state and local income taxes on our effective income tax rat changes in state tax laws that were enacted during the second quarter of 2024.

For the year ended December 31, 2023, the impact of state and local income taxes on our effective income tax rate d

The increase in our state and local income tax rate from 2021 to 2022 was primarily due to changes in state and local tax 60 basis points for the year ended December 31, 2022, of which 50 basis points related to the impact of tax law changes t



Non-deductible executive compensation expense

The We recognize non-deductible executive compensation expense as an increase of provision for income taxes o effective income tax rate for year ended December 31, 2023 increased in magnitude from the same period in 2022 2023, p

Excess tax benefits from stock-based compensation

We recognize an excess tax benefit or tax deficiency when the deduction for the stock-based compensation expens benefit or tax deficiency is recognized in provision for income taxes in the period in which the amount of the deduction is benefits reduce our effective income tax rate, while tax deficiencies increase our effective income tax rate. The decr 2022 December 31, 2024 as compared to 2023 was primarily due to an increase a decrease in the number of restricted sto

**Unrecognized Tax Benefits**

The following table is a summary of changes in gross unrecognized tax benefits:

| (In millions) | (In mill |
|---|---|
| Unrecognized tax benefits at January 1, | |
| Additions for tax positions of the current year | |
| Additions for tax positions of prior years | |
| Reductions for tax positions of prior years | |
| Settlements | |
| Reductions as a result of a lapse of the statute of limitations | |
| Unrecognized tax benefits at December 31, | |



The total amount of gross unrecognized tax benefits that, if recognized, would favorably affect our effective income ta possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve r 31, 2024 and 2022, 2023, respectively.

We are subject to income tax in federal, state, and local jurisdictions. We are generally no longer subject to tax exami

## 12. 11. NET INCOME PER SHARE

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

| | |
|---|---|
| Weighted average shares outstanding: | Weighted avera |
| Common shares | |
| Vested restricted stock units | |
| Basic number of weighted average shares outstanding | |
| Dilutive effect of restricted stock, restricted stock units, and stock options | |
| Dilutive effect of restricted stock units and stock options | |
| Dilutive number of weighted average shares outstanding | |

**NOTES TO CONSO**

The following outstanding stock awards were excluded from the computation of diluted net income per share because

| | 2023 |
|---|---|
| | 2024 |
| Stock options | |
| Restricted stock units | |
| Total | |

## 13. 12. STOCK REPURCHASES

The following table summarizes our stock repurchases for the years ended December 31, 2023 December 31, 2024, 2

| (Dollars in millions) | (Dollars in millions) | For the Years Ended December 31, | | | | (Dollars in millions) |
|---|---|---|---|---|---|---|
| | | 2023 | | 2022 | | |
| Stock Repurchases | Stock Repurchases | Number of Shares Repurchased | Cost | Number of Shares Repurchased | Cost | N |
| Open Market (1) (2) | | | | | | |
| Other (2) (3) | | | | | | |
| Total | | | | | | |

(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 marke 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 prio

(2) (3) Represents shares of common stock released to us by team members as payment of tax withholdings upon the vesting of restricted stock uni

14.

**NOTES TO CONSO**

## 13. STOCK-BASED COMPENSATION PLANS

Pursuant to our Amended and Restated Incentive Compensation Plan (the "Incentive Plan"), at any time prior to April contractors. On April 10, 2023 April 10, 2024, our board of directors approved an amendment to the Incentive Plan, su approval was received at our annual meeting of shareholders on June 2, 2023 June 5, 2024. The shares available for futu

*Stock option grants*

We grant time-based stock options to team members and directors in accordance with the Incentive Plan. Based on th

- vest and become exercisable in three or four equal annual installments beginning on the first anniversary of the

- expire either six or ten years from the date of the grant.



A summary of the stock option activity under the Incentive Plan for the year ended December 31, 2023, is presented b

| Stock Options | Number of Stoc |
|---|---|
| Outstanding as of December 31, 2022 | |
| Exercised | |
| Forfeited | |
| Outstanding as of December 31, 2023 | |
| Exercisable as of December 31, 2023 | |
| Unvested as of December 31, 2023 | |

(1) The intrinsic value of stock options is the amount by which the market price of the stock as of December 31, 2023 exceeded the exercise price o

The total intrinsic value of stock options exercised during 2023 was $2.8 million. Net cash proceeds from the exercise

*Restricted Stock Units*

We grant performance-based and time-based restricted stock units to team members and directors in accordance w stock unit represents and has a value equal to one share of common stock. Based on the terms of individual restricted sto

- For our former Chief Executive Officer, executive officers and senior leaders, over a period of ten years, based c
- For certain team members, over a period of three or four years, based on continuous employment.
- For independent directors, over a period of three years, based on continuous service as a director.
- For certain independent directors, over a period of five years, based upon the compounded annual growth rate i

A summary of the restricted stock unit ("RSU") activity under the Incentive Plan for the year ended December 31, 2023 De

| Restricted Stock Units | Restricted Stock Units | Number of Restricted Stock Units | | |
|---|---|---|---|---|
| Outstanding as of December 31, 2022 | | 341,228 | | $ |
| Outstanding as of December 31, 2023 | | | | |
| Outstanding as of December 31, 2023 | | | | |
| Outstanding as of December 31, 2023 | | | | |
| Granted | | | | |
| Granted | | | | |
| Granted | Granted | 22,261 | 454.04 | |
| Converted | Converted | (159,205) | 194.97 | |
| Converted | | | | |
| Converted | | | | |
| Forfeited | Forfeited | (840) | 462.46 | |
| Outstanding as of December 31, 2023 (1) | | 203,444 | | $ |
| Vested as of December 31, 2023 | | 163,948 | | $ |
| Forfeited | | | | |
| Forfeited | | | | |
| Outstanding as of December 31, 2024 (1) | | | | |
| Outstanding as of December 31, 2024 (1) | | | | |
| Outstanding as of December 31, 2024 (1) | | 533,447 | | $ |
| Vested as of December 31, 2024 | | | | |

(1) No RSUs outstanding at December 31, 2023 December 31, 2024 were convertible to shares of common stock.

(2) The intrinsic value of RSUs is measured by applying the closing stock price as of December 31, 2023 December 31, 2024 to the applicable numb

(3) The calculation of weighted average remaining contractual term of RSUs outstanding excludes 98,497 RSUs that are to be settled in comm

The grant-date weighted average fair value of RSUs granted in 2024, 2023, and 2022 was $484.58, $454.04, and 20 and 2021 was $32.2 million, $84.8 million, and $27.5 million, respectively.

*Stock option grants*

We have granted time-based stock options to team members and $7.9 million, respectively. During 2021, we recogniz option grant agreements, the forfeiture stock options:

- vest and become exercisable in three or four equal annual installments beginning on the first anniversary of 31,(
- expire either six or ten years from the date of our former Chief Executive Officer in May 2021. the grant.

**NOTES TO CONSO**

Restricted Stock A summary of the stock option activity under the Incentive Plan for the year ended December 31, 2024, is

Prior to 2020, we granted performance-based and time-based shares

| Stock Options | Number of Stoc |
|---|---|
| Outstanding as of December 31, 2023 | |
| Exercised | |
| Forfeited | |
| Outstanding as of December 31, 2024 | |
| Exercisable as of December 31, 2024 | |
| Unvested as of December 31, 2024 | |

(1) The intrinsic value of restricted stock to team members options is the amount by which the market price of the stock as of December 31, 2024 ex

The total intrinsic value of stock options exercised during 2024 was $10.0 million. Net cash proceeds from the exerc stock. During 2021, we recognized an $8.5 million reversal of stock-based compensation expense due to the forfeiture of

*Stock-based compensation expense*

Stock-based compensation expense consists of the following:

| (In millions) | (In millions) | For the Years Ended De |
|---|---|---|
| | | 2023 |
| Stock options | | |
| Restricted stock units | | |
| Restricted stock | | |
| Total | | |
| Total | | |
| Total | | |

Assuming performance targets are achieved Pursuant to our Amended and Restated Incentive Compensation Plan, officers, directors, and contractors. Instead of a short-term compensation program providing for rolling, annual equity aw compensation program period that is intended to incentivize recipients over the multi-year compensation period. Our cu award in December 2024 with a vesting period of ten years. We expect to recognize the remaining expense for stock-base

(In millions)

(In millions)

(In millions)

| For the Years Ended December 31, | For the Years Ended December 31, | Stock Options | Restricte Stock Un |
|---|---|---|---|

| |
|---|
| 2024 |
| 2025 |
| 2026 |
| 2027 |
| 2028 |
| 2029 |
| Thereafter |
| Total |

15.

NOTES TO CONSO

**14. BUSINESS SEGMENT AND OTHER INFORMATION**

**Business Segment Overview**

We identify operating segments as components of our business for which separate financial information is regular regarding resource allocation and assessing performance. allocation. We periodically review and redefine our segment re statements and metrics to assess performance and allocate resources and assess performance. resources. Thus, we h solutions and related products and services that enable them to sell vehicles to consumers, regardless of their credit histo

The consolidated financial statements reflect the financial results of our one reportable operating segment. The a performance for our one reportable operating segment and decides how to allocate resources based on net income, as re

**Geographic Information**

For the three years ended December 31, 2023 December 31, 2024, 2022, 2023, and 2021, 2022, all of our revenues States.

**Products and Services Information**

Our primary product consists of innovative financing programs solutions that enable Dealers to sell vehicles to consum

**Major Customer Information**

We did not have any Dealers that provided 10% or more of our revenue during 2024, 2023, 2022, or 2021. 2022. Add or 2022. 2023.

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

**16. 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 statutory penalties. The claims allege, among other theories of liability, violations of state, federal, and foreign truth-in- including claims seeking damages for alleged physical and mental harm relating to the repossession and sale of consum lawsuits filed by consumers principally against Dealers. We may also have disputes and litigation with Dealers. The claim other third parties. The claims may allege, among other theories of liability, that we breached a license agreement or con matters can be substantial. The relief requested by plaintiffs varies but may include requests for compensatory, statutory which arbitration providers may request separate filing fees. Current actions to which we are a party include the following

On December 1, 2021, we received a subpoena from the Office of the Attorney General for the State of California se and cannot predict the eventual scope, duration, or outcome at this time. As a result, we are unable to estimate the reaso

NOTES TO CONSO

On May 7, 2019, we received a subpoena from the Consumer Frauds and Protection Bureau of the Office of the N through April 30, 2021, we received additional subpoenas from the Office of the New York State Attorney General relating New York State Attorney General indicating that it may commence litigation against the Company asserting violations o

claims that the Company engaged in unfair and deceptive trade practices in auto lending, debt collection, and asset-ba
63(12), the New York Martin Act, and New York General Business Law § 349. See the description below of the lawsuit co

On April 22, 2019, we received a civil investigative demand from the Consumer Financial Protection Bureau ("Bureau
April 22, 2019 through March 7, 2022, we received additional subpoenas from the Bureau. On December 6, 2021, we re
considering whether to recommend that the Bureau take legal action against the Company for alleged violations of the C
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
fraud in violation of New York Executive Law § 63(12) and New York General Business Law §§ 349 and 352, and that the
U.S.C. § 5531 and 12 U.S.C. § 5536(a)(1)(B). The complaint seeks injunctive relief, an accounting of all consumers for w
motion to dismiss the complaint. On August 7, 2023, the court stayed the action pending the U.S. Supreme Court's decis
the court lifted the stay in view of the decision in CFSA and requested revised briefing on the Company's motion to dism
has been fully briefed. We are unable to estimate the reasonably possible loss or range of reasonably possible loss arising

**NOTES TO CONSO**

On March 18, 2016, we received a subpoena from the Attorney General of the State of Maryland, relating to the Com
State of Maryland relating to the Company's origination and collection policies and procedures in the state of Maryland. O
2016 and April 3, 2020 subpoenas, making additional requests, and expanding the inquiry to include 41 other states (Alab
Maine, Michigan, Minnesota, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dak
Wisconsin) and the District of Columbia. Also on August 11, 2020, we received from the Attorney General of the State of
The Company has been informed that the State of Kansas, the State of Texas, and the State of Iowa have withdrawn fro
result, we are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from these inve

On December 9, 2014, we received a civil investigative subpoena from the U.S. Department of Justice pursuant to th
and related securitization activities. We have cooperated with the inquiry, but cannot predict the eventual scope, durat
investigation.

An adverse ultimate disposition in any action to which we are a party or otherwise subject could have a material adver

**NOTES TO CONSOL**

*Litigation Resolved during 2022*

On October 2, 2020, a shareholder filed a putative class action complaint against the Company, its Chief Executive O
District of Michigan, Southern Division, alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1
and seeking class certification, unspecified damages plus interest and attorney and expert witness fees, and other costs o
common stock from November 1, 2019 through August 28, 2020. In 2022, the Company reached an agreement to make a
and entities that purchased or otherwise acquired Credit Acceptance common stock from May 4, 2018 through August 28
a final order and judgment consistent with the settlement agreement, including dismissal with prejudice of all claims assert

*Regulatory Matters Resolved during 2021*

On August 30, 2020, we were served with a complaint, filed by the Attorney General in Massachusetts Superior Cou
securitizations in the Commonwealth of Massachusetts, in violation of the Massachusetts Consumer Protection Law, M.G.
September 1, 2021, we entered into a settlement agreement with the Office of the Attorney General, reflecting the parties
contingent loss during the first quarter of 2021, to an independent trust for purposes of making payments to provide relief
up to $95,000 to cover costs and expenses incurred by an independent trustee for management of the independent trust.

**NOTES TO CONSOL**

On April 23, 2019, the Attorney General of the State of Mississippi, on behalf of the State of Mississippi, filed a co
practices in subprime auto lending, loan servicing, vehicle repossession and debt collection in the State of Mississippi
Attorney General. As part of the settlement, the Company made a charitable donation of $125,000, paid $325,000 to the
laws applicable to indirect auto finance operations in Mississippi and disclosures to consumers purchasing an optional ve
the settlement.

**Lease Commitments**

We lease office equipment and, until December 31, 2022, we also leased office space. We expect that, in the normal
for 2023, and $1.3 million for 2022, and $1.4 million for 2021. 2022. Contingent rentals under the operating leases were in

| (In millions) | (In millions) | |
|---|---|---|
| | | Minim |
| Year | Year | Lease C |
| 2024 | | |
| 2025 | | |
| 2026 | | |
| 2027 | | |
| 2028 | | |
| 2029 | | |
| Total | | |

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLO**

Not applicable.

**ITEM 9A. CONTROLS AND PROCEDURES**

*Evaluation of disclosure controls and procedures.*

(a) *Disclosure Controls and Procedures.* Our management, with the participation of our principal executive officer an 15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered disclosure controls and procedures are effective in recording, processing, summarizing, and reporting, on a timely basis, i to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to ou

(b) *Internal Control Over Financial Reporting.* There have not been any changes in our internal control over financia 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

*Management's Report on Internal Control over Financial Reporting.*

We are responsible for establishing and maintaining adequate internal control over financial reporting as defined in Ru reliability of financial reporting and the preparation of financial statements for external purposes in accordance with genera

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financi authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In conditions and that the degree of compliance with the policies or procedures may deteriorate.

We assessed the effectiveness of our internal control over financial reporting as of December 31, 2023 December 31, Organizations of the Treadway Commission (COSO). Based on our assessment, we believe that as of December 31, 202

Our independent registered public accounting firm, Grant Thornton LLP, audited our internal control over financial rep on our internal control over financial reporting and is included in this Item 9A.

**REPORT OF INDEP**

Board of Directors and Shareholders
Credit Acceptance Corporation

**Opinion on internal control over financial reporting**
We have audited the internal control over financial reporting of Credit AcceptanceCorporation (a Michigan corporation) Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United Stat dated February 9, 2024, February 12, 2025 expressed an unqualified opinion on those financial statements.

**Basis for opinion**
The Company's management is responsible for maintaining effective internal control over financial reporting and for its Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporti

accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and per audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for

**Definition and limitations of internal control over financial reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regardin principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in a authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. A conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Southfield, Michigan
February 9, 2024 12, 2025

**ITEM 9B. OTHER INFORMATION**

During the quarter ended December 31, 2023 December 31, 2024, there were no Rule 10b5-1 trading arrangements by any director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of Credit Acceptance Corporation.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Information is contained under the captions "Proposal #1 – Election of Directors" (excluding the "Report of the Audit C

**ITEM 11. EXECUTIVE COMPENSATION**

Information is contained under the caption "Compensation of Executive Officers and Directors" in the Proxy Statemen

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STO**

Information is contained under the caption "Common Stock Ownership of Certain Beneficial Owners and Managemen

Our Amended and Restated Incentive Compensation Plan (the "Incentive Plan"), which was approved by sharehold stock, restricted stock units, and stock options to team members, officers, and directors.

The following table sets forth (1) the number of shares of common stock to be issued upon the exercise of outstandin available for future issuance, as of December 31, 2023 December 31, 2024:

| | | | | Equ |
|---|---|---|---|---|
| Plan category | Plan category | Number of shares to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options (a) | |
| Equity compensation plan approved by shareholders: | Equity compensation plan approved by shareholders: | | | Equ pl sh |
| Incentive Plan | | | | |

(a) The weighted average exercise price in this column does not take into account restricted stock units that are outstanding under the Incentive Pla

(b) For additional information regarding our equity compensation plans, including grants of restricted stock units, see Note 14 13 to the consolidated

**NOTES TO**

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

Information is contained under the caption “Certain Relationships and Transactions” and “Proposal #1 – Election of Di

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

Information is contained under the caption “Independent Accountants” in the Proxy Statement and is incorporated her

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a)(1) The following consolidated financial statements of the Company and notes thereto and th which is incorporated herein by reference.

Report of Independent Registered Public Accounting Firm

Consolidated Financial Statements:

— Consolidated Balance Sheets as of December 31, 2023 December 31, 2024 and 2022 2

— Consolidated Statements of Income for the years ended December 31, 2023 December

— Consolidated Statements of Comprehensive Income for the years ended December 31,

— Consolidated Statements of Shareholders’ Equity for the years ended December 31, 20

— Consolidated Statements of Cash Flows for the years ended December 31, 2023 Decem

Notes to Consolidated Financial Statements

(2) Financial statement schedules have been omitted because they are not applicable or are n

(3) The exhibits filed in response to Item 601 of Regulation S-K are listed in the Exhibit Index b

| Exhibit No. | Description |
| --- | --- |
| 3.1 | Articles of Incorporation, as amended July 1, 1997 (incorporated by reference to Exhil |
| 3.2 | Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Comp |
| 4.1 | Description of Common Stock of Credit Acceptance Corporation (incorporated by refe |
| 4.2 | Amended and Restated Intercreditor Agreement, dated as of February 1, 2010, a administrative agent under the Original Credit Agreement (as defined therein) and as |
| 4.3 | Amended and Restated Sale and Contribution Agreement, dated as of April 5, 2013, April 5, 2013). |
| 4.4 | First Amendment to Amended and Restated Sale and Contribution Agreement, dated Report on Form 10-K for the fiscal year ended December 31, 2013). |
| 4.5 | Sixth Amended and Restated Credit Agreement, dated as of June 23, 2014, among th Report on Form 8-K filed June 25, 2014). |
| 4.6 | Loan and Security Agreement, dated as of September 15, 2014, among the Comp Company's Current Report on Form 8-K filed September 18, 2014). |
| 4.7 | Backup Servicing Agreement, dated as of September 15, 2014, among the Compa Company's Current Report on Form 8-K filed September 18, 2014). |
| 4.8 | Contribution Agreement, dated as of September 15, 2014, between the Company and |
| 4.9 | First Amendment to the Sixth Amended and Restated Credit Agreement, dated as of J the Company's Current Report on Form 8-K filed June 16, 2015). |
| 4.10 | First Amendment to Loan and Security Agreement, dated as of June 11, 2015, among the Company's Current Report on Form 8-K filed June 16, 2015). |
| 4.11 | Loan and Security Agreement, dated as of September 30, 2015, among the Company October 5, 2015). |
| 4.12 | Contribution Agreement, dated as of September 30, 2015, between the Company and |
| 4.13 | Second Amendment to the Sixth Amended and Restated Credit Agreement, dated as to the Company's Current Report on Form 8-K filed June 20, 2016). |
| 4.14 | Second Amendment to Loan and Security Agreement, dated as of August 18, 2016, 4.79 to the Company's Current Report on Form 8-K filed August 23, 2016). |
| 4.15 | First Amendment to Contribution Agreement, dated as of August 18, 2016, between tl 2016). |
| 4.16 | Third Amendment to Sixth Amended and Restated Credit Agreement and Extension reference to Exhibit 4.80 to the Company's Current Report on Form 8-K filed June 30, |
| 4.17 | First Amendment to Loan and Security Agreement, dated as of July 18, 2017, amon Form 8-K filed July 21, 2017). |

| | |
|---|---|
| 4.18 | New Bank Addendum, dated October 19, 2017, to the Sixth Amended and Restated Comerica Bank, as agent (incorporated by reference to Exhibit 4.94 to the Company's |
| 4.19 | Assignment Agreement, dated October 19, 2017, among the Company, the Banks si 23, 2014 (incorporated by reference to Exhibit 4.95 to the Company's Quarterly Repor |
| 4.20 | Amended and Restated Loan and Security Agreement, dated as of May 10, 2018, an Fargo Bank, National Association (incorporated by reference to Exhibit 4.86 to the Co |
| 4.21 | Fourth Amendment to Sixth Amended and Restated Credit Agreement, dated as of Ju for the Banks (incorporated by reference to Exhibit 4.94 to the Company's Current Re |
| 4.22 | Third Amendment to Loan and Security Agreement, dated as of August 15, 2018, am to the Company's Current Report on Form 8-K filed August 17, 2018). |
| 4.23 | Indenture, dated as of March 7, 2019, among Credit Acceptance Corporation, the Gu reference to Exhibit 4.99 to the Company's Current Report on Form 8-K filed March 8, |
| 4.24 | Registration Rights Agreement, dated March 7, 2019, among Credit Acceptance Co Corporation's 6.625% Senior Notes due 2026 (incorporated by reference to Exhibit 4.: |
| 4.25 | Fifth Amendment to Sixth Amended and Restated Credit Agreement, dated as of J (incorporated by reference to Exhibit 4.101 to the Company's Current Report on Form |
| 4.26 | Fourth Amendment to Loan Security Agreement, dated as of July 16, 2019, among th Warehouse Funding LLC V, and Fifth Third Bank (incorporated by reference to Exhibit |
| 4.27 | Second Amendment to Loan and Security Agreement, dated as of July 25, 2019, am on Form 8-K filed July 26, 2019). |
| 4.28 | Loan and Security Agreement, dated as of July 26, 2019, among the Company, CAC reference to Exhibit 4.106 to the Company's Current Report on Form 8-K filed July 29 |
| 4.29 | Sale and Contribution Agreement, dated as of July 26, 2019, between the Company a |
| 4.30 | Backup Servicing Agreement, dated as of July 26, 2019, among the Company, CAC V Current Report on Form 8-K filed July 29, 2019). |
| 4.31 | First Amendment to Amended and Restated Loan and Security Agreement, dated as Fargo Bank, National Association (incorporated by reference to Exhibit 4.110 to the C |
| 4.32 | Amended and Restated Backup Servicing Agreement, dated as of July 26, 2019, (incorporated by reference to Exhibit 4.111 to the Company's Current Report on Form |
| 4.33 | Loan and Security Agreement, dated as of August 28, 2019, among the Company, C Report on Form 8-K filed September 4, 2019). |

| | |
|---|---|
| 4.34 | Backup Servicing Agreement, dated as of August 28, 2019, among the Company, C Report on Form 8-K filed September 4, 2019). |
| 4.35 | Sale and Contribution Agreement, dated as of August 28, 2019, between the Compar 2019). |
| 4.36 | Second Amended and Restated Backup Servicing Agreement, dated as of August 16 the Company's Quarterly Report on Form 10-Q for the quarterly period ended Septem |
| 4.37 | Indenture, dated as of November 21, 2019, between Credit Acceptance Auto Loan November 26, 2019). |
| 4.38 | Sale and Servicing Agreement, dated as of November 21, 2019, among the Comp reference to Exhibit 4.119 to the Company's Current Report on Form 8-K filed Novem |
| 4.39 | Backup Servicing Agreement, dated as of November 21, 2019, among the Compa reference to Exhibit 4.120 to the Company's Current Report on Form 8-K filed Novem |
| 4.40 | Amended and Restated Trust Agreement, dated as of November 21, 2019, among Report on Form 8-K filed November 26, 2019). |
| 4.41 | Sale and Contribution Agreement, dated as of November 21, 2019, between the Com 26, 2019). |
| 4.42 | Sixth Amendment to Sixth Amended and Restated Credit Agreement, dated as of (incorporated by reference to Exhibit 4.115 to the Company's Current Report on Form |
| 4.43 | Indenture, dated as of October 22, 2020, between Credit Acceptance Auto Loan Tr October 27, 2020). |
| 4.44 | Sale and Servicing Agreement, dated as of October 22, 2020, among the Company, to Exhibit 4.123 to the Company's Current Report on Form 8-K filed October 27, 2020 |
| 4.45 | Backup Servicing Agreement, dated as of October 22, 2020, among the Company, C to Exhibit 4.124 to the Company's Current Report on Form 8-K filed October 27, 2020 |
| 4.46 | Amended and Restated Trust Agreement, dated as of October 22, 2020, among Cred reference to Exhibit 4.125 to the Company's Current Report on Form 8-K filed Octobe |
| 4.47 | Sale and Contribution Agreement, dated as of October 22, 2020, between the Compa 2020). |
| 4.48 4.38 | Fifth Amendment to Loan and Security Agreement, dated as of December 16, 202 Company's Current Report on Form 8-K filed December 18, 2020). |
| 4.49 4.39 | Seventh Amendment to Sixth Amended and Restated Credit Agreement and Exten administrative agent for the banks (incorporated by reference to Exhibit 4.128 to the C |

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| 4.50 4.40 | Loan and Security Agreement, dated as of January 29, 2021, among the Company, C Exhibit 4.130 to the Company's Current Report on Form 8-K filed February 4, 2021). |
| 4.51 4.41 | Backup Servicing Agreement, dated as of January 29, 2021, among the Company, C Exhibit 4.131 to the Company's Current Report on Form 8-K filed February 4, 2021). |
| 4.52 4.42 | Sale and Contribution Agreement, dated as of January 29, 2021, between the Compa 2021). |
| 4.53 4.43 | Second Amendment to Amended and Restated Loan and Security Agreement, datec Company's Current Report on Form 8-K filed February 4, 2021). |
| 4.54 | Indenture, dated as of February 18, 2021, between Credit Acceptance Auto Loan T February 24, 2021). |
| 4.55 | Sale and Servicing Agreement, dated as of February 18, 2021, among the Compa reference to Exhibit 4.104 to the Company's Current Report on Form 8-K filed Februa |
| 4.56 | Backup Servicing Agreement, dated as of February 18, 2021, among the Company, C to Exhibit 4.105 to the Company's Current Report on Form 8-K filed February 24, 202 |
| 4.57 | Amended and Restated Trust Agreement, dated as of February 18, 2021, between Report on Form 8-K filed February 24, 2021). |
| 4.58 | Sale and Contribution Agreement dated as of February 18, 2021, between the Comp 24, 2021). |
| 4.59 4.44 | Sixth Amendment to Loan and Security Agreement, dated as of March 22, 2021, amo Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021). |
| 4.60 4.45 | First Amendment to Loan and Security Agreement, dated as of March 22, 2021, am Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2 |
| 4.61 | Sale and Servicing Agreement, dated as of May 20, 2021, among the Company, Cre Exhibit 4.112 to the Company's Current Report on Form 8-K filed May 26, 2021). |
| 4.62 | Backup Servicing Agreement, dated as of May 20, 2021, among the Company, Cred Exhibit 4.113 to the Company's Current Report on Form 8-K filed May 26, 2021). |
| 4.63 | Amended and Restated Trust Agreement, dated as of May 20, 2021, between Credit Form 8-K filed May 26, 2021). |
| 4.64 | Sale and Contribution Agreement dated as of May 20, 2021, between the Company a |
| 4.65 4.46 | Seventh Amended and Restated Loan and Security Agreement, dated as of April 3 (incorporated by reference to Exhibit 4.117 to the Company's Quarterly Report on For |
| 4.66 4.47 | Fifth Amended and Restated Sale and Contribution Agreement, dated as of April 30, 10-Q for the quarterly period ended June 30, 2021). |
| 4.67 4.48 | First Amendment to the Loan and Security Agreement, dated as of September 1, 202 Exhibit 4.119 to the Company's Current Report on Form 8-K filed September 8, 2021) |
| 4.68 4.49 | Eighth Amendment to Sixth Amended and Restated Credit Agreement and Exten administrative agent for the banks (incorporated by reference to Exhibit 4.120 to the C |

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| 4.69 4.50 | Third Amendment to Loan and Security Agreement dated as of October 15, 2021 am Report on Form 8-K filed October 21, 2021). |
| 4.70 4.51 | Indenture dated as of October 28, 2021, between Credit Acceptance Auto Loan Tru November 2, 2021). |
| 4.71 4.52 | Sale and Servicing Agreement dated as of October 28, 2021 among the Company, C to Exhibit 4.123 to the Company's Current Report on Form 8-K filed November 2, 202 |
| 4.72 4.53 | Backup Servicing Agreement dated as of October 28, 2021, among the Company, Cre Exhibit 4.124 to the Company's Current Report on Form 8-K filed November 2, 2021). |
| 4.73 4.54 | Amended and Restated Trust Agreement dated as of October 28, 2021, between Cre on Form 8-K filed November 2, 2021). |
| 4.74 4.55 | Sale and Contribution Agreement dated as of October 28, 2021, between the Compar 2021). |
| 4.75 | Indenture dated as of May 20, 2021, between Credit Acceptance Auto Loan Trust 20 2021). |
| 4.76 4.56 | Indenture dated as of June 16, 2022, between Credit Acceptance Auto Loan Trust 2 2022). |
| 4.77 4.57 | Sale and Servicing Agreement, dated as of June 16, 2022, among the Company, Cr Exhibit 4.95 to the Company's Current Report on Form 8-K filed June 23, 2022). |
| 4.78 4.58 | Backup Servicing Agreement, dated as of June 16, 2022, among the Company, Cre Exhibit 4.96 to the Company's Current Report on Form 8-K filed June 23, 2022). |
| 4.79 4.59 | Amended and Restated Trust Agreement, dated as of June 16, 2022, among Credit A reference to Exhibit 4.97 to the Company's Current Report on Form 8-K filed June 23, |
| 4.80 4.60 | Sale and Contribution Agreement, dated as of June 16, 2022, between the Company |
| 4.81 4.61 | Third Amendment to the Amended and Restated Loan and Security Agreement, dat National Association (incorporated by reference to Exhibit 4.100 to the Company's Cu |
| 4.82 4.62 | Ninth Amendment to the Sixth Amended and Restated Credit Agreement and Ext administrative agent for the banks (incorporated by reference to Exhibit 4.101 to the C |
| 4.83 4.63 | Amendment No. 1 to Loan and Security Agreement and Backup Servicing Agreement reference to Exhibit 4.102 to the Company's Current Report on Form 8-K filed August |
| 4.84 4.64 | Second Amendment to Loan and Security Agreement, dated as of July 22, 2022, am reference to Exhibit 4.103 to the Company's Quarterly Report on Form 10-Q for the qu |
| 4.85 4.65 | Seventh Amendment to Loan and Security Agreement, dated as of July 28, 2022, am to the Company's Quarterly Report on Form 10-Q for the quarterly period ended Sept |

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| 4.86 4.66 | Second Amendment to Loan and Security Agreement, dated as of July 28, 2022, amc 4.105 to the Company's Quarterly Report on Form 10-Q for the quarterly period endec |
| 4.87 4.67 | Indenture dated as of November 3, 2022, between Credit Acceptance Auto Loan T November 9, 2022). |
| 4.88 4.68 | Sale and Servicing Agreement, dated as of November 3, 2022, among the Company, to Exhibit 4.107 to the Company's Current Report on Form 8-K filed November 9, 202 |
| 4.89 4.69 | Backup Servicing Agreement, dated as of November 3, 2022, among the Company, C Exhibit 4.108 to the Company's Current Report on Form 8-K filed November 9, 2022). |
| 4.90 4.70 | Amended and Restated Trust Agreement, dated as of November 3, 2022, betweer (incorporated by reference to Exhibit 4.109 to the Company's Current Report on Form |
| 4.91 4.71 | Sale and Contribution Agreement, dated as of November 3, 2022, between the Comp 9, 2022). |
| 4.92 4.72 | Loan and Security Agreement, dated as of December 15, 2022, among the Compa reference to Exhibit 4.112 to the Company's Current Report on Form 8-K filed Decem |
| 4.93 4.73 | Backup Servicing Agreement, dated as of December 15, 2022, among the Compa reference to Exhibit 4.113 to the Company's Current Report on Form 8-K filed Decem |
| 4.94 4.74 | Sale and Contribution Agreement, dated as of December 15, 2022, between the Com 21, 2022). |
| 4.95 4.75 | Eighth Amendment to Loan and Security Agreement, dated as of December 27, 20 Company's Current Report on Form 8-K filed January 3, 2023). |
| 4.96 4.76 | Third Amendment to Loan and Security Agreement, dated as of December 27, 2022, Company's Current Report on Form 8-K filed January 3, 2023). |
| 4.97 4.77 | Amendment No. 1 to Letter Agreement dated November 15, 2022, between Chapter December 31, 2022). |
| 4.98 4.78 | Indenture, dated as of March 16, 2023, between Credit Acceptance Auto Loan Trust 2023). |
| 4.99 4.79 | Backup Servicing Agreement, dated as of March 16, 2023, among the Company, Cr Exhibit 4.112 to the Company's Current Report on Form 8-K filed March 22, 2023). |
| 4.100 4.80 | Sale and Contribution Agreement, dated as of March 16, 2023, between the Compa 2023). |
| 4.101 4.81 | Amended and Restated Trust Agreement, dated as of March 16, 2023, among Cred reference to Exhibit 4.115 to the Company's Current Report on Form 8-K filed March |

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| 4.102 4.82 | Sale and Servicing Agreement, dated as of March 16, 2023, among the Company, C Exhibit 4.116 to the Company's Quarterly Report on Form 10-Q for the quarterly perio |
| 4.103 4.83 | Amendment No. 1 to the Seventh Amended and Restated Loan and Security Agree reference to Exhibit 4.117 to the Company's Current Report on Form 8-K filed May 4, |
| 4.104 4.84 | Indenture, dated as of May 25, 2023, between Credit Acceptance Auto Loan Trust 2 2023). |
| 4.105 4.85 | Backup Servicing Agreement, dated as of May 25, 2023, among the Company, Cre Exhibit 4.119 to the Company's Current Report on Form 8-K filed June 1, 2023). |
| 4.106 4.86 | Sale and Contribution Agreement, dated as of May 25, 2023, between the Company a |
| 4.107 4.87 | Amended and Restated Trust Agreement, dated as of May 25, 2023, among Cred (incorporated by reference to Exhibit 4.122 to the Company's Current Report on Form |
| 4.108 4.88 | Sale and Servicing Agreement, dated as of May 25, 2023, among the Company, Cre Exhibit 4.123 to the Company's Current Report on Form 8-K filed June 1, 2023). |
| 4.109 4.89 | Eleventh Amendment to Sixth Amended and Restated Credit Agreement, dated as o (incorporated by reference to Exhibit 4.124 to the Company's Current Report on Form |
| 4.110 4.90 | Amendment No. 2 to Loan and Security Agreement, dated as of May 15, 2023, amo Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 20 |
| 4.111 4.91 | Ninth Amendment to Loan and Security Agreement, dated as of July 10, 2023, amon Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023). |
| 4.112 4.92 | Fourth Amendment to Loan and Security Agreement, dated as of July 10, 2023, am Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 20 |
| 4.113 4.93 | Fifth Amendment to Loan and Security Agreement, dated as of August 4, 2023, amon Form 8-K filed August 9, 2023). |
| 4.114 4.94 | Indenture, dated as of August 24, 2023, between Credit Acceptance Auto Loan Trust 2023). |
| 4.115 4.95 | Backup Servicing Agreement, dated as of August 24, 2023, among the Company, Cr Exhibit 4.130 to the Company's Current Report on Form 8-K filed August 30, 2023). |
| 4.116 4.96 | Sale and Contribution Agreement, dated as of August 24, 2023, between the Compa 2023). |
| 4.117 4.97 | Amended and Restated Trust Agreement, dated as of August 24, 2023, among Cr (incorporated by reference to Exhibit 4.133 to the Company's Current Report on Form |
| 4.118 4.98 | Sale and Servicing Agreement, dated as of August 24, 2023, among the Company, C Exhibit 4.134 to the Company's Current Report on Form 8-K filed August 30, 2023). |

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| 4.119 4.99 | Third Amendment to Loan and Security Agreement, dated as of September 21, 202 Exhibit 4.135 to the Company's Current Report on Form 8-K filed September 26, 2023 |
| 4.120 4.100 | Fourth Amendment to Amended and Restated Loan and Security Agreement, datec National Association (incorporated by reference to Exhibit 4.136 to the Company’s Qu |
| 4.121 4.101 | First Amendment to Loan and Security Agreement, dated as of August 30, 2023, amc the Company’s Quarterly Report on Form 10-Q for the quarterly period ended Septem |
| 4.122 4.102 | Loan and Security Agreement, dated as of November 30, 2023, among the Compan Company, N.A. (incorporated by reference to Exhibit 4.138 to the Company’s Current |
| 4.123 4.103 | Backup Servicing Agreement, dated as of November 30, 2023, among the Company, Exhibit 4.139 to the Company’s Current Report on Form 8-K filed December 4, 2023). |
| 4.124 4.104 | Sale and Contribution Agreement, dated as of November 30, 2023, between the C December 4, 2023). |
| 4.125 4.105 | Indenture, dated as of December 21, 2023, between Credit Acceptance Auto Loan December 27, 2023). |
| 4.126 4.106 | Backup Servicing Agreement, dated as of December 21, 2023, among the Company, to Exhibit 4.144 to the Company’s Current Report on Form 8-K filed December 27, 20 |
| 4.127 | Amended and Restated Intercreditor Agreement, dated December 21, 2023, among t Warehouse Funding LLC VIII, Credit Acceptance Funding LLC 2023-5, Credit Acce Credit Acceptance Funding LLC 2022-3, Credit Acceptance Funding LLC 2022-2, Cr 2021-2, Credit Acceptance Funding LLC 2021-1, Credit Acceptance Funding LLC 20 Auto Loan Trust 2023-2, Credit Acceptance Auto Loan Trust 2023-1, Credit Accepta 2021-3, Credit Acceptance Auto Loan Trust 2021-2, Credit Acceptance Auto Loan Association, and Citizens Bank, N.A. (incorporated by reference to Exhibit 4.145 to th |
| 4.128 4.107 | Sale and Contribution Agreement, dated as of December 21, 2023, between the Com 27, 2023). |
| 4.129 4.108 | Amended and Restated Trust Agreement, dated as of December 21, 2023, among ( (incorporated by reference to Exhibit 4.147 to the Company’s Current Report on Form |
| 4.130 4.109 | Sale and Servicing Agreement, dated as of December 21, 2023, among the Company to Exhibit 4.148 to the Company’s Current Report on Form 8-K filed December 27, 20 |
| 4.131 4.110 | Fifth Amendment to Amended and Restated Loan and Security Agreement, dated a Company, N.A., and (with respect to Section 9 thereof) Wells Fargo Bank, National As |
| 4.111 | Fifth Amendment to Loan and Security Agreement, dated as of February 16, 2024 (incorporated by reference to Exhibit 4.132 to the Company’s Current Report on Form |
| 4.112 | Sale and Servicing Agreement, dated as of February 27, 2024, among the Company, to Exhibit 4.133 to the Company’s Current Report on Form 8-K filed February 29, 2024 |
| 4.113 | Backup Servicing Agreement, dated as of February 27, 2024, among the Company, C Exhibit 4.134 to the Company’s Current Report on Form 8-K filed February 29, 2024). |
| 4.114 | Sale and Contribution Agreement, dated as of February 27, 2024, between the Comp 29, 2024). |

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| 4.115 | Amended and Restated Trust Agreement, dated as of February 27, 2024, among C (incorporated by reference to Exhibit 4.137 to the Company's Current Report on Form |
| 4.116 | Indenture, dated as of February 27, 2024, between Credit Acceptance Auto Loan T February 29, 2024). |
| 4.117 | Indenture, dated as of March 28, 2024, between Credit Acceptance Auto Loan Trust 2024). |
| 4.118 | Backup Servicing Agreement, dated as of March 28, 2024, among the Company, Cr Exhibit 4.140 to the Company's Current Report on Form 8-K filed April 3, 2024). |
| 4.119 | Sale and Contribution Agreement, dated as of March 28, 2024, between the Company |
| 4.120 | Amended and Restated Trust Agreement, dated as of March 28, 2024, among Cre (incorporated by reference to Exhibit 4.143 to the Company's Current Report on Form |
| 4.121 | Sale and Servicing Agreement, dated as of March 28, 2024, among the Company, C Exhibit 4.144 to the Company's Current Report on Form 8-K filed April 3, 2024). |
| 4.122 | Twelfth Amendment to Sixth Amended and Restated Credit Agreement, dated as of (incorporated by reference to Exhibit 4.145 to the Company's Current Report on Form |
| 4.123 | Indenture, dated as of June 20, 2024, between Credit Acceptance Auto Loan Trust 2 2024). |
| 4.124 | Backup Servicing Agreement, dated as of June 20, 2024, among the Company, Cre Exhibit 4.147 to the Company's Current Report on Form 8-K filed June 26, 2024). |
| 4.125 | Sale and Contribution Agreement, dated as of June 20, 2024, between the Company |
| 4.126 | Amended and Restated Trust Agreement, dated as of June 20, 2024, among Cre (incorporated by reference to Exhibit 4.150 to the Company's Current Report on Form |
| 4.127 | Sale and Servicing Agreement, dated as of June 20, 2024, among the Company, Cr Exhibit 4.151 to the Company's Current Report on Form 8-K filed June 26, 2024). |
| 4.128 | Second Amendment to Loan and Security Agreement, dated as of June 21, 2024 (incorporated by reference to Exhibit 4.152 to the Company's Current Report on Form |
| 4.129 | Thirteenth Amendment to Sixth Amended and Restated Credit Agreement, dated as (incorporated by reference to Exhibit 4.153 to the Company's Current Report on Form |
| 4.130 | Consent, dated June 26, 2024, under the Loan and Security Agreement, dated as of Association, and Computershare Trust Company, N.A. (incorporated by reference to E |

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| 4.131 | Amendment No. 2 to the Seventh Amended and Restated Loan and Security Agreem Company, N.A. (incorporated by reference to Exhibit 4.155 to the Company's Current |
| 4.132 | Amendment No. 3 to Loan and Security Agreement, dated as of September 19, 2024 the Company's Current Report on Form 8-K filed September 24, 2024). |
| 4.133 | Amendment No. 3 to the Seventh Amended and Restated Loan and Security Agreem Trust Company, N.A. (incorporated by reference to Exhibit 4.157 to the Company's Cu |
| 4.134 | Indenture, dated as of September 26, 2024, between Credit Acceptance Auto Loan October 2, 2024). |
| 4.135 | Backup Servicing Agreement, dated as of September 26, 2024, among the Company to Exhibit 4.159 to the Company's Current Report on Form 8-K filed October 2, 2024). |
| 4.136 | Sale and Contribution Agreement, dated as of September 26, 2024, between the Cor 2, 2024). |
| 4.137 | Amended and Restated Trust Agreement, dated as of September 26, 2024, among (incorporated by reference to Exhibit 4.162 to the Company's Current Report on Form |
| 4.138 | Sale and Servicing Agreement, dated as of September 26, 2024, among the Compan to Exhibit 4.163 to the Company's Current Report on Form 8-K filed October 2, 2024). |
| 4.139 | Sixth Amendment to Loan and Security Agreement, dated as of August 1, 2024, amo on Form 10-Q for the quarterly period ended September 30, 2024). |
| 4.140 | Tenth Amendment to Loan and Security Agreement, dated as of December 5, 202 Company's Current Report on Form 8-K filed December 10, 2024). |
| 4.141 | Loan and Security Agreement, dated as of December 20, 2024, among the Company Exhibit 4.166 to the Company's Current Report on Form 8-K filed December 23, 2024 |
| 4.142 | Backup Servicing Agreement, dated as of December 20, 2024 among the Company, Exhibit 4.167 to the Company's Current Report on Form 8-K filed December 23, 2024 |
| 4.143 | Amended and Restated Intercreditor Agreement, dated December 20, 2024, among t Warehouse Funding LLC VIII, Credit Acceptance Funding LLC 2024-B, Credit Acce Credit Acceptance Funding LLC 2023-5, Credit Acceptance Funding LLC 2023-A, C 2022-3, Credit Acceptance Funding LLC 2022-2, Credit Acceptance Funding LLC 20 Loan Trust 2024-3, Credit Acceptance Auto Loan Trust 2024-2, Credit Acceptance Au Credit Acceptance Auto Loan Trust 2023-2, Credit Acceptance Auto Loan Trust 202 Trust Company, N.A., Bank of Montreal, Fifth Third Bank, National Association, Flag Form 8-K filed December 23, 2024). |
| 4.144 | Sale and Contribution Agreement, dated as of December 20, 2024, between the C December 23, 2024). |

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| 10.1 | Form of Restricted Stock Grant Agreement (incorporated by reference to Exhibit 10(q) |
| 10.2 | Credit Acceptance Corporation Amended and Restated Incentive Compensation Plan |
| 10.3 | Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit |
| 10.4 | Form of Board of Directors Restricted Stock Unit Award Agreement (incorporated by r |
| 10.5 | Restricted Stock Unit Award Agreement, dated March 26, 2012, between the Compa 31, 2012).* |
| 10.6 | Restricted Stock Award Agreement, dated March 26, 2012, between the Company a 2012).* |
| 10.7 | Credit Acceptance Corporation Amended and Restated Incentive Compensation Plan |
| 10.8 | Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit |
| 10.9 | Shareholder Agreement, dated as of January 3, 2017, between the Company and Do |
| 10.10 | Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit |
| 10.11 | Amendment to Shareholder Agreement dated September 15, 2017, between the Co September 30, 2017).* |
| 10.12 | Amendment to Shareholder Agreement dated November 29, 2017, between the Com |
| 10.13 | Form of Director Restricted Stock Unit Agreement (incorporated by reference to Exhib |
| 10.14 | Form of Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 1 |
| 10.15 | Form of Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 1 |
| 10.16 | Form of Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 1 |
| 10.17 | Form of Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 1 |
| 10.18 | Settlement Agreement and Assurance of Discontinuance with the Commonwealth of M |
| 10.19 | Credit Acceptance Corporation Amended and Restated Incentive Compensation Pla 10, 2021).* |
| 10.20 | Non-Employee Director Restricted Stock Unit Award Agreement (incorporated by refe |
| 10.21 | Credit Acceptance Corporation Amended and Restated Incentive Compensation Pla ended June 30, 2023).* |
| 10.22 | Credit Acceptance Corporation Amended and Restated Incentive Compensation Pla ended June 30, 2024).* |
| 10.23 | Amendment, effective September 19, 2024, to the Credit Acceptance Corporation A quarterly period ended September 30, 2024).* |
| 10.24 | Form of Restricted Stock Unit Award Agreement* |
| 19 | Securities trading policy. |
| 21 | List of Credit Acceptance Corporation subsidiaries. |
| 23 | Consent of Grant Thornton LLP. |
| 31.1 | Certification of principal executive officer pursuant to Rule 13a-14(a) of the Securities |
| 31.2 | Certification of principal financial officer pursuant to Rule 13a-14(a) of the Securities E |
| 32.1 | Certification of principal executive officer pursuant to 18 U.S.C. Section 1350, as ado |
| 32.2 | Certification of principal financial officer pursuant to 18 U.S.C. Section 1350, as adopt |
| 97 | Policy relating to recovery of erroneously awarded compensation. compensation (inco |
| 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 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 S |

* Management contract or compensatory plan or arrangement.

Other instruments, notes, or extracts from agreements defining the rights of holders of long-term debt of the Company or i consolidated assets and (ii) the Company hereby agrees that it will furnish such instruments, notes, and extracts to the Se

Amendments and modifications to other exhibits previously filed have been omitted when in the opinion of the registrant s

**ITEM 16. FORM 10-K SUMMARY**

None.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly ca

**CREDIT**

By:

Date:

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the followi

| Signature | |
|---|---|
| /s/ KENNETH S. BOOTH<br>Kenneth S. Booth | Chief Execu<br>(Principal Ex |
| /s/ JAY D. MARTIN<br>Jay D. Martin | Chief Financ<br>(Principal Fi |
| /s/ THOMAS N. TRYFOROS<br>Thomas N. Tryforos | Chair of the |
| /s/ GLENDA J. FLANAGAN<br>Glenda J. Flanagan | Director |
| /s/ VINAYAK R. HEGDE<br>Vinayak R. Hegde | Director |
| /s/ SEAN E. QUINN<br>Sean E. Quinn | Director |
| /s/ SCOTT J. VASSALLUZZO<br>Scott J. Vassalluzzo | Director |

**CRED**
**RESTRICTE**

Credit Acceptance Corporation (the "***Company***") hereby grants you, (the "***Participant***"), a Restricted
as amended (the "***Plan***"). The terms and conditions of the Award are set forth in this agreement and i

GRANT DATE: December 3, 2024

NUMBER OF RESTRICTED STOCK UNITS: [•] Restricted Stock Units, comprised of

[•] Base Restricted Stock Units, and

[•] Retirement Restricted Stock Units

VESTING SCHEDULE: As described in Appendix A.

Your signature below indicates your agreement and understanding that this grant is subject to all of th
FOLLOWING:

1. THAT YOU HAVE RECEIVED A COPY OF THE PLAN AND THAT YOU HAVE READ T
AGREEMENT.

2. THAT IF THERE IS ANY INCONSISTENCY BETWEEN THE TERMS OF THE PLAN A
REPLACE THE CONFLICTING TERMS OF THIS AWARD AGREEMENT AND APPENDIX A.

3. THAT THE PLAN IS SUBJECT TO AMENDMENT AND THIS GRANT WILL BE SUBJE
ADVERSELY AFFECT YOUR RIGHTS THAT HAVE VESTED UNDER THIS AGREEMENT PRIOR T

CREDIT ACCEPTANCE CORPORATION

By ______________________

Jay D. Martin

Its: Chief Financial Officer

Date ______________________

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APPEN

THE AGREEMENT, including Appendix A, effective as of the Grant Date above, represents the
Agreement. All capitalized terms shall have the meanings ascribed to them in the Plan, unless specifi

1. Value of Restricted Stock Units. Each Restricted Stock Unit shall represent and have a value e
Plan.

2. Vesting Schedule Applicable to Restricted Stock Units. Except as provided in Section 3, the Re
with the following schedule:

image_0.jpg

*provided* that the Participant is providing services to the Company through each such date (each, a "**V**

For purposes of this Agreement including Appendix A, the term "***Base Restricted Stock Units***" shall
the settlement terms set forth in Section 5(a) below, and the term "***Retirement Restricted Stock Unit***
are subject to the settlement terms set forth in Section 5(b) below.

3. Termination Provisions; Termination Prior to Vesting. Notwithstanding Section 2, if the Participa
Participant; *provided, however*, that if the Participant's employment is terminated (i) by the Company
Change in Control, then such termination will not result in forfeiture, and the Restricted Stock Units ins
following the Termination Date had the Participant remained employed or, if less, the remaining unves

4. Dividend Equivalents. While the Restricted Stock Units are outstanding, the Company shall cre
number of Restricted Stock Units ("***Additional Restricted Stock Units***") equal to the total number of
multiplied by the dollar amount of the cash dividend paid per share of Common Stock by the Compan
resulting from such calculation shall be included in the



Additional Restricted Stock Units. A report showing the number of Additional Restricted Stock Units s
Retirement Restricted Stock Units, as determined by the Company. The Additional Restricted Stock U
Agreement and the Additional Restricted Stock Units shall be forfeited in the event that the Restricted

5. Form and Timing of Settlement of the Restricted Stock Units.

(a) Except as set forth in Section 10, payment of vested Restricted Stock Units shall be ma
"***Payment Date***"):

(i) *Base Restricted Stock Units*. The Payment Date with respect to half (50%) of the
Date for the remaining half (50%) of the then vesting Base Restricted Stock Units

(ii) *Retirement Restricted Stock Units*. The Payment Date with respect to all (100%)
***Date***") shall be the fifth anniversary of the Termination Date, or, if the Participant
foregoing, on each Vesting Date with respect to the Retirement Restricted Stock
no more than the total amount) of employment taxes and income taxes related to
such Restricted Stock Units.

The Participant shall be eligible for payment of vested Restricted Stock Units on the Pay
Vesting Date, regardless of whether the Participant is providing services to the Compan

(b) *Change in Control.*

(i) Upon the occurrence of a Change in Control, notwithstanding the provisions of Se
Units shall be the date of (or within fourteen (14) days following the date of) the C
such other consideration necessary for a Participant to receive property, cash, or
Control transaction if the Participant had been, immediately prior to such transact

(ii) In addition, in the event that the Participant's employment is terminated by the Co
Change in Control, any additional vested Base Restricted Stock Units (inclusive c
additional vested Retirement Restricted Stock Units (inclusive of amounts that ve

(c) *Death*. Notwithstanding the foregoing, upon the death of the Participant, payment with re
Common Stock within thirty (30) days of the date of death; *provided, however*, that the p
the year following the year in which the date of death occurs.

For purposes of this Section 5, the number of vested Restricted Stock Units paid will be rounded up, i
shall in no event exceed the number of Restricted Stock Units that become vested pursuant to this Ag

6. Tax Withholding. Notwithstanding any contrary provision of this Award Agreement, Restricted S
are made by the Participant with respect to the payment of income and employment taxes, if any, whi
tax withholding obligations, if any, in whole or in part, pursuant to such procedures as the Committee r
delivering to the Company already vested and owned shares of Common Stock having a fair market v
consequences for the Company and is permitted under applicable withholding rules promulgated by th
extent permitted by the Company and applicable law, electing to have the Company reduce future cor
Company (on or before the date taxes are to be remitted by the Company) the full required amount th
withhold sufficient vested shares held for the Participant.

7. Rights as Shareholder. Neither the Participant nor any person claiming under or through the Pa
hereunder unless and until the Restricted Stock Units are settled and the underlying shares of Comm

8. Nontransferability. Restricted Stock Units may not be sold, transferred, pledged, assigned or ot

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9. Administration. This Agreement and the rights of the Participant hereunder are subject to all the
the Committee may adopt for administration of the Plan. It is expressly understood that the Committee
this Agreement, all of which shall be binding upon the Participant.

10. Specific Restrictions upon Shares. The Participant hereby agrees with the Company as follows

(a) The Participant shall acquire the shares of Common Stock issuable with respect to the R
public in violation of the Securities Act of 1933, as amended (the "***1933 Act***") and shall r
and regulations thereunder, or any applicable state securities or "Blue Sky" laws.

(b) If any shares acquired with respect to the Restricted Stock Units shall be registered und
shares shall be made by the Participant under such circumstances that he or she (or suc

11. Miscellaneous.

(a) Adjustments to Shares. In the event of any merger, reorganization, recapitalization, stoc
affecting the Stock, the Committee or Board of Directors of the Company will make such
Award to prevent dilution of rights.

(b) Notices. Any written notice required or permitted under this Agreement shall be deemed
Company, (ii) when deposited in a United States Post Office as registered mail, postage
Company, or to the Attention: Human Resources Department, Credit Acceptance Corpo
delivered by electronic email transmission (addressed to the Participant at his email add
email was sent, provided that a receipt of such email is requested and thereafter confirm

(c) Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any

(d) Effect of Demotion Prior to Change in Control. Unless and to the extent otherwise deter Control shall result in

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the forfeiture of any remaining unvested Base Restricted Stock Units and unvested Reti Units and vested Retirement Restricted Stock Units shall remain subject to the payment provision shall have no effect on and after the date of a Change in Control.

(e) No Effect on Employment. Nothing in the Plan or this Agreement shall confer upon the F employment will be determined from time to time by the Company or the Affiliate employ to terminate or change the terms of the employment of the Participant, or to terminate th employment agreement with the Company or any Affiliate which contains different or ad employment agreement will govern.

(f) Governing Law. All questions concerning the construction, validity and interpretation of t

(g) Provision of Plan. The Restricted Stock Units provided for herein and granted pursuant t terms and provisions thereof, whether such terms and provisions are incorporated in thi the terms of the Plan, the Plan's terms shall completely supersede and replace the confl

(h) Section 16 Compliance. If the Participant is subject to Section 16 of the Exchange Act, e Restricted Stock Units hereunder to the date of the Participant's disposition of such Res

(i) Clawback Policy. Awards are subject to the Company's policies on recoupment of gains terms of the Credit Acceptance Corporation Clawback Policy and any other clawback po association on which the Company's securities are listed or other applicable law.

(j) Code Section 409A. The Restricted Stock Units are intended to comply with Section 409 interpretive guidance issued thereunder, including without limitation any such regulation to the contrary, in the event that the Committee determines that any award may or does

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of the Code, the Company may adopt such amendments to the award (without the Parti or take any other actions, that the Committee determines are necessary or appropriate t provided with respect to award, or (ii) comply with the requirements of Section 409A of t

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**RESOLUTIO**

**CRED**

Whereas, the Board of Directors has considered whether to adopt the following Corporate Pol

1. It is the policy of the Company to comply with all applicable securities laws and regulations

2. No person covered by this Policy Statement shall purchase or sell any security issued by t public. Nor shall any such person provide such information to any other person, whether e Company. No person covered by this Policy Statement may use any material information r other entity.

3. Officers, directors and certain other management personnel designated by the Chief Exec during a Window Period (as defined below) or (b) with the prior written approval of, in the c Compliance Officer"), and, in the case of directors, the Board of Directors or person design the Stock Compliance Officer serves in both such capacities, in which case, the Board of D

   (i) Unless otherwise determined in a specific instance by the Board of Directors, the quarterly and annual summary statements of sales and earnings ("Results"), pro are released after the market opens on the day of the release, then Window Per Period shall close on the last day of the fiscal quarter in which the release is ma

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   (ii) The Stock Compliance Officer shall not approve any purchase or sale outside a W transaction and the Stock Compliance Officer otherwise believes the transaction Company counsel on such matters as he or she deems appropriate.

   (iii) The trading restrictions in this Policy Statement do not apply to:

   - Any purchase of Company stock through the Credit Acceptance 401(k) P apply, however, to elections made under the Credit Acceptance 401(k) Pl Fund, (b) make an intra-plan transfer of an existing account balance into result in a liquidation of some or all of a Credit Acceptance Stock Fund ba

   - Any purchase or sale of Company stock by Management Personnel rega Plan") that was entered into during a Window Period when the person wa this Policy who wishes to enter into a Trading Plan must submit the Tradi when he or she is in possession of material nonpublic information about t securities to be traded, the price at which they are to be traded or the dat proposed

amendment or replacement of a Trading Plan to the Stock Compliance O
modification of their trading plan or (b) two business days after the compa
modified. The person is prohibited from having more than one plan coveri
Plans set up for a single trade are permitted, but the person is limited to o
a Trading Plan. The person should understand that frequent modifications

- Exercises of stock options issued by the Company where no Company co exercise the option) or the exercise of a tax withholding right pursuant to withholding requirements. The trading restrictions do apply, however, to s proceeds are used to fund the option exercise price (i.e., a cashless exerc

4. No officer or director of the Company shall purchase and sell, or sell and purchase, any eq for contribution to the Credit Acceptance Stock Fund in the Credit Acceptance 401(k) plan

5. No officer or director of the Company shall sell any equity security of the Company if such thereafter or does not within five days after such sale deposit the security in the mails or ot

6. No officer or director of the Company, or any of their designees,shall engage directly or ind securities. "Hedging" refers to any strategy designed to hedge or offset or reduce the risk o securities. Hedging transactions include (but are not limited to) prepaid variable forward co

7. The prohibition on hedging transactions set forth in this policy is prospective and shall not equity or debt securities were hedged prior to the effective date, this prohibition applies to s on hedging transactions will be grounds for disciplinary action by the Company, which may stock held by officers and directors may continue to be pledged or otherwise used as secu Company shares in a margin account or any other account that could cause such shares t demonstrates the financial capacity to repay the loan without resorting to the pledged secu

8. Each officer and director of the Company shall comply with the filing requirements of Secti The Stock Compliance Officer, in conjunction with Company counsel, shall implement a sys

9. Each officer and director of the Company shall, and any other person covered by this Polic complied with this Policy Statement at all times from the date hereof (or such lesser time as

10. The Stock Compliance Officer may adopt such reasonable procedures as he or she shall d

11. All officers, directors, employees and agents of this Company shall be encouraged to cons

questions about the applicability of this Corporate Policy to them or their activities.

NOW THEREFORE, BE IT RESOLVED, that the above policy is hereby adopted by the Bo

**CREI**
**SCHEDULE OF CREI**
**As of D**

The following is a list of subsidiaries as of the date of this filing of Credit Acceptance Corporation, other than subsidiaries v
Commission Regulation S-X.

Buyers Vehicle Protection Plan, Inc
CAC International Holdings, LLC
CAC of Canada Company
CAC Reinsurance, Ltd.
CAC Scotland
CAC Warehouse Funding LLC II
CAC Warehouse Funding LLC IV
CAC Warehouse Funding LLC V
CAC Warehouse Funding LLC VI
CAC Warehouse Funding LLC VIII
Credit Acceptance Auto Loan Trust 2019-3
Credit Acceptance Auto Loan Trust 2020-1
Credit Acceptance Auto Loan Trust 2020-2
Credit Acceptance Auto Loan Trust 2020-3
Credit Acceptance Auto Loan Trust 2021-2
Credit Acceptance Auto Loan Trust 2021-3
Credit Acceptance Auto Loan Trust 2021-4
Credit Acceptance Auto Loan Trust 2022-1
Credit Acceptance Auto Loan Trust 2022-3
Credit Acceptance Auto Loan Trust 2023-1
Credit Acceptance Auto Loan Trust 2023-2
Credit Acceptance Auto Loan Trust 2023-3
Credit Acceptance Auto Loan Trust 2023-5
Credit Acceptance Auto Loan Trust 2024-A
Credit Acceptance Auto Loan Trust 2024-1
Credit Acceptance Auto Loan Trust 2024-2
Credit Acceptance Auto Loan Trust 2024-3
Credit Acceptance Auto Loan Trust 2025-1
Credit Acceptance Auto Loan Trust 2025-2
Credit Acceptance Corporation of South Dakota, Inc.
Credit Acceptance Funding LLC 2018-1
Credit Acceptance Funding LLC 2018-2
Credit Acceptance Funding LLC 2018-3
Credit Acceptance Funding LLC 2019-1
Credit Acceptance Funding LLC 2019-2
Credit Acceptance Funding LLC 2019-3
Credit Acceptance Funding LLC 2020-1
Credit Acceptance Funding LLC 2020-2
Credit Acceptance Funding LLC 2020-3
Credit Acceptance Funding LLC 2021-1
Credit Acceptance Funding LLC 2021-2
Credit Acceptance Funding LLC 2021-3
Credit Acceptance Funding LLC 2021-4
Credit Acceptance Funding LLC 2022-1
Credit Acceptance Funding LLC 2022-2

Credit Acceptance Funding LLC 2022-3
Credit Acceptance Funding LLC 2023-1
Credit Acceptance Funding LLC 2023-2
Credit Acceptance Funding LLC 2023-3

Credit Acceptance Funding LLC 2023-A
Credit Acceptance Funding LLC 2023-5
Credit Acceptance Funding LLC 2024-A
Credit Acceptance Funding LLC 2024-1
Credit Acceptance Funding LLC 2024-2
Credit Acceptance Funding LLC 2024-3
Credit Acceptance Funding LLC 2024-B
Credit Acceptance Funding LLC 2025-1
Credit Acceptance Funding LLC 2025-2
Chapter 4 Properties, LLC
Vehicle Remarketing Services, Inc.
VSC Re Company

**CONSENT OF INDEPE**

We have issued our reports dated February 9, 2024 February 12, 2025, with respect to the consolidated finan the year ended December 31, 2023 December 31, 2024. We consent to the incorporation by reference of sa 260660; 333-91734, File No. 333-187105; 333-111831, File No. 333-120756; 333-120756, File No. 333-1118 18301).

/s/ GRANT THORNTON LLP

Southfield, Michigan
February 9, 2024 12, 2025

**CERTI**
**OF T**

I, Kenneth S. Booth, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2023 December 31, 2024 of Cre

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a mat period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly prese

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be
others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial report
statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this rep
evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred
reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal co
functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role i

Date: February 9, 2024 February 12, 2025

**CERTI**
**OF T**

I, Jay D. Martin, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2023 December 31, 2024 of Cre

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a mat
period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly prese

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls
13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be
others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial report
statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this rep
evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred
reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal co
functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role i

Date: February 9, 2024 February 12, 2025

**SECTION 90**

In connection with the Annual Report on Form 10-K of Credit Acceptance Corporation (the "Company") for the pe
Booth, as Chief Executive Officer (and, as such, the principal executive officer) of the Company, hereby certify, pursuant to

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of op

Date: February 9, 2024 February 12, 2025

**SECTION 90**

In connection with the Annual Report on Form 10-K of Credit Acceptance Corporation (the "Company") for the per
as Chief Financial Officer (and, as such, the principal financial officer) of the Company, hereby certify, pursuant to 18 U.S.C

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of op

Date: February 9, 2024 February 12, 2025

![0000885550-24-000030image_0a.jpg]

**CRED**

The Executive Compensation Committee (the "Committee") of the Board of Directors (the "Board"
Policy (the "Policy") to be applied to the Executive Officers of the Company and adopts this Policy to

**1. Definitions**

For purposes of this Policy, the following definitions shall apply:

a) "Company Group" means the Company and each of its Subsidiaries, as applicable.

b) "Covered Compensation" means any Incentive-Based Compensation granted, vested, or p
Compensation and that was Received (i) on or after the effective date of the Nasdaq listing
a national securities exchange or a national securities association.

c) "Effective Date" means October 2, 2023.

d) "Erroneously Awarded Compensation" means the amount of Covered Compensation grant
Measure relating to such Covered Compensation was attained that exceeds the amount of
determined based on the applicable Restatement, computed without regard to any taxes p
Erroneously Awarded Compensation is not subject to mathematical recalculation directly fr
Erroneously Awarded Compensation, if any, based on a reasonable estimate of the effect
paid and the Committee shall maintain documentation of such determination and provide s

e) "Exchange Act" means the U.S. Securities Exchange Act of 1934.

f) "Executive Officer" means each "officer" of the Company as defined under Rule 16a-1(f) ur
officers pursuant to Item 401(b) of Regulation S-K under the Exchange Act. Both current a

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g) "Financial Reporting Measure" means (i) any measure that is determined and presented in
wholly or in part from such measures and may consist of GAAP or non-GAAP financial me
price or (iii) total shareholder return. Financial Reporting Measures may or may not be filed
Analysis of Financial Conditions and Result of Operations or in the performance graph req

h) "Home Country" means the Company's jurisdiction of incorporation.

i) "Incentive-Based Compensation" means any compensation that is granted, earned, or vest

j) "Lookback Period" means the three completed fiscal years (plus any transition period of les
Company's fiscal year) immediately preceding the date on which the Company is required
the Board, or the officer or officers of the Company authorized to take such action if Board
or (ii) the date a court, regulator or other legally authorized body directs the Company to pr
Restatement is actually filed.

k) "Nasdaq" means the Nasdaq Stock Market.

l) "Received": Incentive-Based Compensation is deemed "Received" in the Company's fiscal
award is attained, even if the grant, vesting, or payment of the Incentive-Based Compensa

m) "Restatement" means a required accounting restatement of any Company financial statem
including (i) to correct an error in previously issued financial statements that is material to t
issued financial statements that is not material to the previously issued financial statement

current period (commonly referred to as a “little r” restatement). Changes to the Company’s
constitute Restatements. Recovery of any Erroneously Awarded Compensation under the

n) “SEC” means the U.S. Securities and Exchange Commission.

o) “Subsidiary” means any domestic or foreign corporation, partnership, association, joint stoc
one or more intermediaries, “controlling”, “controlled by” or “under common control with”, th
the management and policies of such person, whether through the ownership of voting sec

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**2. Recoupment of Erroneously Awarded Compensation**

In the event of a Restatement, any Erroneously Awarded Compensation Received during the Loo
immediately forfeited and (b) that has been paid to any person shall be subject to reasonably prompt
the discretion to waive) the forfeiture and/or repayment of such Erroneously Awarded Compensation

Notwithstanding the foregoing, the Committee may determine not to pursue the forfeiture and/or r
recovery would be impracticable due to any of the following circumstances: (i) the direct expense pai
the amount to be recovered (following reasonable attempts by the Company Group to recover such E
Nasdaq), (ii) pursuing such recovery would violate the Company’s Home Country laws adopted prior
recovery would result in such a violation and provides such opinion to the Nasdaq), or (iii) recovery w
Company Group, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and re

**3. Means of Repayment**

In the event that the Committee determines that any person shall repay any Erroneously Awarded
file with the Company Group for such person, and the person shall satisfy such repayment in a mann
against any amount owed to the person by the Company Group, to require the forfeiture of any award
repayment amount from the person, in each case, to the fullest extent permitted under applicable law
the Committee does not specify a repayment timing in the written notice described above, the applica
check no later than thirty (30) days after receipt of such notice.

**4. No Indemnification**

No person shall be indemnified, insured or reimbursed by the Company Group in respect of any l
for disputes related to any loss of compensation by such person in accordance with this Policy, and n
insurance policy covering potential recovery obligations under this Policy. For this purpose, “indemnif
indemnification (for example, providing the person a new cash award which would be cancelled to ef
person an additional payment if any Restatement would result in a higher incentive compensation pa

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**5. Miscellaneous**

This Policy generally will be administered and interpreted by the Committee, provided that the Bo
“Committee” shall be deemed to refer to the Board. Any determination by the Committee with respec
Any discretionary determinations of the Committee under this Policy, if any, need not be uniform w

This Policy is intended to satisfy the requirements of Section 954 of the Dodd-Frank Wall Street R
by the SEC or the Nasdaq, including any additional or new requirements that become effective after t
comply with such additional or new requirements.

The provisions in this Policy are intended to be applied to the fullest extent of the law. To the exte
to the maximum extent permitted and shall automatically be deemed amended in a manner consiste
Policy shall not affect the validity or enforceability of any other provision of this Policy. Recoupment o
this Policy, including any requirements to provide applicable documentation to the Nasdaq.

The rights of the Company Group under this Policy to seek forfeiture or reimbursement are in add
Company Group pursuant to the terms of any law, government regulation or stock exchange listing re
plan or agreement of the Company Group.

**6. Amendment and Termination**

To the extent permitted by, and in a manner consistent with applicable law, including SEC and Na

**7. Successors**

This Policy shall be binding and enforceable against all persons and their respective beneficiaries
paid to or administered by such persons or entities.

**DISCLAIMER**







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