



ANNUAL REPORT

YEAR IN REVIEW



MISSION

Helping hardworking people get access to fast, trustworthy credit.

CUSTOMER STORIES

"Life saver. There when needed. ALWAYS! Love it :)"

- Rosa

CashNetUSA.

"We had a great experience with the team at Headway Capital. They listened to our needs and did not push us into something we did not need or want."

- Lori

HEADWAY CAPITAL.

"My experience was excellent. I could not have asked for a more professional, helpful and speedy process, everything was explained clearly and I was done in no time at all. This was just what I needed, it allowed me to do some things I needed to do for my business right away. Thank you."

- Scott

ondeck

"Helpful and timely. Good terms."

- Regina

"Thank you for making this process manageable. I like that all your information is there for you to view. Again thank you for your time."

- Helen

 THE BUSINESS BACKER.

 NetCredit

"I am very happy because this loan helped me a lot, it came at the right time."

- Andre

"Pangea offers great service. The funds are delivered in a timely manner!"

- Joe



pangea

Dear Fellow Shareholders,

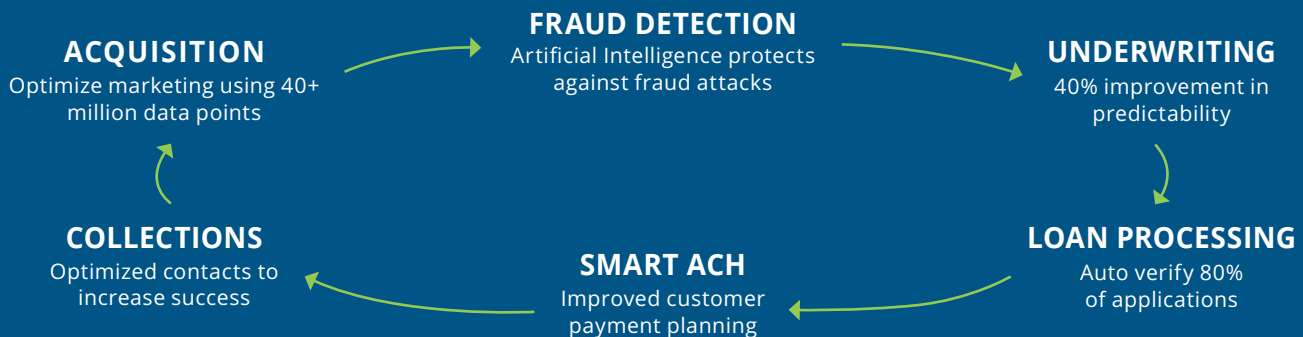
2021 was another year of rapid growth for Enova, as our diversified business, advanced machine learning and technology, and terrific team enabled us to capitalize on the improving economic environment. Throughout a very uncertain year, our team applied its strengths to successfully deliver world-class products to our customers and solid financial results for our shareholders. The ability of our team to operate in a wide variety of market environments combined with the resilience of our online-only business model give me confidence in our ability to come together and achieve our mission.

At the beginning of the year, our focus was to build on the measured reacceleration in lending that started in the back half of 2020. Encouraged by the positive shift in market conditions, rising customer demand and stable credit quality across our portfolio, we invested heavily in marketing. As a result, we generated the highest new customer originations since our first year of operations and grew our revenue 11% year over year to a record \$1.2 billion.

We completed the integration of OnDeck in 2021, exceeding our forecast of \$50 million in cost synergies and \$15 million in run rate net revenue synergies, and, as we expected, the transaction was accretive in 2021. On top of that, we realized over \$220 million of total cash from the acquired portfolio, net of securitization payments. From an operational perspective, our small business brands are working together as a single business and have focused on delivering a faster, simpler experience for our customers. Moreover, the OnDeck acquisition has created meaningful diversification in our revenue: in 2021 our small business brands represented 31% of our revenue.

90% OF MODELS ARE MACHINE LEARNING-ENABLED

MACHINE LEARNING MODELS RUN ACROSS CUSTOMER LIFECYCLE



[FOCUSED] GROWTH

ENOVA'S BUSINESSES

CashNetUSA[®]

HEADWAY CAPITAL[™]



ondeck

pangea[™]

NetCredit[™]

Simplic

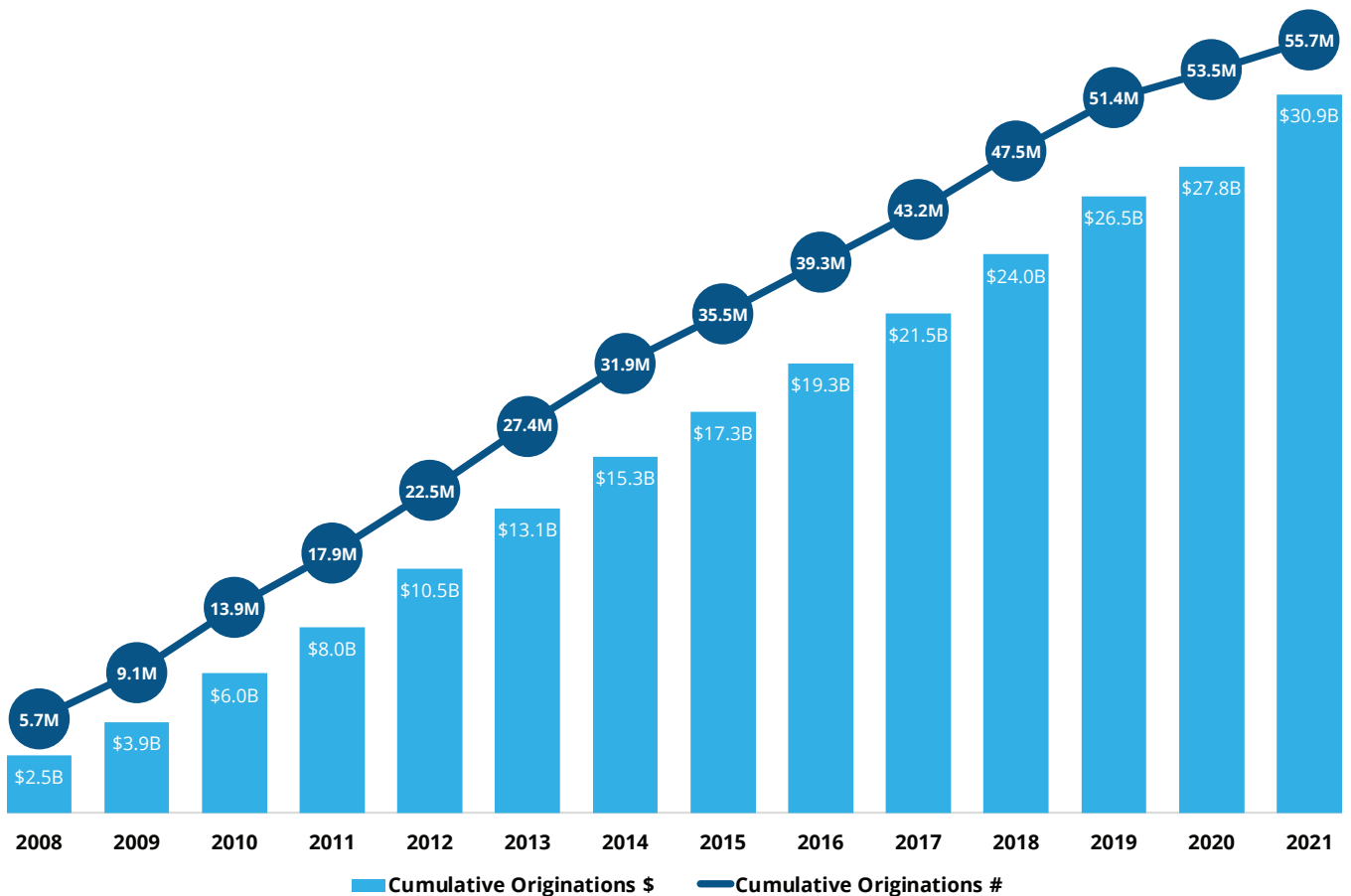
Our small business portfolio experienced significant growth in 2021. Small business revenue more than tripled in 2021 from 2020. In conjunction with our OnDeck acquisition, originations more than tripled to \$1.8 billion across our three products as small businesses sought credit to meet pent-up consumer demand coming out of the peak of the pandemic.

We also saw rapid growth in our consumer products in 2021, with the diversity of our consumer portfolio enabling us to deliver on our Customer First value by providing customers with a variety of loan options to meet their needs. Our installment loans and lines of credit continue to be the preferred products for our consumer customers, driving 64% of our total revenue in 2021.

We are proud to provide our customers with the opportunity to improve their financial wellbeing by delivering world-class products that meet their immediate needs. Our research shows that customers who have borrowed with NetCredit report higher credit scores over time, making them eligible for lower APRs with us or other lenders for subsequent or future loans. In addition, we continue to offer free financial health resources. For example, we partner with SpringFour™ to connect customers with trusted resources nearby to help them explore options for covering expenses, get in touch with employment services and save money.

**PROVEN
TRACK RECORD**
WITH 17-YEAR HISTORY OF PROFITABLY
LENDING THROUGH CREDIT CYCLES

ENOVA CUMULATIVE ORIGINATIONS^{1,2}



¹ From inception through December 31, 2021, including originations from discontinued operations.

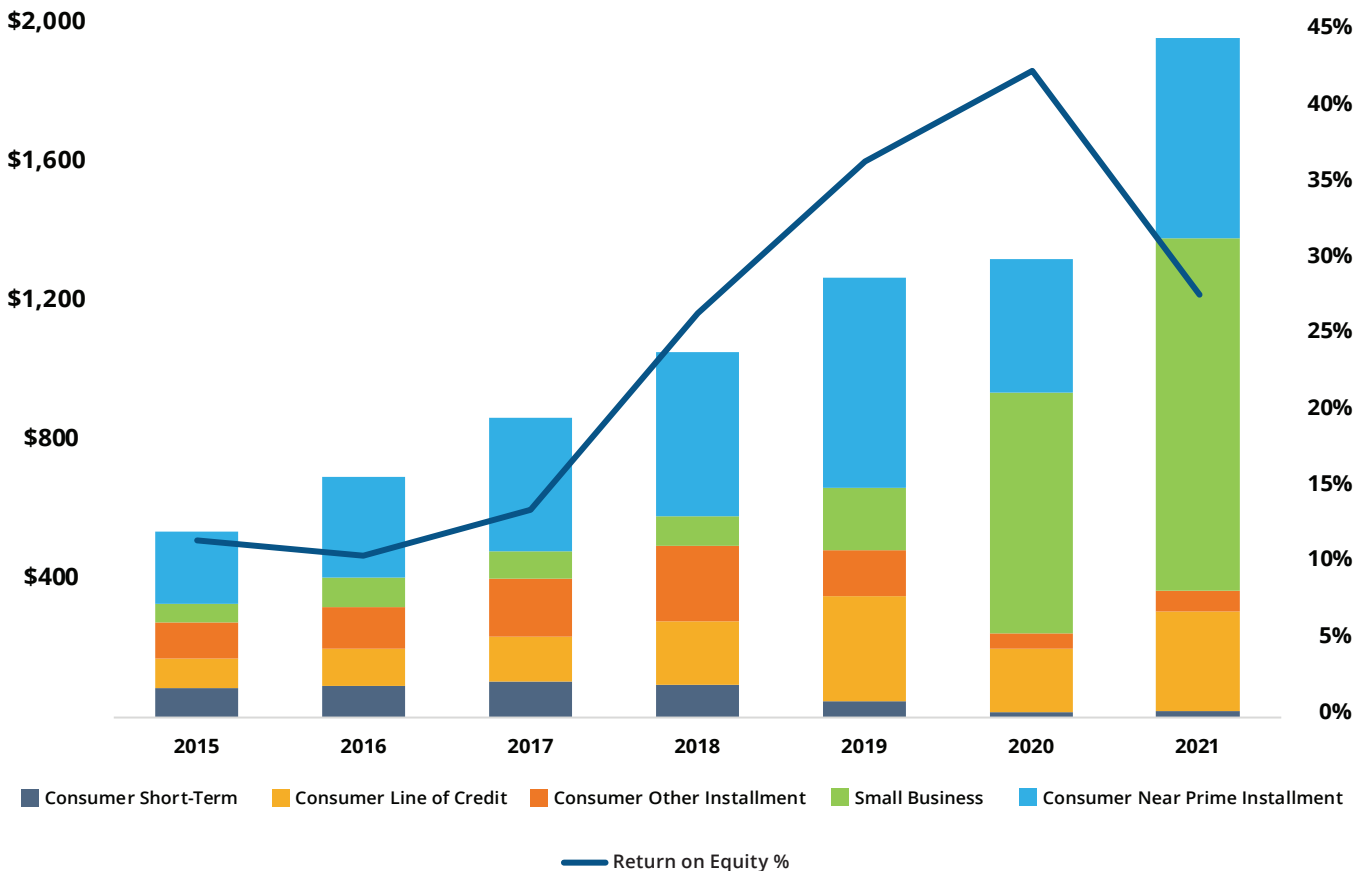
² Enova includes OnDeck beginning October 13, 2020.

WORLD-CLASS

ANALYTICS AND TECHNOLOGY POWERED
BY MACHINE LEARNING AND AI

With the acquisition of Pangea in March 2021, we added a high-growth business to our portfolio, serving a customer segment we know well — underbanked Americans. Since closing, we have leveraged our online business expertise along with our analytics, technology, marketing, regulatory compliance and capital markets capabilities to continue to grow Pangea. This business gives us access to a ~\$250 billion industry and further diversifies the markets we serve and services we offer.

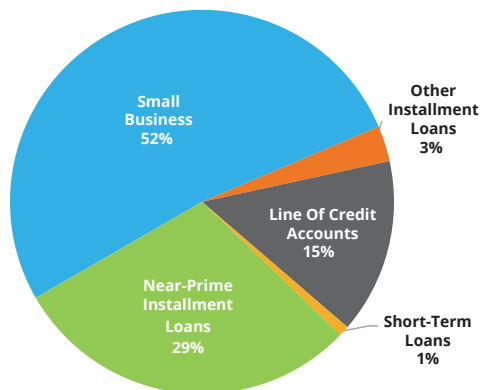
COMBINED RECEIVABLES AND RETURNS^{1,2}



¹ Including loans issued as part of our CSO program and, through 2018, loans from discontinued operations.

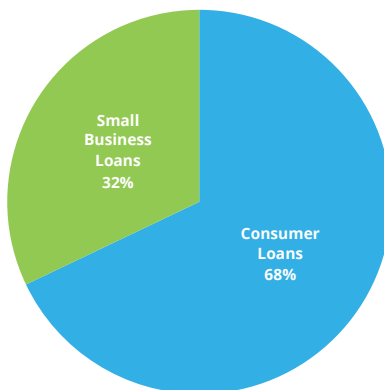
² ROE is based on trailing twelve months Adjusted Net Income.

GROSS AR DIVERSIFICATION BY PRODUCT TYPE



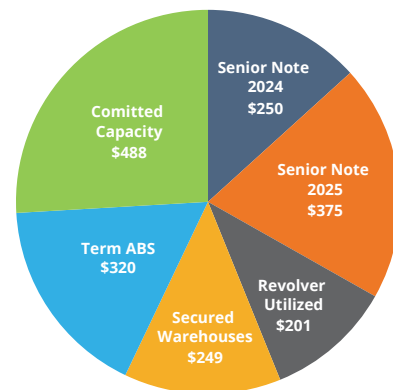
As of December 31, 2021

REVENUE DIVERSIFICATION BY PRODUCT TYPE¹



Year ended December 31, 2021

FUNDING MIX AND CAPACITY²



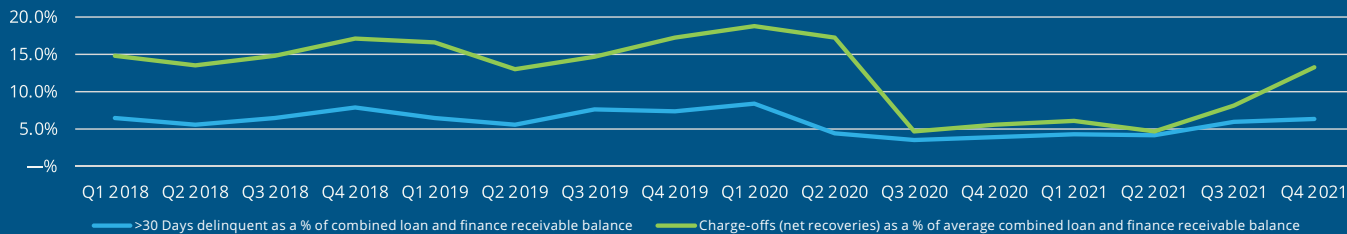
As of December 31, 2021

¹Includes loan and finance receivable revenue only.

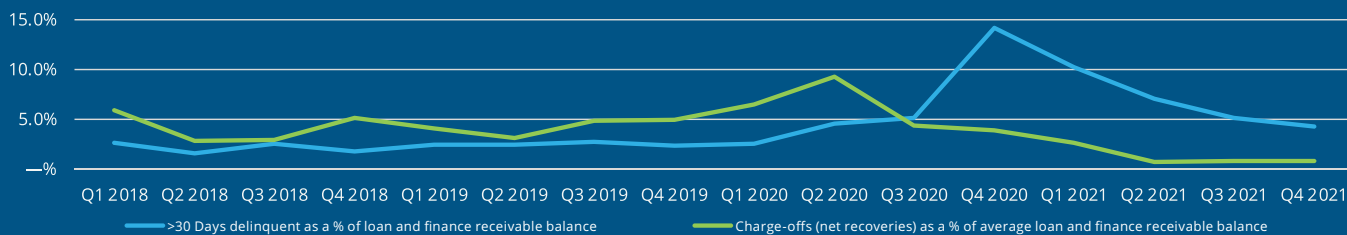
²Total U.S. debt outstanding at Dec 31, 2021 of \$1,394M, including \$1M Letters of Credit in the Revolver. Sources do not include LTM operating cash flow of \$472M and unrestricted and restricted cash/cash equivalents of \$226M as of December 31, 2021.

LOAN PERFORMANCE

CONSUMER LOANS^{1,2,3,4}



SMALL BUSINESS LOANS^{1,5,6}



¹Data shown excludes discontinued operations.

²Amounts as a % of loan balance are determined using period-end balances.

³Combined loan and finance receivable is a non-GAAP measure.

⁴The average combined loan and finance receivable balance is the average of the month-end balances during the period.

⁵Amounts as a % of loan and finance receivable balance are determined using period-end balances. Includes OnDeck data beginning October 13, 2020.

⁶The average loan and finance receivable balance is the average of the month-end balances during the period. Includes OnDeck data beginning October 13, 2020.

HIGHLY FLEXIBLE ONLINE-ONLY BUSINESS MODEL

2021 FACTS

\$1.208B

TOTAL REVENUE

+ **11.5%**
GROWTH

\$3.114B

TOTAL COMPANY
ORIGINATIONS

+ **152%**
GROWTH

85%

NET REVENUE
MARGIN

51%

EFFICIENCY
RATIO¹

\$730M

STRONG
LIQUIDITY²

¹Source: Company filings through December 31, 2021 for ENVA.

²Derived from: \$166M unrestricted cash + \$60M restricted cash + \$16M Brazil + \$488 warehouses/revolver.

OVER 7 MILLION CUSTOMERS SERVED

Heading into 2022, we will continue to invest in our people and our communities. As always, we will strive to put our resources where we see the greatest opportunity and pursue our Focused Growth strategy. Building on our efforts from past years, we will work to foster a diverse, equitable and inclusive workplace for our talented team. We will also give back to the communities where we live and work through increased charitable giving and volunteering efforts.

While there is still significant uncertainty around the pace of the economic recovery from the COVID pandemic, I am confident that Enova is well positioned to deliver strong results for our shareholders — just as we have done before through changing market conditions and multiple economic cycles. The improving economy and our highly scalable and flexible machine learning technology provide considerable tailwinds heading into 2022. We have built a fantastic team focused on executing our Focused Growth strategy and leveraging our advanced machine learning technology. Our diversified product offerings and customer-friendly online model will continue to deliver a variety of market-leading products to hardworking people. I am confident that we are well positioned to drive continued profitable growth and success in 2022 and beyond.

Thank you for your continued support and investment in Enova.



David Fisher

Chief Executive Officer
Enova International, Inc.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2021
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 1-35503



Enova International, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

45-3190813
(I.R.S. Employer
Identification No.)

175 West Jackson Blvd.
Chicago, Illinois
(Address of principal executive offices)

60604
(Zip Code)

Registrant's telephone number, including area code:
(312) 568-4200

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, \$.00001 par value per share	ENVA	New York Stock Exchange

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 No

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant 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.

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

The aggregate market value of 35,968,926 shares of the registrant's common stock, par value \$0.00001 per share, held by non-affiliates on June 30, 2021 was approximately \$1,230,496,958.

At February 24, 2022 there were 33,461,938 shares of the registrant's Common Stock, \$0.00001 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for the 2022 Annual Meeting of stockholders are incorporated by reference into Part III of this report.

ENOVA INTERNATIONAL, INC.

YEAR ENDED DECEMBER 31, 2021

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CAUTIONARY NOTE CONCERNING FACTORS THAT MAY AFFECT FUTURE RESULTS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You should not place undue reliance on these statements. These forward-looking statements give current expectations or forecasts of future events and reflect the views and assumptions of senior management with respect to the business, financial condition, operations and prospects of Enova International, Inc. and its subsidiaries (collectively, the “Company”). When used in this report, terms such as “believes,” “estimates,” “should,” “could,” “would,” “plans,” “expects,” “intends,” “anticipates,” “may,” “forecast,” “project” and similar expressions or variations as they relate to the Company or its management are intended to identify forward-looking statements. Forward-looking statements address matters that involve risks and uncertainties that are beyond the ability of the Company to control and, in some cases, predict. Accordingly, there are or will be important factors that could cause the Company’s actual results to differ materially from those indicated in these statements. Key factors that could cause the Company’s actual financial results, performance or condition to differ from the expectations expressed or implied in such forward-looking statements include, but are not limited to, the following:

- the effect of the COVID-19 pandemic on our operations;
- the effect of laws and regulations targeting our industry that directly or indirectly regulate or prohibit our operations or render them unprofitable or impractical;
- the effect of and compliance with domestic and international consumer credit, tax and other laws and government rules and regulations applicable to our business, including changes in such laws, rules and regulations, or changes in the interpretation or enforcement thereof, and the regulatory and examination authority of the Consumer Financial Protection Bureau with respect to providers of consumer financial products and services in the United States;
- the effect of and compliance with enforcement actions, orders and agreements issued by applicable regulators, such as the January 2019 Consent Order issued by the Consumer Financial Protection Bureau;
- changes in federal or state laws or regulations, or judicial decisions involving licensing or supervision of commercial lenders, interest rate limitations, the enforceability of choice of law provisions in loan agreements, the validity of bank sponsor partnerships, the use of brokers or other significant changes;
- our ability to process or collect loans and finance receivables through the Automated Clearing House system;
- the deterioration of the political, regulatory or economic environment in countries where we operate or in the future may operate;
- the actions of third parties who provide, acquire or offer products and services to, from or for us;
- public and regulatory perception of the consumer loan business, small business financing and our business practices;
- the effect of any current or future litigation proceedings and any judicial decisions or rulemaking that affects us, our products or the legality or enforceability of our arbitration agreements;
- changes in demand for our services, changes in competition and the continued acceptance of the online channel by our customers;
- changes in our ability to satisfy our debt obligations or to refinance existing debt obligations or obtain new capital to finance growth;
- a prolonged interruption in the operations of our facilities, systems and business functions, including our information technology and other business systems;
- compliance with laws and regulations applicable to our international operations, including anti-corruption laws such as the Foreign Corrupt Practices Act and international anti-money laundering, trade and economic sanctions laws;
- our ability to attract and retain qualified officers;
- cyber-attacks or security breaches;
- acts of God, war or terrorism, pandemics and other events;
- the ability to successfully integrate newly acquired businesses into our operations;
- interest rate and foreign currency exchange rate fluctuations;
- changes in the capital markets, including the debt and equity markets;

- the effect of any of the above changes on our business or the markets in which we operate;
- the risk that the Company will not successfully integrate acquired companies or that costs associated with the integration are higher than anticipated;
- the risk that the cost savings, synergies, growth and cash flows from acquisitions will not be fully realized or will take longer to realize than expected;
- litigation risk related to acquisitions; and
- other risks and uncertainties described herein.

The foregoing list of factors is not exhaustive and new factors may emerge or changes to these factors may occur that would impact the Company's business and cause actual results to differ materially from those expressed in any of our forward-looking statements. Additional information regarding these and other factors may be contained in the Company's filings with the Securities and Exchange Commission (the "SEC"), including on Forms 10-Q and 8-K. Readers of this report are encouraged to review all of the Risk Factors contained in Part I, Item 1A. Risk Factors to obtain more detail about the Company's risks and uncertainties. All forward-looking statements involve risks, assumptions and uncertainties. The occurrence of the events described, and the achievement of the expected results, depends on many events, some or all of which are not predictable or within the Company's control. If one or more events related to these or other risks or uncertainties materialize, or if management's underlying assumptions prove to be incorrect, actual results may differ materially from what the Company anticipates. The forward-looking statements in this report are made as of the date of this report, and the Company disclaims any intention or obligation to update or revise any forward-looking statements to reflect events or circumstances occurring after the date of this report. All forward-looking statements in this report are expressly qualified in their entirety by the foregoing cautionary statements.

PART I

ITEM 1. BUSINESS

Overview

We are a leading technology and analytics company focused on providing online financial services. In 2021, we extended approximately \$3.0 billion in credit or financing to borrowers. As of December 31, 2021, we offered or arranged loans or draws on lines of credit to consumers in 38 states in the United States and Brazil. We also offered financing to small businesses in all 50 states and Washington D.C. in the United States. We use our proprietary technology, analytics and customer service capabilities to quickly evaluate, underwrite and fund loans or provide financing, allowing us to offer consumers and small businesses credit or financing when and how they want it. Our customers include the large and growing number of consumers who and small businesses which have bank accounts but use alternative financial services because of their limited access to more traditional credit from banks, credit card companies and other lenders. We were an early entrant into online lending, launching our online business in 2004, and through December 31, 2021, we have completed approximately 55.4 million customer transactions and collected approximately 61 terabytes of currently accessible customer behavior data since launch, allowing us to better analyze and underwrite our specific customer base. We have significantly diversified our business over the past several years having expanded the markets we serve and the financing products we offer. These financing products include installment loans and receivables purchase agreements (“RPAs”) and line of credit accounts.

We believe our customers highly value our products and services as an important component of their personal or business finances because our products are convenient, quick and often less expensive than other available alternatives. We attribute the success of our business to our advanced and innovative technology systems, the proprietary analytical models we use to predict the performance of loans and finance receivables, our sophisticated customer acquisition programs, our dedication to customer service and our talented employees.

We have developed proprietary underwriting systems based on data we have collected over our more than 17 years of experience. These systems employ advanced risk analytics, including machine learning and artificial intelligence, to decide whether to approve financing transactions, to structure the amount and terms of the financings we offer pursuant to jurisdiction-specific regulations and to provide customers with their funds quickly and efficiently. Our systems closely monitor collection and portfolio performance data that we use to continually refine machine learning-enabled analytical models and statistical measures used in making our credit, purchase, marketing and collection decisions. Approximately 90% of models used in our analytical environment are machine learning-enabled.

Our flexible and scalable technology platforms allow us to process and complete customers’ transactions quickly and efficiently. In 2021, we processed approximately 2.2 million transactions, and we continue to grow our loan and finance receivables portfolio and increase the number of customers we serve through desktop, tablet and mobile platforms. Our highly customizable technology platforms allow us to efficiently develop and deploy new products to adapt to evolving regulatory requirements and consumer preference, and to enter new markets quickly. In 2012, we launched a new product in the United States designed to serve near-prime customers. In 2014, we launched our business in Brazil, where we arrange financing for borrowers through a third-party lender. In addition, in 2014, we introduced a new line of credit product in the United States to serve the needs of small businesses. In 2015, we further expanded our product offering by acquiring certain assets of a company that provides financing and installment loans to small businesses by offering RPAs. In October 2020, we acquired, through a merger, On Deck Capital Inc. (“OnDeck”), a small business lending company offering lending and funding solutions to small businesses in the U.S., Australia and Canada, to expand our small business offerings. In March 2021, we acquired Pangea Universal Holdings (“Pangea”), which provides mobile international money transfer services to customers in the U.S with a focus on Latin America and Asia. These new products have allowed us to further diversify our product offerings and customer base.

We have been able to consistently acquire new customers and successfully generate repeat business from returning customers when they need financing. We believe our customers are loyal to us because they are satisfied with our products and services. We acquire new customers from a variety of sources, including visits to our own websites, mobile sites or applications, and through direct marketing, affiliate marketing, lead providers and relationships with other lenders. We believe that the online convenience of our products and our 24/7 availability to accept applications with quick approval decisions are important to our customers.

Once a potential customer submits an application, we quickly provide a credit or purchase decision. If a loan or financing is approved, we or our lending partner typically fund the loan or financing the next business day or, in some cases, the same day. During the entire process, from application through payment, we provide access to our well-trained customer service team. All of our operations, from customer acquisition through collections, are structured to build customer satisfaction and loyalty, in the event that a customer has a need for our products in the future. We have developed a series of sophisticated proprietary scoring models to support our various products. We believe that these models are an integral component of our operations and allow us to complete a high volume of customer transactions while actively managing risk and the related credit quality of our loan and finance receivable portfolios. We believe our successful application of these technological innovations differentiates our capabilities relative to competing platforms as evidenced by our history of strong growth and stable credit quality.

Products and Services

Our online financing products and services provide customers with a deposit of funds to their bank account in exchange for a commitment to repay the amount deposited plus fees, interest and/or revenue on the receivables purchased. We originate, arrange, guarantee or purchase installment loans, line of credit accounts and RPAs to consumers and small businesses. We have one reportable segment that includes all of our online financial services.

Installment loans. Installment loans include longer-term loans that require the outstanding principal balance to be paid down in multiple installments and shorter-term single payment loans. Our installment loans are either written directly by us, purchased as part of our bank programs as discussed below, or are those that we arrange and guarantee as part of our credit services organization and credit access business programs, which we refer to as our CSO programs. We offer, or arrange through CSO programs, multi- or single-payment unsecured consumer loan products in 38 states in the United States and small business installment loans in 47 states and in Washington D.C. We also offer or arrange multi-payment unsecured consumer installment loan products in Brazil and small business installment loan products in Australia and Canada. Terms for our installment loan products range between two and 60 months, and single-pay consumer loans generally have terms of seven to 90 days. Loans may be repaid early at any time with no additional prepayment charges.

Line of credit accounts. We directly offer, or purchase a participation interest in receivables through our bank programs, new consumer line of credit accounts in 30 states (and continue to service existing line of credit accounts in two additional states) in the United States and business line of credit accounts in 47 states and in Washington D.C. in the United States, which allow customers to draw on their unsecured line of credit in increments of their choosing up to their credit limit. Customers may pay off their account balance in full at any time or make required minimum payments in accordance with the terms of the line of credit account. We also offer small business line of credit accounts in Canada. As long as the customer's account is in good standing and has credit available, customers may continue to borrow on their line of credit.

Receivables purchase agreements. Under RPAs, small businesses receive funds in exchange for a portion of the business's future receivables at an agreed upon discount. In contrast, lending is a commitment to repay principal and interest and/or fees. A small business customer who enters into an RPA commits to delivering a percentage of its receivables through ACH or wire debits or by splitting credit card receipts until all purchased receivables are delivered. We offer RPAs in all 50 states and in Washington D.C. in the United States.

CSO programs. We currently operate a CSO program in Texas. Through our CSO program, we provide services related to third-party lenders' multi- and single-pay installment consumer loan products by acting as a credit services organization or credit access business on behalf of consumers in accordance with applicable state laws. Services offered under our CSO program include credit-related services such as arranging loans with independent third-party lenders and assisting in the preparation of loan applications and loan documents ("CSO loans"). When a consumer executes an agreement with us under our CSO program, we agree, for a fee payable to us by the consumer, to provide certain services, one of which is to guarantee the consumer's obligation to repay the loan received by the consumer from the third-party lender if the consumer fails to do so. For CSO loans, each lender is responsible for providing the criteria by which the consumer's application is underwritten and, if approved, determining the amount of the consumer loan. We, in turn, are responsible for assessing whether or not we will guarantee such loan. The guarantee represents an obligation to purchase specific single-payment loans, which for our CSO program, have terms of less than 90 days, and specific installment loans, which have terms of up to six months, if they go into default.

As of December 31, 2021 and 2020, the outstanding amount of active and current consumer loans originated by third-party lenders under the CSO programs was \$13.8 million and \$10.2 million, respectively, which were guaranteed by us.

Bank programs. The Company operates a program with a bank to provide marketing services and loan servicing for near-prime unsecured consumer installment loans and, beginning in January 2021, line of credit accounts. Under the program, the Company receives marketing and servicing fees while the bank receives an origination fee. The bank has the ability to sell and the Company has the option, but not the requirement, to purchase the loans the bank originates and, in the case of line of credit accounts, a participation interest in those accounts. The Company does not guarantee the performance of the loans and line of credit accounts originated by the bank. As part of the OnDeck business both prior and subsequent to Enova's acquisition, OnDeck operates a program with a separate bank to provide marketing services and loan servicing for small business installment loans and line of credit accounts. Under the OnDeck program, the Company receives marketing fees while the bank receives origination fees and certain program fees. The bank has the ability to sell and the Company has the option, but not the requirement, to purchase the installment loans the bank originates and, in the case of line of credit accounts, extensions under those line of credit accounts. The Company does not guarantee the performance of the loans or line of credit accounts originated by the bank.

Our Markets

We currently provide our services in the following countries:

United States. We began our online business in the United States in May 2004. As of December 31, 2021, we provided services in all 50 states and Washington D.C. We market our financing products under the names CashNetUSA at www.cashnetusa.com, NetCredit at www.netcredit.com, OnDeck at www.ondeck.com, Headway Capital at www.headwaycapital.com and The Business Backer at www.businessbacker.com. The United States represented 98.1% of our total revenue in 2021 and 98.9% of our total revenue in 2020.

Brazil. In June 2014, we launched our business in Brazil under the name Simplic at www.simplic.com.br, where we arrange installment loans for a third party lender. We plan to continue to invest in and expand our financial services program in Brazil. Brazil represented 0.7% of total revenue in 2021 and 0.8% of total revenue in 2020.

Australia. As part of our acquisition of OnDeck in October 2020, we offer installment loans to small businesses in Australia through an entity that was a majority-owned subsidiary until we sold a portion of our interest in December 2021. Subsequent to the partial divestiture, we classify the affiliate as an equity method investment.

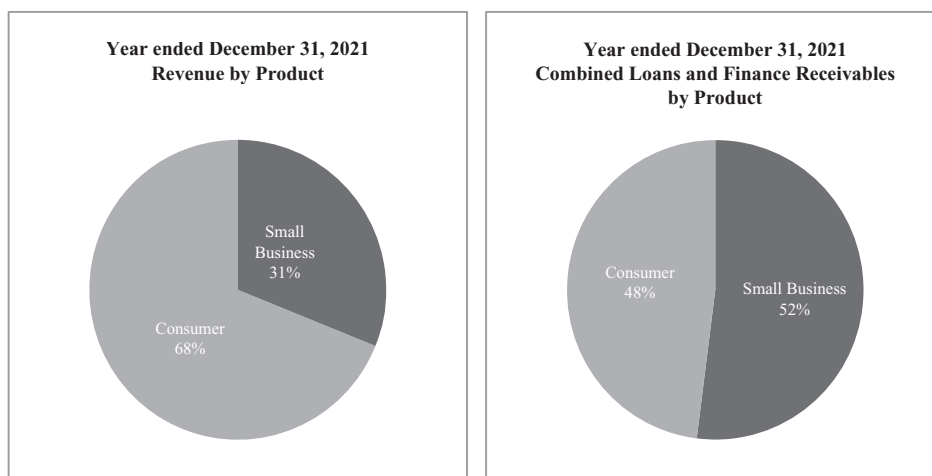
Canada. As part of our acquisition of OnDeck in October 2020, we offer installment loans and line of credit accounts to small businesses in Canada through an affiliate that we classify as an equity method investment.

United Kingdom. Prior to October 25, 2019, we provided services in the United Kingdom under the names QuickQuid, Pounds to Pocket and On Stride Financial. Due in part to the challenging and uncertain regulatory environment, we evaluated potential courses of action with our regulator, including, but not limited to, a scheme of arrangement, to reduce exposure to complaints about historical lending. On October 24, 2019, we announced our intention to exit the U.K. market and on October 25, 2019, a licensed U.K. insolvency practitioner was appointed as administrator to take control of management of our U.K. businesses. As a result, we have deconsolidated our U.K. businesses and are presenting them as discontinued operations.

Key Financial and Operating Metrics

We have achieved significant growth since we began our online business as we have expanded our product offerings organically and through strategic acquisitions. We measure our business using several financial and operating metrics. Our key metrics include combined loans and finance receivables outstanding, in addition to other measures described under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

The breakout of the combined loans and finance receivables and revenue of our product offerings is set forth below:



Our Industry

The internet has transformed how consumers and small businesses shop for and acquire products and services. According to a study by the United Nations, 63% of the world's population had access to the internet in 2021, a 17% increase from 2019. Cisco's annual Internet Report reported that global internet usage is expected to increase at a pace of 6% through 2023. Accompanying the rise in internet usage is the continued disruption of storefront retail by e-commerce companies like Amazon, as consumers flock to purchase goods and interact with businesses online. With safety concerns due to the COVID-19 pandemic, the U.S. Census Bureau Department of Commerce reported e-commerce saw a 6.6% increase in the third quarter of 2021 compared to 2020. According to the U.S. Census Bureau, e-commerce sales as a percent of total quarterly retail sales in the United States accounted for 12.4% in the third quarter of 2021. In addition, a number of traditional financial services, such as banking, bill payment and investing, have become widely available online. An October 2021 report by the American Bankers Association found that approximately 70% of bank customers in a U.S. sample have used mobile apps or online banking as a means of accessing banking services since the COVID-19 pandemic began. This level of use highlights the extent to which consumers now accept the internet for conducting their financial transactions and are willing to entrust their financial information to online companies. We believe the increased acceptance of online financial services has led to an increased demand for online lending and financing, the benefits of which include customer privacy, easy access, security, 24/7 availability to apply for a loan or financing, speed of funding and transparency of fees and interest.

We use the internet to serve the large and growing number of underbanked consumers and small businesses that have bank accounts but use alternative financial services because of their limited access to more traditional credit from banks, credit card companies and other lenders. In its *Report on the Economic Well-Being of U.S. Households in 2020* published in May 2021, the Federal Reserve noted that relatively small, unexpected expenses, such as a car repair or a modest medical bill, can be a hardship for many families and that, when faced with a hypothetical expense of \$400, 36 percent of adults said they could not cover it completely using cash, savings or a credit card paid off at the end of the month, revealing the need for alternative sources. The onset and continued impacts of the COVID-19 pandemic have exacerbated financial disruptions for many working-class individuals. According to another 2019 report by the Federal Reserve a sizeable portion of the population (22%) is unbanked or underbanked, of which over 85% of those consumers had used some form of alternative financial service product in the prior year. In 2021, the Federal Reserve reported a 60% decrease in the origination of new credit cards during the COVID-19 pandemic, especially to less creditworthy borrowers due to a reduction in credit availability, especially to riskier borrowers.

Small businesses are also suffering from lack of access to credit from traditional lenders, a situation that has also been exacerbated by the COVID-19 pandemic. Among a sample of small businesses surveyed for the U.S. Census Bureau December 2021 Small Business Pulse Survey, 65% reported that the pandemic had a negative effect on their business. According to a 2021 study by the Federal Reserve Banks, 62% of employer firms used personal funds to address their business's financial challenges. During the pandemic, 91% of employer firms applied for some type of emergency funding. Online lending and funding options are emerging as a solution for small businesses that are seeking capital. The Federal Reserve found that 20% of small businesses surveyed applied for credit from online lenders. Aside from the need for capital, 35% of businesses surveyed sought online lenders due to lower credit scores.

We believe that consumers and small businesses seek online lending services for numerous reasons, including because they often:

- prefer the simplicity, transparency and convenience of these services;
- require access to financial services outside of normal financial services storefront hours;
- have an immediate need for cash for financial challenges and unexpected expenses;
- have been unable to access certain traditional lending or other credit services;
- seek an alternative to the high cost of bank overdraft fees, credit card and other late payment fees and utility late payment fees or disconnect and reconnection fees; and
- wish to avoid potential negative credit consequences of missed payments with traditional creditors.

Our Customers

Our subprime consumer customer base is comprised largely of individuals living in households that earn an average annual income of \$41,000 in the United States, and our U.S. near-prime customers earn an average annual income of \$58,000. Based on our analysis of industry data, we believe our addressable markets are approximately 68 million individuals in the United States. The short-term lending market is sizable in the United States and Brazil. We estimate there is a \$69 billion consumer lending opportunity market in the United States. In Brazil, we estimate there to be an \$80 billion consumer loans market. Small business lending is also an attractive market opportunity, with an estimated total U.S. small business loan market of \$82 billion. Tighter banking regulations have forced banks to vacate the market for loans under \$1 million. Loans under \$100 thousand are the fastest growing loan segment and account for 60% of all small business loan growth. Our small business customers who enter into RPAs average approximately \$1.9 million in annual sales

and 15 years of operating history, those who obtain a line of credit account average approximately \$473 thousand in annual sales and 7 years of operating history, and those who obtain installment loans average \$1.3 million in annual sales and 11 years of operating history.

Our Competitive Strengths

We believe that the following competitive strengths position us well for continued growth:

- ***Significant operating history and first mover advantage.*** As an early entrant in the online lending sector, we have accumulated approximately 61 terabytes of currently accessible consumer behavior data from more than 55 million transactions in our more than 17 years of experience. This database allows us to market to a customer base with an established borrowing history as well as to better evaluate and underwrite new customers, leading to better loan performance. In order to develop a comparable database, we believe that competitors would need to incur high marketing and customer acquisition costs, overcome customer brand loyalties and have sufficient capital to withstand higher early losses associated with unseasoned loan portfolios. Additionally, we are licensed in all jurisdictions that require licensing and believe that it would be difficult and time-consuming for a new entrant to obtain such licenses. We have also created strong brand recognition over our more than 17 years of operating history and we continue to invest in our brands, such as CashNetUSA, NetCredit, OnDeck, Headway Capital, The Business Backer, Simple and Pangea, to further increase our visibility.
- ***Proprietary analytics, data and underwriting.*** We have developed a fully integrated decision engine that evaluates and rapidly makes credit and other determinations throughout the customer relationship, including automated decisions regarding marketing, underwriting, customer contact and collections. Our decision engine currently handles more than 100 algorithms and over 1,000 variables. These algorithms are constantly monitored, validated, updated and optimized to continuously improve our operations. Our machine learning-enabled proprietary models are built on over 17 years of lending history, using advanced statistical methods that take into account our experience with the millions of transactions we have processed during that time and the use of data from numerous third-party sources. Since we designed our system specifically for our specialized products, we believe our system provides more predictive assessments of future loan behavior than traditional credit assessments, such as the Fair Isaac Corporation score (“FICO score”), and therefore, results in better evaluation of our customer base. With the acquisition of OnDeck, we have added a loan decision process, including the proprietary OnDeck Score®, which provides us with significant visibility and predictability to assess the creditworthiness of small businesses and allows us to better serve more customers across more industries.
- ***Scalable and flexible technology platforms.*** Our proprietary technology platforms are designed to be powerful enough to handle the large volume of data required to evaluate customer applications and flexible enough to capitalize on changing customer preferences, market trends and regulatory requirements. These platforms have enabled us to achieve significant growth over more than 17 years as we have expanded our product offerings. We began offering installment loans in the United States in 2008 and added line of credit products in 2010 and have experienced significant growth since. Due to the scalability of our platform, we were able to achieve this growth without significant investment in additional infrastructure, and over the past three years, capital expenditures have averaged only 2.3% of revenue per year. We expect our advanced technology and underwriting platform to help continue to drive significant growth in our business.
- ***Focus on customer experience.*** We believe that non-prime credit consumers and small businesses are not adequately served by traditional lenders. To better serve these consumers and small businesses, we use customer-focused business practices, including extended-hours availability of our customer service team by phone, email and web chat. We continuously work to improve customer satisfaction by evaluating information from website analytics, customer surveys, contact center feedback and focus groups. Our contact center teams receive training on a regular basis and are monitored by quality assurance managers. We believe customers who wish to access credit or financing again often return to us because of our dedication to customer service, the transparency of our fees and interest charges and our adherence to trade association “best practices.” With the acquisition of OnDeck, we have added another business with a strong culture for delivering quality customer experience. OnDeck has a 4.8 Excellent TrustScore on Trustpilot as of February 2022. Trustpilot is an online customer review platform that hosts 120+ million reviews of businesses worldwide who use it for insights into customer satisfaction. A TrustScore is calculated on a scale from 1 to 5 giving more weight to newer reviews. OnDeck’s score places it at the upper end of customer satisfaction ratings in the non-bank financial services industry. OnDeck has also consistently achieved an A+ rating from the Better Business Bureau.
- ***Diligent regulatory compliance.*** We conduct our business in a highly regulated industry. We are focused on regulatory compliance and have devoted significant resources to comply with laws that apply to us. We tailor our lending products and services to comply with the specific requirements of each of the jurisdictions in which we operate, including laws and regulations relating to interest, fees, loan durations and renewals or extensions, loan amounts, disclosures and underwriting requirements. Our compliance experience and proprietary technology platform allow us to launch new products and to enter new geographic regions with a focus on compliance with applicable laws and customer protection. We are members of industry trade groups, including the Online Lenders Alliance in the United States, which have promulgated “best practices” for our industry that we have adopted, and the Innovative Lending Platform Association, a leading trade organization representing a diverse group of online lending and service companies serving small businesses. The flexibility of our online platform enables us to rapidly adapt our products as necessary

to comply with changes in regulation, without the need for costly and time-consuming retraining of store-based employees and other expenses faced by our storefront competitors.

- **Proven history of growth and profitability.** Over the last five years, we grew the principal balance of our loans and finance receivables at a compound annual growth rate of 27.7%, from \$706.4 million as of December 31, 2017 to \$1.9 billion as of December 31, 2021. Over the same period, our revenue grew at a compound annual growth rate of 13.5%, from \$728.9 million in 2017 to \$1,208 million in 2021, our net income from continuing operations grew at a compound annual growth rate of 95.3%, from \$17.6 million in 2017 to \$256.3 million in 2021, and our net income from continuing operations as a percent of revenue increased from 2.4% to 21.2%. Adjusted EBITDA, a non-GAAP measure, grew at a compound annual growth rate of 36.0%, from \$138.4 million to \$473.0 million and adjusted EBITDA as a percent of revenue increased from 19.0% in 2017 to 39.2% in 2021.
- **Talented, highly educated employees.** We believe we have one of the most skilled and talented teams of professionals in the industry. Our employees have exceptional educational backgrounds, with numerous post-graduate and undergraduate degrees in science, technology, engineering and mathematics fields. We hire and develop top talent from graduate and undergraduate programs at institutions such as Carnegie Mellon University, Northwestern University, the University of Chicago and Harvard University. The extensive education of our team is complemented by the experience our leadership team obtained at leading financial services companies and technology firms such as optionsXpress, Discover Financial Services, First American Bank, JPMorgan Chase and Groupm.

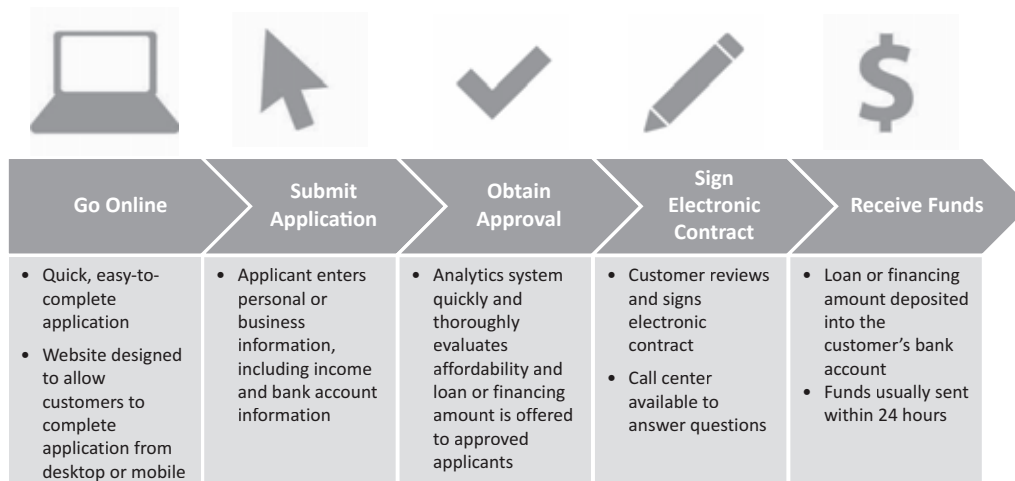
Our Growth Strategy

- **Increase penetration in existing markets through direct marketing.** We believe that we have reached only a small number of the potential customers for our products and services in the markets in which we currently operate. We continue to focus on our direct customer acquisition channels, with direct marketing (traditional and digital) generating approximately 42% of our new customer transactions in 2021, as compared to 32% in 2009. We believe these channels allow us to reach a larger customer base at a lower acquisition cost than the traditional online lead purchasing model. Additionally, as our smaller and less sophisticated competitors, both online and storefront, struggle to adapt to both regulatory developments and evolving customer preference, we believe we have the opportunity to gain significant market share.
- **Introduce new products and services.** We plan to attract new categories of consumers and small businesses not served by traditional lenders through the introduction of new products and services. We have introduced new products to expand our businesses from solely single-payment consumer loans to installment loans, line of credit accounts and small business loans and financing, using our analytics expertise and our flexible and scalable technology platform. In 2012, we launched NetCredit, a longer duration installment loan product for near-prime consumers in the United States. In 2014, we launched our business in Brazil, where we arrange loans for borrowers through a third party lender. In 2014, we launched Headway Capital, a line of credit product in the United States that serves the needs of small businesses. In 2015, we completed the purchase of certain assets of a company operating as The Business Backer, which allows us to provide short-term financing to small businesses throughout the United States through RPAs, and in 2017, The Business Backer began offering an installment loan product. In 2016, we launched a program with a state-chartered bank where we provide technology, loan servicing and marketing services to the bank for unsecured consumer installment loans. We suspended the program in 2018 and launched a similar program in 2019. In October 2020, we acquired OnDeck, a small business lending company, to expand our small business lending and funding offerings. We intend to continue to evaluate and offer new products and services that complement our online specialty financial services in order to meet the growing needs of our consumers and small businesses.
- **Expand globally to reach new markets.** We are building on our global reach by entering new markets.

Online Financing Process

Our consumer and small business financing transactions are conducted almost exclusively online. When a customer is approved for a new loan or RPA, nearly all customers choose to have funds promptly deposited in their bank account and choose to use a pre-authorized debit for repayment from their bank account or debit card. Where permitted by law and approved by us, a customer may choose to renew a short-term consumer loan before payment becomes due by agreeing to pay an additional finance charge. If a loan is renewed or refinanced, the renewal or refinanced loan is considered a new loan.

We have created a quick and simple process for customers to apply for an online loan or RPA, as shown below:



Technology Platforms

Our proprietary technology platforms are built for scalability and flexibility and are based on proven open source software. The technology platforms were designed to be powerful enough to handle the large volumes of data required to evaluate consumer and small business applications and flexible enough to capitalize on changing customer preferences, market trends and regulatory changes. The scalability and flexibility of our technology platforms allow us to enter new markets and launch new products quickly, typically within three to six months from conception to launch. With the acquisition of OnDeck, we have enhanced our capabilities to connect and integrate our small business platforms with a wider network of distribution partners.

We continually employ technological innovations to improve our technology platforms, which perform a variety of integrated and core functions, including:

- **Front-end system**, which includes external websites, landing pages and mobile sites and applications that customers use when applying for loans or financing and managing their accounts;
- **Back-end and customer relationship management (“CRM”) systems**, which maintain customer-level data and are used by our contact center employees to provide real-time information for all inquiries. Our back-end system and CRM systems include, among other things, our contact management system, operational and marketing management system, automated phone system, Interactive Voice Response and contact center performance management system;
- **Decision engine**, which leverages machine learning and artificial intelligence to rapidly evaluate and make credit and financing decisions throughout the customer relationship; and
- **Financial system**, which manages the external interface for funds transfers and provides daily accounting, reconciliation and reporting functions.

The key elements of our technology platforms include:

- **Scalable Information Technology infrastructure.** Our Information Technology infrastructure allows us to meet customer demand and accommodate business growth. Our services rely on accessing, evaluating and creating large volumes of data including, for example, information collected from over 170 million credit reports during 2021. This rich dataset has grown significantly over our more than 17 year history and will continue to grow as our business expands. We believe that our scalable IT infrastructure enables us to meet substantial growth demands.
- **Flexible software and integration systems.** Our software system is designed to allow us to enter new markets and launch new products rapidly, modify our business operations quickly and account for complex regulatory requirements imposed in the jurisdictions in which we operate. We have developed a proprietary software solution that allows us to innovate quickly and to improve the customer experience. Our integration system allows us to easily interface with banks and other strategic partners in order to deliver the best financial products and services possible. Our software and integration systems and their flexibility allow us much more control over the continually evolving aspects of our business.
- **Rapid development processes.** Our software development life cycle is rapid and iterative to increase the efficiency of our platform. We are able to implement software updates while maintaining our system stability.

- **Security.** We collect and store personally identifiable customer information, including names, addresses, social security numbers and bank account information. We have safeguards designed to protect this information. We also created controls to limit employee access to that information and to monitor that access. Our safeguards and controls have been independently verified through regular and recurring audits and assessments.
- **Redundant disaster recovery.** Certain key parts of our technology platform, such as our phone system for handling customer service on consumer loans, are distributed across two different locations. In addition, critical components of our platform are redundant. This provides redundancy, fault tolerance and disaster recovery functionality in case of a catastrophic outage.

Proprietary Data and Analytics

Decision Engine

We have developed a fully integrated decision engine that evaluates and rapidly makes credit and other determinations throughout the customer relationship, including automated decisions regarding marketing, fraud, underwriting, customer contact and collections that leverage artificial intelligence and machine learning-enabled models. Our decision engine currently handles more than 100 algorithms and over 1,000 variables. The algorithms in use are constantly monitored, validated, updated and optimized to continuously improve our operations. In order to support the daily running and ongoing improvement of our decision engine, we have assembled a highly skilled team of over 80 data and analytics professionals as of December 31, 2021.

Proprietary Data, Models and Underwriting

Our proprietary models are built on more than 17 years of history, using advanced statistical methods that take into account our experience with the millions of transactions we have processed during that time and the use of data from numerous third-party sources. We also acquired OnDeck's proprietary data and analytics models, which strengthen our ability to serve small businesses. We continually update our machine learning-enabled underwriting models to manage risk of defaults and to structure loan and financing terms. Our system completes these assessments within seconds of receiving the customer's data.

Our underwriting system is able to assess risks associated with each customer individually based on specific customer information and historical trends in our portfolio. We use a combination of numerous factors when evaluating a potential customer, which may include a consumer's income, rent or mortgage payment amount, employment history, external credit reporting agency scores, amount and status of outstanding debt and other recurring expenditures, fraud reports, repayment history, charge-off history and the length of time the customer has lived at his or her current address. While the relative weight or importance of the specific variables that we consider when underwriting a loan changes from product to product, generally, the key factors that we consider for loans include monthly gross income, disposable income, length of employment, duration of residency, credit report history and prior loan performance history if the applicant is a returning customer. Similar factors are considered for small business applicants and also include length of time in business, online business reviews, and sales volumes. Our customer base for consumer loans is predominantly in the low to fair range of FICO scores, with scores generally between 500 and 680 for most of our loan products. We generally do not take into account a potential customer's FICO score when deciding whether to make a loan. A Vantage-Score is one of the factors in our credit models for our near-prime installment product in the United States. Since we designed our system specifically for our specialized products, we believe our system provides more predictive assessments of future payment behavior and results in better evaluation of our customer base when compared to traditional credit assessments, such as a FICO score. In the small business space, we utilize both FICO and Vantage scores in our decision models, and our customer base is predominantly in the fair to better range of FICO scores with OnDeck scores generally between 650 and 780.

Fraud Prevention

Our robust fraud prevention system is built from in-depth analysis of previous fraud incidences and information from third party data sources. To ensure sustainable growth, our fraud prevention team has built rigorous systems and processes that leverage artificial intelligence and machine learning-enabled models to detect fraud trends, identify fraudulent applications and learn from past fraudulent cases.

Working together with multiple vendors, our systems first determine whether customer information submitted matches other indicators regarding the application and that the applicant can authorize transactions for the submitted bank account. To prevent more organized and systematic fraud, we have developed predictive models that incorporate signals from various sources that we have found to be useful in identifying fraud. These models utilize advanced data mining algorithms, machine learning-enabled algorithms and artificial intelligence to effectively identify fraudulent applications with a very low false positive rate. In addition, we have built strong loan processing teams that handle suspicious activities efficiently while minimizing friction in customer experience. Our fraud prevention system incorporates algorithms to differentiate customers in an effort to identify suspected fraudulent activity and to reduce our risks of loss from fraud.

We continuously develop and implement ongoing improvements to these systems and, while no system can completely protect against losses from fraud, we believe our systems provide protection against significant fraud losses.

Marketing

We use a multi-channel approach to marketing our online loans and financing products, with both broad-reach and highly-targeted channels, including television, digital, direct mail, telemarketing and partner marketing (which includes lead providers, independent brokers and marketing affiliates). The goal of our marketing is to promote our brands and products in the online lending marketplace and to directly acquire new customers at low cost. Our marketing has successfully built strong awareness of and preference for our brands, as our products have achieved market leadership through the following:

- ***Traditional advertising.*** We use television, direct mail, radio and outdoor advertisements, supported by technology infrastructure and key vendors, to drive and optimize website traffic and loan volume. We believe our investments through these channels have helped create strong brand awareness and preference in the customer segments and markets we serve.
- ***Digital acquisition.*** Our online marketing efforts include pay-per-click, keyword advertising, search engine optimization, marketing affiliate partnerships, social media programs and mobile advertising integrated with our operating systems and technology from vendors that allow us to optimize customer acquisition tactics within the daily operations cycle.
- ***Partner marketing.*** We purchase qualified leads for prospective new customers from a number of online lead providers and independent brokers and through marketing affiliate partnerships. We believe that our rapid decision making on lead purchases, strong customer conversion rate and significant scale in each of our markets make us a preferred partner for lead providers, brokers and affiliates while at the same time our technology and analytics help us determine the right price for the right leads.
- ***User experience and conversion.*** We measure and monitor website visitor usage metrics and regularly test website design strategies to improve customer experience and conversion rates.

Our brand, technology and machine learning-enabled analytics-powered approach to marketing has enabled us to increase the percentage of loans sourced through direct marketing (where we have more visibility and control than in the lead purchase or affiliate channels) from approximately 32% in 2009 to 42% in 2021, and we believe we have also improved customer brand loyalty during the same period.

Customer Service

We believe that our in-house contact center and our emphasis on superior customer service are significant contributors to our growth. To best serve our consumers and small businesses, we use customer-oriented business practices, such as offering extended-hours customer service. We continuously work to improve our customers' experience and satisfaction by evaluating information from website analytics, customer satisfaction surveys, contact center feedback, call monitoring and focus groups. Our contact center teams receive training on a regular basis, are monitored by quality assurance managers and adhere to rigorous internal service-level agreements. We do not outsource our contact center operations, except in Brazil.

Collections

We operate consumer and small business-specific collection teams that have implemented loan and financing collection policies and practices designed to optimize regulatory compliant loan and financing repayment, while also providing excellent customer service. Our collections employees are trained to help the customer understand available payment alternatives and make arrangements to repay the loan or financing. We use a variety of collection strategies to satisfy a delinquent loan or finance receivable, such as settlements and payment plans, or to adjust the delivery of finance receivables. Employees are continually trained and coached towards improvement based on quality assurance and work effort audits resulting in continued success in presenting best available payment options to the customer while limiting complaints and dissatisfaction.

Contact center employees contact customers following the first missed payment and periodically thereafter. Our primary methods of contacting past due customers are through phone calls, letters and emails. At times, we sell loans that we are unable to collect to debt collection companies or place the debt for collection with debt collection companies.

Competition

We have many competitors. Our principal competitors are consumer loan and finance companies, CSOs, online lenders, credit card companies, auto title lenders and other financial institutions that offer similar financial products and services, including loans on an unsecured as well as a secured basis. We believe that there is also indirect competition to some of our products, including bank overdraft facilities and banks' and retailers' insufficient funds policies, many of which may be more expensive alternative approaches for consumers and small businesses to cover their bills and expenses than the consumer and small business loan and financing products we

offer. Some of our U.S. competitors operate using other business models, including a “tribal model” where the lender follows the laws of a Native American tribe regardless of the state in which the customer resides.

We believe that the principal competitive factors in the consumer and small business loan and financing industry consist of the ability to provide sufficient loan or financing size to meet customers’ financing requests, speed of funding, customer privacy, ease of access, transparency of fees and interest and customer service. We believe we have a significant competitive advantage as an early mover in many of the markets that we serve. New entrants face obstacles typical to launching new lending operations, such as successfully implementing underwriting and fraud prevention processes, incurring high marketing and customer acquisition costs, overcoming customer brand loyalty and having or obtaining sufficient capital to withstand early losses associated with unseasoned loan portfolios. In addition, there are substantial regulatory and compliance costs, including the need for expertise to customize products and obtain licenses to lend in various states in the United States and in international jurisdictions. Our proprietary technology, analytics expertise, scale, international reach, brand recognition and regulatory compliance would be difficult for a new competitor to duplicate.

Because numerous competitors offer consumer and small business loan and financing products, and many of our competitors are privately held, it is difficult for us to determine our exact competitive position in the market. However, we believe our principal online competitors in the United States include Avant, Curo and Elevate. Storefront consumer loan lenders that offer loans online or in storefronts are also a source of competition in some of the markets where we offer consumer loans, including Ace Cash Express, Check Into Cash, Check ‘n Go and One Main Financial. For online small business financing, we believe our main competitors include traditional banks, legacy merchant cash advance providers, and newer, technology-enabled FinTech lenders.

Intellectual Property

Protecting our rights to our intellectual property is critical, as it enhances our ability to offer distinctive services and products to our customers, which differentiates us from our competitors. We rely on a combination of trademark laws and trade secret protections in the United States and other jurisdictions, as well as confidentiality procedures and contractual provisions, to protect the intellectual property rights related to our proprietary analytics, predictive underwriting models, tradenames and marks and software systems. We have several registered trademarks, including CashNetUSA and our “e” logo. OnDeck also has registered trademarks in the United States, Canada and Australia, including “OnDeck,” “*OnDeck Score*” and the OnDeck logo. These trademarks have varying expiration dates, and we believe they are materially important to us and we anticipate maintaining them and renewing them.

Seasonality

Demand for our consumer loan products and services in the United States has historically been highest in the third and fourth quarters of each year, corresponding to the holiday season, and lowest in the first quarter of each year, corresponding to our customers’ receipt of income tax refunds. Demand for our commercial loan products and services in the United States has historically been highest in the fourth quarter and early first quarter of each year, corresponding generally to holiday and post-holiday season needs, and lowest at the end of the first quarter and beginning of the second quarter of each year, where we believe that our customers' businesses are generally slower. Consequently, we experience seasonal fluctuations in our domestic operating results and cash needs.

Financial Information on Segments and Areas

Additional financial information regarding our operating segment and each of the geographic areas in which we do business is provided in “Item 8. Financial Statements and Supplementary Data—Note 17” of this report.

Operations

Management and Personnel

Executive Officers

Our executive officers, and information about each as of December 31, 2021, are listed below.

<u>NAME</u>	<u>POSITION WITH ENOVA</u>	<u>AGE</u>
David Fisher.....	Chief Executive Officer	52
Kirk Chartier.....	Chief Strategy Officer	58
Steven Cunningham.....	Chief Financial Officer	52
Sean Rahilly.....	General Counsel & Chief Compliance Officer	48

There are no family relationships among any of the officers named above. Each officer of Enova holds office from the date of appointment until removal or termination of employment with Enova. Set forth below is additional information regarding the executive officers identified above.

David Fisher has served as our Chief Executive Officer since January 29, 2013 when he joined Enova. Mr. Fisher has also served as a Director since February 11, 2013. Prior to joining Enova, Mr. Fisher was Chief Executive Officer of optionsXpress Holdings, Inc., or optionsXpress, from October 2007 until The Charles Schwab Corporation (“Schwab”), acquired the business in September 2011. Following the acquisition, Mr. Fisher served as President of optionsXpress until March 2012. Mr. Fisher also served as the President of optionsXpress from March 2007 to October 2007 and as the Chief Financial Officer of optionsXpress from August 2004 to March 2007. Prior to joining optionsXpress, Mr. Fisher served as Chief Financial Officer of Potbelly Sandwich Works from February 2001 to July 2004, and before that in the roles of Chief Financial Officer and General Counsel for Prism Financial Corporation. In addition, Mr. Fisher has served on the Board of Directors of GrubHub, Inc. since May 2012. Mr. Fisher also served on the Boards of Directors of optionsXpress from October 2007 until September 2011, CBOE Holdings, Inc. from January 2007 until October 2011 and InnerWorkings, Inc. from November 2011 until October 2020. Mr. Fisher received a Bachelor of Science degree in Finance from the University of Illinois and a law degree from Northwestern University School of Law.

Kirk Chartier currently serves as our Chief Strategy Officer. Mr. Chartier joined Enova in April 2013 as Chief Marketing Officer. Prior to joining Enova, Mr. Chartier was the Executive Vice President & Chief Marketing Officer of optionsXpress Holdings from January 2010 until Schwab acquired the business in September 2011. Following the acquisition, Mr. Chartier served as Vice President of Schwab through May 2012. From 2004 to 2010, Mr. Chartier was the Senior Managing Principal and Business Strategy Practice Leader for the Zyman Group, a marketing and strategy consultancy owned by MDC Partners, where he also served in interim senior marketing executive roles for Fortune 500 companies, including Safeco Insurance. Mr. Chartier has held executive roles at technology companies including as Senior Vice President of Business Services & eCommerce for CommerceQuest, as Vice President of Online Marketing & Strategy for THINK New Ideas and as a Corporate Auditor for the General Electric Company. He started his career as a combat pilot with the U.S. Marine Corps and is a veteran of Desert Storm. Mr. Chartier received a Master of Business Administration from Syracuse University, a Bachelor of Arts in Economics from the College of the Holy Cross, and a Bachelor of Science in Engineering from Worcester Polytechnic Institute.

Steven Cunningham has served as our Chief Financial Officer since he joined Enova in June 2016. Mr. Cunningham joined Enova from Discover Financial Services, where he most recently served as Executive Vice President and Chief Risk Officer for Discover’s \$8.7 billion direct banking and payment services business. He joined Discover as its Corporate Treasurer in 2010. Prior to Discover, Mr. Cunningham was the CFO of Harley-Davidson Financial Services, a \$7 billion receivables business, and spent eight years at Capital One Financial in various corporate and line of business finance leadership positions, including CFO for the Auto Finance segment, a \$20 billion receivables business, and CFO for the company’s banking segment. Mr. Cunningham also has experience as a bank regulator with the FDIC. Mr. Cunningham has served on the Board of Directors of AgriBank, a Farm Credit Bank, since January 2022. Mr. Cunningham received a bachelor’s degree in Corporate Finance and Investment Management from the University of Alabama and a Master of Business Administration from George Washington University. He also holds the professional designation of Chartered Financial Analyst.

Sean Rahilly has served as our General Counsel and Chief Compliance Officer since June 2018. Mr. Rahilly joined Enova in October 2013 as Chief Compliance Officer. Mr. Rahilly previously served as Assistant General Counsel and Compliance Officer of First American Bank from September 2006 to September 2013. He also served as First American Bank’s Vice President—Community Reinvestment Act and Compliance Officer from January 2006 to September 2006, Vice President—Compliance Manager from November 2003 to January 2006 and Assistant Vice President—Compliance and Community Reinvestment Act from July 2002 to November 2003. Prior to joining First American Bank, Mr. Rahilly served as an attorney with the Law Offices of Victor J. Cacciatore, a project assistant with Schiff Hardin & Waite and in various roles with Pullman Bank and Trust Company. He received a Bachelor of Science in Accountancy from DePaul University College of Commerce and a Juris Doctor from DePaul University College of Law.

Human Capital

Our Workforce. Our employees are primarily located in the United States, with a portion of our workforce in Brazil and Mexico. As of December 31, 2021, we had 1,463 employees. None of our employees are currently covered by a collective bargaining agreement or represented by an employee union. We believe we have one of the most skilled and talented teams of professionals in the industry. Our employees have exceptional educational backgrounds, with numerous post-graduate and undergraduate degrees in science, technology, engineering, and mathematics fields. We hire and develop a diverse range of top talent from graduate and undergraduate programs at premier institutions as well as from coding bootcamps such as Code Platoon. The extensive education of our team is complemented by the experience our leadership team obtained at leading financial services companies and technology firms such as optionsXpress, Discover Financial Services, First American Bank, JPMorgan Chase and Groupon.

Diversity, Equity, & Inclusion. Diversity, equity, and inclusion (“DEI”) are highly valued at Enova. We are committed to fostering a culture where everyone is treated equitably and fairly, with a sense of belonging, community, and value. We believe that DEI is important to all aspects of our business, including our goal to attract, develop, and retain talent from underrepresented groups. Our business is better when we have a team of people from diverse backgrounds, experiences, talents, skills, and perspectives contributing to our success. To further our commitment, in 2021, we created a new position, Diversity, Equity, & Inclusion Lead, focused exclusively on fostering

and driving our DEI initiatives and values. A key part of this role is partnering with Enova’s DEI Council, DEI groups, and business teams to ensure that our initiatives have an impactful role in our culture and day-to-day work. We currently have seven DEI groups at Enova: Apex@Enova (Asian Pacific Experience), B.L.A.C.K.@Enova (Boosting Love Achievement Culture Knowledge), HOLA@Enova (Hispanic or Latino Alliance), Parents@Enova, Pride@Enova, South Asians@Enova, and Women@Enova.

In The Community. We are dedicated to having a positive impact on our community. We encourage our employees to volunteer in their communities and on behalf of causes that are important to them through our Enova Gives program. Corporate employees are granted one paid volunteer day per calendar year to volunteer with or on behalf of a qualified 501(c)(3) non-profit organization of their choice during work hours. In addition, Enova matches charitable donations from employees to qualifying 501(c)(3) non-profit organizations—up to \$250 per employee each calendar year. Twice per year, two non-profit organizations that receive donations under the matching program become eligible for an additional one-time donation of \$2,000 to \$3,000, to be decided by employee vote. At a company level, Enova invests financially in organizations that are dedicated to strengthening and broadening access to quality education; improving the lives of children and young adults in need; and providing access to high quality financial literacy programs.

Learning & Development. We offer a combination of required and optional learning and development opportunities to every Enova employee. Our learning and development program is facilitated and guided primarily by our Talent Development team, Operations Learning and Development team, company leaders, subject matter experts and our People team. We utilize an enterprise learning management system (“LMS”) to deliver and manage all online learning. Enova employees can utilize tuition reimbursement or department training budgets for external learning and development. Required compliance training is administered and tracked through our LMS, and every Enova employee is assigned required compliance e-Learning modules. We also invest in our talent through a variety of leadership and mentor programs, as well as other events focused on professional development.

Rewards & Benefits. The primary objectives of our compensation program are to: support Enova’s core values; attract, motivate, and retain the best talent; encourage and reward high performance and results, while aligning short- and long-term interests with those of our stockholders; and reinforce our strategy to grow our business as we continue to innovate. We offer employees competitive and comprehensive total rewards packages. For U.S.-based employees, this includes competitive base pay; annual bonus consideration; long-term incentive grants; employer-subsidized health, dental, and vision insurance; an employer match for 401(k) savings; paid and unpaid time off; group term life and disability insurance; paid volunteer day; paid holidays; paid parental leave; and a summer hours program. Enova offers additional corporate perks to its U.S. employees, including a discount savings program, tuition reimbursement, last-minute childcare reimbursement, and meal ordering. Enova also offers a paid four-week sabbatical program for eligible employees. Legal, financial, and work-life solutions and support are available through our Employee Assistance Program.

Market and Industry Data

The market and industry data contained in this Annual Report on Form 10-K, including trends in our markets and our position within such markets, are based on a variety of sources, including our good faith estimates, which are derived from our review of internal surveys, information obtained from customers and publicly available information, as well as from independent industry publications, reports by market research firms and other published independent sources. None of the independent industry publications used in this report were prepared on our behalf.

REGULATION

Our operations are subject to extensive regulation, supervision and licensing under various federal, state, local and international statutes, ordinances and regulations.

U.S. Federal Regulation

Consumer Lending Laws. Our consumer loan business is subject to the federal Truth in Lending Act (“TILA”), and its underlying regulations, known as Regulation Z, and the Fair Credit Reporting Act (“FCRA”). These laws require us to provide certain disclosures to prospective borrowers and protect against unfair credit practices. The principal disclosures required under TILA are intended to promote the informed use of consumer credit. Under TILA, when acting as a lender, we are required to disclose certain material terms related to a credit transaction, including, but not limited to, the annual percentage rate, finance charge, amount financed, total of payments, the number and amount of payments and payment due dates to repay the indebtedness. The FCRA regulates the collection, dissemination and use of consumer information, including consumer credit information. The federal Equal Credit Opportunity Act (“ECOA”), prohibits us from discriminating against any credit applicant on the basis of any protected category, such as race, color, religion, national origin, sex, marital status or age, and requires us to notify credit applicants of any action taken on the individual’s credit application.

Consumer Reports and Information. The use of consumer reports and other personal data used in credit underwriting is governed by the FCRA and similar state laws governing the use of consumer credit information. The FCRA establishes requirements that apply to the

use of “consumer reports” and similar data, including certain notifications to consumers where their loan application has been denied because of information contained in their consumer report. The FCRA requires us to promptly update any credit information reported to a credit reporting agency about a consumer and to allow a process by which consumers may inquire about credit information furnished by us to a consumer reporting agency.

Information-Sharing Laws. We are also subject to the federal Fair and Accurate Credit Transactions Act, which limits the sharing of information with affiliates for marketing purposes and requires us to adopt written guidance and procedures for detecting, preventing and responding appropriately to mitigate identity theft and to adopt various policies and procedures and provide training and materials that address the importance of protecting non-public personal information and aid us in detecting and responding to suspicious activity, including suspicious activity that may suggest a possible identity theft red flag, as appropriate.

Marketing Laws. Our advertising and marketing activities are subject to several federal laws and regulations including the Federal Trade Commission Act (the “FTC Act”), which prohibits unfair or deceptive acts or practices and false or misleading advertisements in all aspects of our business. As a financial services company, any advertisements related to our products must also comply with the advertising requirements set forth in TILA. Also, any of our telephone marketing activities must comply with the Telephone Consumer Protection Act (the “TCPA”) and the Telemarketing Sales Rule (the “TSR”). The TCPA prohibits the use of automatic telephone dialing systems for communications with wireless phone numbers without express consent of the consumer, and the TSR established the Do Not Call Registry and sets forth standards of conduct for all telemarketing. Our advertising and marketing activities are also subject to the CAN-SPAM Act of 2003, which establishes certain requirements for commercial email messages and specifies penalties for the transmission of commercial email messages that are intended to deceive the recipient as to the source of content.

Protection of Military Members and Dependents. The Military Lending Act (“MLA”) is a federal law that limits the annual percentage rate to 36% on certain consumer loans made to active duty members of the U.S. military, reservists and members of the National Guard and their immediate families. The MLA’s implementing regulation also contains various disclosure requirements, limitations on renewals and refinancing, as well as restrictions on the use of prepayment penalties, arbitration provisions and certain waivers of rights. The 36% annual percentage rate cap applies to a variety of consumer loan products, including short-term consumer loans. Therefore, due to these rate restrictions, we are unable to offer certain short-term consumer loans to active duty military personnel, active reservists and members of the National Guard and their immediate dependents. Federal law also limits the annual percentage rate on existing loans when the borrower, or spouse of the borrower, becomes an active-duty member of the military during the life of a loan. Pursuant to federal law, the interest rate must be reduced to 6% per year on amounts outstanding during the time in which the service member is on active duty.

Funds Transfer and Signature Authentication Laws. The consumer loan business is also subject to the federal Electronic Funds Transfer Act (“EFTA”), and various other laws, rules and guidelines relating to the procedures and disclosures required in debiting or crediting a debtor’s bank account relating to a consumer loan (i.e., Automated Clearing House (“ACH”) funds transfer). Furthermore, we are subject to various state and federal e-signature rules mandating that certain disclosures be made and certain steps be followed in order to obtain and authenticate e-signatures.

Debt Collection Practices. We use the Fair Debt Collection Practices Act (“FDCPA”) as a guide in connection with operating our other collection activities. We are also required to comply with all applicable state collection practices laws.

Privacy and Security of Non-Public Customer Information. We are also subject to various federal and state laws and regulations relating to privacy and data security. Under these laws, including the federal Gramm-Leach-Bliley Act (“GLBA”) and the California Consumer Privacy Act of 2018 (“CCPA”), we must disclose to consumers our privacy policy and practices, including those policies relating to the sharing of consumers’ nonpublic personal information with third parties. These regulations also require us to ensure that our systems are designed to protect the confidentiality of consumers’ nonpublic personal information. These regulations also dictate certain actions that we must take to notify consumers if their personal information is disclosed in an unauthorized manner.

Anti-Money Laundering and Economic Sanctions. We are also subject to certain provisions of the USA PATRIOT Act and the Bank Secrecy Act under which we must maintain an anti-money laundering compliance program covering certain of our business activities. In addition, the Office of Foreign Assets Control (“OFAC”) prohibits us from engaging in financial transactions with specially designated nationals.

Anticorruption. We are also subject to the U.S. Foreign Corrupt Practices Act (the “FCPA”), which generally prohibits companies and their agents or intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and/or other benefits.

CFPB

In July 2010, the U.S. Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and Title X of the Dodd-Frank Act created the Consumer Financial Protection Bureau (the “CFPB”), which regulates consumer financial products and services, including consumer loans that we offer. The CFPB has regulatory, supervisory and enforcement powers over providers of consumer financial products and services, including explicit supervisory authority to examine and require registration of such providers. Pursuant to these powers, the CFPB has examined our lending products, services and practices, and we expect to continue to be examined on a regular basis by the CFPB.

On November 20, 2013, Cash America International, Inc. (“Cash America”), our parent company at the time, consented to the issuance of a Consent Order by the CFPB pursuant to which it agreed, without admitting or denying any of the facts or conclusions made by the CFPB from its 2012 examination of Cash America and us, to pay a civil money penalty of \$5 million. The Consent Order relates in part to issues self-disclosed to the CFPB by us, including the making of a limited number of loans to consumers who may have been active-duty members of the military at the time of the loan at rates in excess of the annual percentage rate permitted by the federal Military Lending Act, and for which we made refunds of approximately \$33,500, and for certain failures to timely provide and preserve records and information in connection with the CFPB’s examination of us. In addition, as a result of the CFPB’s review, we enhanced and continue to enhance our compliance management system and implemented additional policies and procedures to address the issues identified by the CFPB.

On July 10, 2017, the CFPB issued a final rule prohibiting the use of mandatory arbitration clauses and class action waiver provisions in consumer financial services contracts. On November 1, 2017, President Trump signed a joint resolution passed by the House and Senate pursuant to the Congressional Review Act disapproving the CFPB arbitration rule and blocking it from taking effect. The joint resolution also precludes an agency from reissuing a rule in substantially the same form unless the reissued rule is specifically authorized by a law enacted subsequent to the President signing the joint resolution of disapproval.

On October 6, 2017, the CFPB issued its final rule entitled “Payday, Vehicle Title, and Certain High-Cost Installment Loans” (the “Small Dollar Rule”), which covers certain loans that we offer. The Small Dollar Rule requires that lenders who make short-term loans and longer-term loans with balloon payments reasonably determine consumers’ ability to repay the loans according to their terms before issuing the loans. The Small Dollar Rule also introduces new limitations on repayment processes for those lenders as well as lenders of other longer-term loans with an annual percentage rate greater than 36 percent that include an ACH authorization or similar payment provision. If a consumer has two consecutive failed payment attempts, the lender must obtain the consumer’s new and specific authorization to make further withdrawals from the consumer’s bank account. For loans covered by the Small Dollar Rule, lenders must provide certain notices to consumers before attempting a first payment withdrawal or an unusual withdrawal and after two consecutive failed withdrawal attempts. On June 7, 2019, the CFPB issued a final rule to set the compliance date for the mandatory underwriting provisions of the Small Dollar Rule to November 19, 2020. On July 7, 2020, the CFPB issued a final rule rescinding the ability to repay (“ATR”) provisions of the Small Dollar Rule along with related provisions, such as the establishment of registered information systems for checking ATR and reporting loan activity. The payment provisions of the Small Dollar Rule remain in place, but are stayed indefinitely by the United States Court of Appeals for the Fifth Circuit, which is hearing an appeal from the plaintiff on a constitutional challenge to the rule. On October 14, 2021, the Fifth Circuit ruled that the Small Dollar Rule will not take effect until 286 days after the Fifth Circuit rules on the appeal. If the Small Dollar Rule does become effective in its current proposed form, we will need to make certain changes to our payment processes and customer notifications in our U.S. consumer lending business. If we are not able to execute these changes effectively because of unexpected complexities, costs or otherwise, we cannot guarantee that the Small Dollar Rule will not have a material adverse impact on our business, prospects, results of operations, financial condition and cash flows.

On January 25, 2019, we consented to the issuance of a Consent Order by the CFPB pursuant to which we agreed, without admitting or denying any of the facts or conclusions, to pay a civil money penalty of \$3.2 million. The Consent Order relates to issues self-disclosed to the CFPB in 2014, including failure to provide loan extensions to 308 consumers and debiting approximately 5,500 consumers from the wrong bank account. We remain subject to the restrictions and obligations of the Consent Order, including a prohibition from engaging in certain conduct.

On May 24, 2021, we received a Civil Investigative Demand (“CID”) from the CFPB concerning certain loan processing issues. We have been cooperating fully with the CFPB by providing data and information in response to the CID. We anticipate being able to expeditiously complete the investigation as several of the issues were self-disclosed and we have provided, and will continue to provide, restitution to customers who may have been negatively impacted.

For further discussion of the CFPB and its regulatory, supervisory and enforcement powers, see “Risk Factors—Risks Related to Our Business and Industry— *The Consumer Financial Protection Bureau has examination authority over our U.S. consumer lending business that could have a significant impact on our U.S. business*” in Part I, Item 1A of this report.

U.S. State Regulation

Our consumer lending business is regulated under a variety of enabling state statutes, all of which are subject to change and which may impose significant costs or limitations on the way we conduct or expand our business. As of the date of this report, we offer or arrange consumer loans in 38 states that have specific statutes and regulations that enable us to offer economically viable products. We currently do not offer consumer loans in the remaining states because we do not believe it is economically feasible to operate in those jurisdictions due to specific statutory or regulatory restrictions, such as interest rate ceilings, caps on the fees that may be charged, or costly operational requirements. However, we may later offer our consumer products or services in any of these states if we believe doing so may become economically viable because of changes in applicable statutes or regulations or if we determine we can broaden our product offerings to operate under existing laws and regulations.

The scope of state regulation of consumer loans, including the fees and terms of our products and services, varies from state to state. The terms of our products and services vary from state to state in order to comply with the laws and regulations of the states in which we operate. In addition, our advertising and marketing activities and disclosures are subject to review under various state consumer protection laws and other applicable laws and regulations. The states with laws that specifically regulate our consumer products and services may limit the principal amount of a consumer loan and set maximum fees or interest rates customers may be charged. Some states also limit a customer's ability to renew a short-term consumer loan and require various disclosures to consumers. State statutes often specify minimum and maximum maturity dates for short-term consumer loans such as ours and, in some cases, specify mandatory cooling-off periods between transactions. Our collection activities regarding past due amounts may be subject to consumer protection laws and state regulations relating to debt collection practices. In addition, some states require certain disclosures or content to accompany our advertising or marketing materials. Also, some states require us to report short-term consumer loan activity to state-wide databases and restrict the number and/or principal amount of loans a consumer may have outstanding at any particular time or over the course of a particular period of time.

In Texas, where we offer our CSO program, we comply with the jurisdiction's Credit Services Organization Act and related regulations. These laws generally define the services that we can provide to consumers and require us to provide a contract to the customer outlining our services and the cost of those services to the customer. In addition, these laws may require additional disclosures to consumers and may require us to be registered with the jurisdiction and/or be bonded.

We must also comply with state restrictions on the use of lead providers. Over the past few years, several states have taken actions that have caused us to discontinue the use of lead providers in those states. Other states may propose or enact similar restrictions on lead providers in the future.

Over the last few years, legislation that prohibits or severely restricts our consumer loan products and services has been introduced or adopted in a number of states. As a result, we have altered or ceased making consumer loans in certain states, in compliance with the new statutes. We regularly monitor proposed legislation or regulations that could affect our business.

Licensing Requirements – Small Business Loans

As part of the OnDeck business both prior and subsequent to Enova's acquisition, in states and jurisdictions that do not require a license to make commercial loans, OnDeck, and certain other of our subsidiaries, typically makes commercial installment loans and extends lines of credit directly to customers pursuant to Virginia law. There are other states and jurisdictions that require a license or have other requirements or restrictions applicable to commercial loans, including both installment loans and line of credit accounts, and may not honor a Virginia choice of law. In these other states, historically we have originated some installment loans and lines of credit directly but purchased other installment loans and lines of credit from issuing bank partners, the foregoing depending on the requirements or restrictions of these other states. Certain line of credit accounts are extended by an issuing bank partner and we may purchase extensions under those line of credit accounts.

The issuing bank partner establishes its underwriting criteria for the issuing bank partner program in consultation with us. We recommend commercial loans to the issuing bank partner that meet the bank partner's underwriting criteria, at which point the issuing bank partner may elect to fund the installment finance loan or extend the line of credit. The issuing bank partner earns origination fees from the customers who borrow from it and retains the interest paid during the period that the issuing bank partner owns the loan. In exchange for recommending loans to an issuing bank partner, we earn a marketing referral fee based on the loans recommended to, and originated by, that issuing bank partner. Historically, OnDeck has been the purchaser of the loans that it referred to issuing bank partners.

Local Regulation—United States

In addition to state and federal laws and regulations, the short-term loan industry is subject to various local rules and regulations. These local rules and regulations are subject to change and vary widely from city to city. Local jurisdictions' efforts to restrict short-term lending have been increasing. Typically, these local ordinances apply to storefront operations, however, local jurisdictions could attempt

to enforce certain business conduct and registration requirements on online lenders lending to residents of that jurisdiction. Actions taken in the future by local governing bodies to impose other restrictions on short-term lenders such as us could impact our business.

Company and Website Information

Our principal executive offices are located at 175 West Jackson Blvd., Chicago, Illinois 60604, and our telephone number is (312) 568-4200.

Our website is located at www.enova.com. Through our website, we provide free access to our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC. The information posted on our website is not incorporated by reference into this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

Risk Factors Summary

The summary of risks below provides an overview of the principal risks we are exposed to in the normal course of our business activities:

- Our business is highly regulated, and if we fail to comply with applicable laws, regulations, rules and guidance, our business could be adversely affected.
- The lending and financing industry continues to be targeted by new laws or regulations in many jurisdictions that could restrict the lending and financing products and services we offer, impose additional compliance costs on us, render our current operations unprofitable or even prohibit our current operations.
- The CFPB has examination authority over our U.S. consumer lending business that could have a significant impact on our U.S. business.
- We are subject to a Consent Order issued by the CFPB, and any noncompliance could materially adversely affect our business.
- Significant changes in international laws or regulations or a deterioration of the political, regulatory or economic environment of Brazil, or any other country in which we begin operations, could affect our operations in these countries.
- The COVID-19 pandemic has negatively impacted our operations and financial results. The ultimate extent of the impact on our business, financial position, results of operations, liquidity, and prospects is uncertain.
- Our access to payment processing systems to disburse and collect loan and financing proceeds and repayments, including the Automated Clearing House, is critical to our business, and any interruption or limitation on our ability to utilize any of the available means of processing deposits or payments could materially adversely affect our business.
- The failure to comply with debt collection regulations could subject us to fines and other liabilities, which could harm our reputation and business.
- We use lead providers and marketing affiliates to assist us in obtaining new customers, and if lead providers or marketing affiliates do not comply with an increasing number of applicable laws and regulations, or if our ability to use such lead providers or marketing affiliates is otherwise impaired, it could adversely affect our business.
- The use of personal data for credit underwriting is highly regulated.
- Negative public perception of our business could cause demand for our products to significantly decrease.
- Control of the Congress and the executive branch of the U.S. government could have a significant impact on financial services legislation passed in Congress and signed into law.
- Current and future litigation or regulatory proceedings could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows.
- Judicial decisions, CFPB rulemaking or amendments to the Federal Arbitration Act could render the arbitration agreements we use illegal or unenforceable.
- In some circumstances, federal preemption and application of an out-of-state choice of law provision will not, or may not, be available for the benefit of certain non-bank purchasers of loans to defend against a state law claim of usury.
- The failure of third parties who provide products, services or support to us to maintain their products, services or support could disrupt our operations or result in a loss of revenue.
- Our business depends on the uninterrupted operation of our systems and business functions, including our information technology and other business systems, as well as the ability of such systems to support compliance with applicable legal and regulatory requirements.
- Decreased demand for our products and specialty financial services and our failure to adapt to such decrease could result in a loss of revenue and could have a material adverse effect on us.
- The determination of the fair values of the Company's loan and finance receivables portfolio involves unobservable inputs that can be highly subjective and may prove to be materially different than the actual economic outcome.
- We are subject to impairment risk.
- If the information provided by customers to us is incorrect or fraudulent, we may misjudge a customer's qualification to receive a loan and our operating results may be harmed.
- We are subject to anticorruption laws including the U.S. Foreign Corrupt Practices Act, anti-money laundering laws and economic sanctions laws, and our failure to comply therewith, particularly as we continue to expand internationally, could result in penalties that could harm our reputation and have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows.
- Failure of operating controls could produce a significant negative outcome, including customer experience degradation, legal expenses, increased regulatory cost, significant internal and external fraud losses and vendor risk.
- Increased competition from banks, credit card companies, other consumer lenders, and other entities offering similar financial products and services could adversely affect our business, prospects, results of operations, financial condition and cash flows.

- Our success is dependent, in part, upon our officers, and if we are not able to attract and retain qualified officers, our business could be materially adversely affected.
- A sustained deterioration in the economy could reduce demand for our products and services and result in reduced earnings.
- We may be unable to protect our proprietary technology and analytics or keep up with that of our competitors.
- We may be subject to intellectual property disputes, which are costly to defend and could harm our business and operating results.
- We are subject to cyber security risks and security breaches and may incur increasing costs in an effort to minimize those risks and to respond to cyber incidents.
- Our ability to collect payment on loans and maintain the accuracy of accounts may be adversely affected by computer viruses, electronic break-ins, technical errors and similar disruptions.
- If internet search engine providers change their methodologies for organic rankings or paid search results, or our organic rankings or paid search results decline for other reasons, our new customer growth or volume from returning customers could decline.
- Growth may place significant demands on our management and our infrastructure and could be costly.
- We may not achieve the intended benefits of our acquisition of OnDeck, and the acquisition may disrupt our current plans or operations.
- Future acquisitions could disrupt our business and harm our financial condition and operating results.
- The preparation of our financial statements and certain tax positions taken by us require the judgment of management, and we could be subject to risks associated with these judgments or could be adversely affected by the implementation of new, or changes in the interpretation of existing, accounting principles, financial reporting requirements or tax rules.
- Our U.S. consumer loan and small business financing businesses are seasonal in nature, which causes our revenue and earnings to fluctuate.
- We have incurred significant indebtedness, which could adversely affect our financial condition and prevent us from fulfilling our obligations under anticipated agreements governing our indebtedness.
- The terms of the agreements governing our indebtedness restrict our current and future operations, particularly our ability to respond to changes or to take certain actions, which could harm our long-term interests.
- We may not be able to generate sufficient cash to service our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.
- Changes in our financial condition or a potential disruption in the capital markets could reduce available capital.
- Certain provisions of our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law may discourage takeovers.

Risk Factors

Our business and future results may be affected by a number of risks and uncertainties that should be considered carefully in evaluating us. In addition, this report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks faced by us described below. The occurrence of one or more of the events listed below could also have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows.

Risks Related to Our Business and Industry

Our business is highly regulated, and if we fail to comply with applicable laws, regulations, rules and guidance, our business could be adversely affected.

Our products and services are subject to extensive regulation, supervision and licensing under various federal, state, local and international statutes, ordinances, regulations, rules and guidance. For example, our loan products may be subject to requirements that generally mandate licensing or authorization as a lender or as a credit services organization or credit access business (collectively, “CSO”), establish limits on the amount, duration, renewals or extensions of and charges for (including interest rates and fees) various categories of loans, direct the form and content of our loan contracts and other documentation, restrict collection practices, outline underwriting requirements and subject us to periodic examination and ongoing supervision by regulatory authorities, among other things. We must comply with federal laws, such as TILA, ECOA, FCRA, EFTA, GLBA and Title X of the Dodd-Frank Act, among others, as well as regulations adopted to implement those laws. In addition, our marketing and disclosure efforts and the representations made about our products and services are subject to unfair and deceptive practice statutes, including the FTC Act, the TCPA and the CAN-SPAM Act of 2003 in the United States and analogous state statutes under which the FTC, the CFPB, state attorneys general or private plaintiffs may bring legal actions.

Additionally, with the acquisition of OnDeck, changes in laws or regulations or changes to the application or interpretation of the laws and regulations applicable to small business lenders could adversely affect the Company's ability to operate in the manner in which the Company currently conducts business or make it more difficult or costly for the Company to originate or otherwise acquire additional small business loans, or for the Company to collect payments on the small business loans. Such changes could subject the Company to additional licensing, registration and other legal or regulatory requirements in the future or otherwise that could, individually or in the aggregate, adversely affect the Company's ability to conduct its business.

We are also subject to various international laws, licensing or authorization requirements in connection with the products or services we offer in Brazil, Australia and Canada. Compliance with applicable laws, regulations, rules and guidance requires forms, processes, procedures, training, controls and the infrastructure to support these requirements. Compliance may also create operational constraints, be costly or adversely affect operating results. See "Business—Regulation" of Part I, Item 1 of this report for further discussion of the laws applicable to us.

The regulatory environment in which we conduct our business is extensive and complex. From time to time we become aware of instances where our products and services have not fully complied with requirements under applicable laws and regulations or applicable contracts. Determinations of compliance with applicable requirements or contracts, such as those discussed above, can be highly technical and subject to varying interpretations. When we become aware of such an instance, products or services that may not be in compliance with applicable laws, whether as a result of our compliance reviews, regulatory inquiry, customer complaint or otherwise, we generally conduct a review of the activity in question and determine how to address it, such as modifying the product, making customer refunds or providing additional disclosure. We also evaluate whether reports or other notices to regulators are required and provide notice to regulators whenever required. In some cases, we have decided and will decide to take corrective action even after applicable statutory or regulatory cure periods have expired, and in other cases we have notified regulators even where such notification may not have been required. Regulators or customers reviewing such incidents or remedial activities may interpret the laws, regulations and customer contracts differently than we have, or may choose to take regulatory action against us or bring private litigation against us notwithstanding the corrective measures we have taken. This may be the case even if we no longer offer the product or service in question.

State, federal and international regulators, as well as the plaintiffs' bars, have subjected our industry to intense scrutiny in recent years. In addition, our contracts for certain products and services may be governed by the law applicable in a state other than the state in which the customer resides. If a court were to reject our choice of law and determine that a contract was governed by the laws of another state, the contract may be unenforceable. A judgment that the choice of law provisions in our loan agreements is unenforceable also could result in costly and time-consuming litigation, penalties, damage to our reputation, trigger repurchase obligations, negatively impact the terms of our future loans and harm our operating results. Likewise, a judgment that the choice of law provision in other commercial loan agreements is unenforceable could result in challenges to our choice of law provision and that could result in costly and time-consuming litigation.

Failure to comply with applicable laws, regulations, rules and guidance, or any finding that our past forms, practices, processes, procedures, controls or infrastructure were insufficient or not in compliance, could subject us to regulatory enforcement actions, result in the assessment against us of civil, monetary, criminal or other penalties (some of which could be significant in the case of knowing or reckless violations), result in the issuance of cease and desist orders (which can include orders for restitution, as well as other kinds of affirmative relief), require us to refund payments, interest or fees, result in a determination that certain financial products are not collectible, result in a suspension or revocation of licenses or authorization to transact business, result in a finding that we have engaged in unfair and deceptive practices, limit our access to services provided by third-party financial institutions or cause damage to our reputation, brands and valued customer relationships. We may also incur additional, substantial expenses to bring those products and services into compliance with the laws of various jurisdictions or stop offering certain products and services in certain jurisdictions.

Our failure to comply with any regulations, rules or guidance applicable to our business could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows and could prohibit or directly or indirectly impair our ability to continue current operations.

The lending and financing industry continues to be targeted by new laws and regulations in many jurisdictions that could restrict the lending and financing products and services we offer, impose additional compliance costs on us, render our current operations unprofitable or even prohibit our current operations.

Governments at the national, state and local levels, as well as international governments, may seek to impose new laws, regulatory restrictions or licensing requirements that affect the products or services we offer, the terms on which we may offer them, and the disclosure, compliance and reporting obligations we must fulfill in connection with our lending and financing business. They may also interpret or enforce existing requirements in new ways that could restrict our ability to continue our current methods of operation or to expand operations, impose significant additional compliance costs, and may have a negative effect on our business, prospects, results of

operations, financial condition and cash flows. In some cases, these measures could even directly prohibit some or all of our current business activities in certain jurisdictions or render them unprofitable and/or impractical to continue.

In recent years, consumer loans, and in particular the category commonly referred to as “payday loans,” which includes certain of our short-term loan products, have come under increased regulatory scrutiny that has resulted in increasingly restrictive regulations and legislation that makes offering such loans in certain states in the United States or the international countries where we operate (as further described below) less profitable or unattractive. Laws or regulations in some states in the United States require that all borrowers of certain short-term loan products be reported to a centralized database and limit the number of loans a borrower may receive or have outstanding. Other laws prohibit us from providing some of our consumer loan products in the United States to active duty military personnel, active members of the National Guard or members on active reserve duty and their spouses and covered dependents.

Certain consumer advocacy groups and federal and state legislators and regulators have advocated that laws and regulations should be tightened so as to severely limit, if not eliminate, the type of loan products and services we offer to consumers, and this has resulted in both the executive and legislative branches of the U.S. federal government and state governmental bodies exhibiting an interest in debating legislation that could further regulate consumer and/or small business loan products and services such as those that we offer. The U.S. Congress, as well as other similar federal, state and local bodies and similar international governmental authorities, have debated, and may in the future adopt, legislation or regulations that could, among other things, place a cap (or decrease a current cap) on the interest or fees that we can charge or a cap on the effective annual percentage rate that limits the amount of interest or fees that may be charged, ban or limit loan renewals or extensions of short-term loans (where the customer agrees to pay the current finance charge on a loan for the right to make payment of the outstanding principal balance of such loan at a later date plus an additional finance charge), including the rates to be charged for loan renewals or extensions, require us to offer an extended payment plan, limit origination fees for loans, require changes to our underwriting or collections practices, require lenders to be bonded or to report consumer loan activity to databases designed to monitor or restrict consumer borrowing activity, impose “cooling off” periods between the time a loan is paid off and another loan is obtained or prohibit us from providing any of our consumer loan products in the United States to active duty members of the U.S. military, reservists and members of the National Guard and their immediate families.

Furthermore, legislative or regulatory actions may be influenced by negative perceptions of us and our industry, even if such negative perceptions are inaccurate, attributable to conduct by third parties not affiliated with us (such as other industry members), or attributable to matters not specific to our industry.

We cannot currently assess the likelihood of any future unfavorable federal, state, local or international legislation or regulations being proposed or enacted that could affect our products and services. We closely monitor proposed legislation in jurisdictions where we offer our loan products. Additional legislative or regulatory provisions could be enacted that could severely restrict, prohibit or eliminate our ability to offer a consumer or small business loan or financing product. In addition, under statutory authority, U.S. state regulators have broad discretionary power and may impose new licensing requirements, interpret or enforce existing regulatory requirements in different ways or issue new administrative rules, even if not contained in state statutes, that could adversely affect the way we do business and may force us to terminate or modify our operations in particular states or affect our ability to obtain new licenses or renew the licenses we hold.

Any of these or other legislative or regulatory actions that affect our lending and financing business at the national, state, international and local level could, if enacted or interpreted differently, have a material adverse impact on our business, prospects, results of operations, financial condition and cash flows and could prohibit or directly or indirectly impair our ability to continue current operations.

The Consumer Financial Protection Bureau has examination authority over our U.S. consumer lending business that could have a significant impact on our U.S. business.

In July 2010, the U.S. Congress passed the Dodd-Frank Act, and Title X of the Dodd-Frank Act created the CFPB, which regulates U.S. consumer financial products and services, including consumer loans offered by us. The CFPB has regulatory, supervisory and enforcement powers over providers of consumer financial products and services, such as us, including explicit supervisory authority to examine and require registration of such providers.

The CFPB exercises supervisory review over and examines certain non-bank providers of consumer financial products and services, including providers of consumer loans such as us. The CFPB has examined our lending products, services and practices, and we expect to continue to be examined on a regular basis by the CFPB. The CFPB’s examination authority permits CFPB examiners to inspect the books and records of providers of short-term, small dollar lenders, and ask questions about their business practices, and the examination procedures include specific modules for examining marketing activities; loan application and origination activities; payment processing activities and sustained use by consumers; collections, accounts in default, and consumer reporting activities as well as third-party relationships. As a result of these examinations, we could be required to change our products, services or practices, whether as a result

of another party being examined or as a result of an examination of us, or we could be subject to monetary penalties, which could materially adversely affect us.

The CFPB also has broad authority to prohibit unfair, deceptive and abusive acts and practices and to investigate and penalize financial institutions that violate this prohibition. In addition to having the authority to obtain monetary penalties for violations of applicable federal consumer financial laws (including the CFPB's own rules), the CFPB can require remediation of practices, pursue administrative proceedings or litigation and obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief). Also, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations implemented thereunder, the Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions to remedy violations of state law. If the CFPB or one or more state attorneys general or state regulators believe that we have violated any of the applicable laws or regulations, they could exercise their enforcement powers in ways that could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows.

We are subject to a Consent Order issued by the Consumer Financial Protection Bureau, and any noncompliance could materially adversely affect our business.

On January 25, 2019, we consented to the issuance of a Consent Order by the CFPB pursuant to which we agreed, without admitting or denying any of the facts or conclusions, to pay a civil money penalty of \$3.2 million. The Consent Order relates to issues self-disclosed to the CFPB in 2014, including failure to provide loan extensions to 308 consumers and debiting approximately 5,500 consumers from the wrong bank account. We remain subject to the restrictions and obligations of the Consent Order, including a prohibition from engaging in certain conduct. Any noncompliance with the Consent Order or similar orders or agreements from other regulators could lead to further regulatory penalties and could have a material adverse impact on our business, prospects, results of operations, financial condition and cash flows and could prohibit or directly or indirectly impair our ability to continue current operations.

The CFPB recently finalized a new rule that may affect the consumer lending industry, and this rule could have a material adverse effect on our U.S. consumer lending business.

On October 6, 2017, the CFPB issued a rule on payday and certain high-cost installment loans, also known as the "Small Dollar Rule," which would cover some of the loans we offer. The Small Dollar Rule initially required that lenders who make short-term loans and longer-term loans with balloon payments reasonably determine consumers' ability to repay the loans according to their terms before issuing the loans. The Small Dollar Rule also introduced new limitations on repayment processes for those lenders as well as lenders of other longer-term loans with an annual percentage rate greater than 36 percent that include an ACH authorization or similar payment provision. If a consumer has two consecutive failed payment attempts, the lender must obtain the consumer's new and specific authorization to make further withdrawals from the consumer's bank account. For loans covered by the Small Dollar Rule, lenders must provide certain notices to consumers before attempting a first payment withdrawal or an unusual withdrawal and after two consecutive failed payment attempts. On July 7, 2020, the CFPB issued the final Small Dollar Rule, rescinding the ability to repay ("ATR") and related provisions, such as the establishment of registered information systems for checking ATR and reporting loan activity. The payment provisions of the Small Dollar Rule remain in place, but are stayed indefinitely by the United States Court of Appeals for the Fifth Circuit, which is hearing an appeal from the plaintiff on a constitutional challenge to the rule. On October 14, 2021, the Fifth Circuit ruled that the Small Dollar Rule will not take effect until 286 days after the Fifth Circuit rules on the appeal. If the Small Dollar Rule does become effective in its current proposed form, we will need to make certain changes to our payment processes and customer notifications in our U.S. consumer lending business. If we are not able to execute these changes effectively because of unexpected complexities, costs or otherwise, we cannot guarantee that the Small Dollar Rule will not have a material adverse impact on our business, prospects, results of operations, financial condition and cash flows.

Our advertising and marketing materials and disclosures have been and continue to be subject to regulatory scrutiny.

In the jurisdictions where we operate, our advertising and marketing activities and disclosures are subject to regulation under various industry standards, consumer protection laws, and other applicable laws and regulations. Consistent with the lending industry as a whole, our advertising and marketing materials have come under increased scrutiny.

Going forward, there can be no guarantee that we will be able to advertise and market our business in a manner we consider effective. Any inability to do so could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows.

Significant changes in international laws or regulations or a deterioration of the political, regulatory or economic environment of Brazil, or any other country in which we begin operations, could affect our operations in these countries.

We offer, arrange and/or service online consumer loans to customers in Brazil and commercial lending products to customers in Canada and Australia. New legislation or regulations could further restrict the loan products we offer.

Significant changes in international laws or regulations or a deterioration of the political, regulatory or economic environment of Brazil, Canada or Australia could restrict our ability to sustain or expand our operations. Similarly, a significant change in laws, regulations or overall treatment (including an interpretation or application of such laws and regulations not anticipated when exploring or initiating business) or a deterioration of the political, regulatory or economic environment of any other country in which we may decide to do business, could also materially adversely affect our prospects and could restrict our ability to initiate a pilot program or develop a pilot program into full business operations.

The administration of our subsidiary, CashEuroNet, through which we conducted our U.K. business, could have an adverse impact on our liquidity and financial position.

Effective October 25, 2019, in accordance with the provisions of the U.K. Insolvency Act and pursuant to approval by the board of directors of CashEuroNet, insolvency practitioners from Grant Thornton UK LLP were appointed as administrators in respect of our subsidiary, CashEuroNet. Claims related to the management and financial support of CashEuroNet prior to the administration may be asserted, which could result in additional expense to us. We are currently providing certain administrative, technical and other services, and incur other exit costs and expenses related to CashEuroNet during its administration. While we do not believe there will be claims or costs beyond the initial anticipated charge of \$74.5 million, we cannot provide complete assurance we will not experience significant additional claims or costs related to the administration of CashEuroNet and its prior business conducted in the U.K.

We have previously ceased business in certain jurisdictions due to regulatory restrictions and, if we are forced to exit key jurisdictions in the future due to regulatory restrictions, this could adversely affect our business as a whole.

In the past we have ceased business in, restricted our operations in, or chosen not to begin business in, certain jurisdictions due to regulatory restrictions which render our operations impermissible, unprofitable or impractical. In addition, because we are in some cases subject to state/provincial and local regulation in addition to federal/national regulation, we may restrict or discontinue business in certain jurisdictions within countries where we are otherwise active. For example, as of December 31, 2021, we did not offer or arrange consumer loans in 12 U.S. states because we do not believe it is economically feasible to operate in those jurisdictions due to specific statutory or regulatory restrictions, such as interest rate ceilings or caps on the fees that may be charged.

The adoption of state regulatory measures cannot be predicted, but we expect that other states may propose or enact similar restrictions impacting our consumer or small business loan or financing products in the future, which could affect our operations in such states. Legislation or regulations targeting or otherwise directly affecting our products and services have been introduced or adopted in a number of states over the last few years, and we regularly monitor proposed legislation or regulations that could affect our business. For more information, see “Regulation and Legal Proceedings—U.S. State Regulation.”

If we are forced to exit key jurisdictions due to such concerns, we cannot guarantee that we will be able to find suitably attractive additional business opportunities elsewhere, which could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows.

The COVID-19 pandemic has negatively impacted our operations and financial results. The ultimate extent of the impact on our business, financial position, results of operations, liquidity, and prospects is uncertain.

The COVID-19 pandemic has, and will likely continue to, severely impact global economic conditions, resulting in substantial volatility in the global financial markets, increased unemployment, and operational challenges resulting from measures that governments and other authorities have imposed to control its spread, such as travel bans, business and school limitations and closures, quarantines, and shelter-in-place orders. As our customers are located in the United States, Brazil, Canada and Australia, we began to see the initial impacts of the pandemic and governmental response on our business toward the end of the first quarter of 2020.

Various governmental bodies have reacted to the economic crisis caused by the pandemic by implementing stimulus and liquidity programs, and the Federal Reserve of the United States has reduced interest rates. The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was enacted March 27, 2020 to provide \$2.2 trillion of economy-wide financial stimulus in the form of financial aid to individuals, business, nonprofits, states, and municipalities. In December 2020, the U.S. government enacted a \$900 billion pandemic relief bill that included enhanced unemployment benefits, direct cash payments to individuals, additional funding under the Payment Protection Program, and funding for hospitals and vaccines, among other items. We believe that governmental stimulus has favorably impacted our customers, helping many to meet their loan obligations. However, it is uncertain whether these actions or future actions will continue to be successful in countering the economic disruptions and these actions could have a further negative impact on the economy in the long term. Many of our customers are experiencing layoffs, furloughs, and other changes in work and financial situations, which may negatively impact their ability to repay us. Higher delinquency or default rates would have an adverse impact on the fair value of our portfolio.

While we have seen the initial impact of the pandemic to our operations, the extent of its impact is highly dependent on variables that are difficult to predict, such as the scope and duration of the pandemic, and the success rate of measures taken by the governments to control its spread and stabilize the economy. If the pandemic is prolonged or the actions of government are unsuccessful, the adverse impact on the global economy will deepen. We could experience further reduced demand and availability of our products, higher credit losses in our portfolio, impairments of other financial assets, and other negative impacts to our financial position. We could have issues meeting our financial performance covenants, which would require waiver/amendment or could result in default on our financing agreements. We are highly reliant on our employees for our continued operations, and to the extent our employee population is impacted by the pandemic, or the actions by governmental bodies taken in reaction to the pandemic, this could adversely affect our ability to service our customers and to offer our products. Our access to capital markets could be hampered and could lead to a higher cost of capital.

Our access to payment processing systems to disburse and collect loan and financing proceeds and repayments, including the Automated Clearing House, is critical to our business, and any interruption or limitation on our ability to utilize any of the available means of processing deposits or payments could materially adversely affect our business.

When making loans and providing financing in the United States, we use several means of depositing proceeds into and collecting repayments from our customers' bank accounts, including the use of ACH. Our business, including loans made through the CSO programs, depends on payment processing systems to collect amounts due by repayments from our customers' bank accounts when we have obtained authorization to do so from the customer. Our transactions are processed by banks, and if these banks cease to provide any of the available means of payment processing services, we would have to materially alter, or possibly discontinue, some or all of our business if alternative processing methods are not as effective or not available.

Previous heightened regulatory scrutiny by the U.S. Department of Justice, the Federal Deposit Insurance Corporation and other regulators, in an action referred to as Operation Choke Point, caused banks and ACH payment processors to cease doing business with certain short-term consumer lenders who were operating legally, without regard to whether those lenders were complying with applicable laws, simply to avoid the risk of heightened scrutiny or even litigation.

Our access to payment processing systems could be impaired as a result of actions by regulators to cut off the access to payment processing systems to payday lenders or by rule changes by the National Automated Clearinghouse Association ("NACHA"), which oversees the ACH network. The limited number of financial institutions we depend on may choose to discontinue providing ACH processing, remotely created check processing and similar services to us. If our access to any of these means of payment processing is impaired, we may find it difficult or impossible to continue some or all of our business, which could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows. If we are unable to maintain access to needed services on favorable terms, we would have to materially alter, or possibly discontinue, some or all of our business if alternative processors are not available.

The failure to comply with debt collection regulations could subject us to fines and other liabilities, which could harm our reputation and business.

The FDCPA regulates persons who regularly collect or attempt to collect, directly or indirectly, consumer debts owed or asserted to be owed to another person. Many states impose additional requirements on persons collecting or attempting to collect consumer debts owed to them and on debt collection communications, and some of those requirements may be more stringent than the federal requirements. Moreover, regulations governing debt collection are subject to changing interpretations that differ from jurisdiction to jurisdiction.

On May 7, 2019, the CFPB issued a Notice of Proposed Rulemaking under the FDCPA (the "Proposed Debt Collection Rule") which would apply to third-party debt collectors covered by the FDCPA, including our attempts to collect certain debt originated by other lenders such as under our CSO program. In the fall of 2020, the CFPB issued its final debt collection rule in two parts. The first part, issued on October 30, 2020: (a) clarifies the times and places at which a debt collector may communicate with a consumer; (b) requires collectors to provide a channel-specific opt-out mechanism for debtors in all text messages and emails; and (c) provides that a debt collector is presumed to violate the rule if it places a telephone call to a person more than 7 times within a 7-day period or within 7 days after a telephone conversation with the debtor. The second part, issued on December 18, 2020: (a) includes prohibitions against taking or threatening legal action on time-barred debt outside of proofs of claim filed in bankruptcy proceedings; (b) requires debt collectors to speak to a consumer in person or by phone or send a letter or electronic message and wait a reasonable period of time before furnishing information to a credit reporting agency; and (c) adopts a set of specifications for the information that should be included in debt validation notices and when and how the validation notice should be provided to consumers. Both rules became effective November 30, 2021. Creditors and other first-party collectors are not subject to the final rules, but they will impact Enova's third-party collectors and debt buyers. Restrictions on our third-party debt collectors or that apply to our attempts to collect debt originated by other lenders, may have an adverse impact on our U.S. products and services.

Non-U.S. jurisdictions also regulate debt collection. We could be subject to fines, written orders or other penalties if we, or parties working on our behalf, are determined to have violated the FDCPA or analogous state or international laws, which could have a material adverse effect on our reputation, business, prospects, results of operations, financial condition and cash flows.

We use lead providers and marketing affiliates to assist us in obtaining new customers, and if lead providers or marketing affiliates do not comply with an increasing number of applicable laws and regulations, or if our ability to use such lead providers or marketing affiliates is otherwise impaired, it could adversely affect our business.

We are dependent on third parties, referred to as lead providers (or lead generators) and marketing affiliates, as a source of new customers. Our marketing affiliates place our advertisements on their websites that direct potential customers to our websites. Generally, lead providers operate, and also work with their own marketing affiliates who operate, separate websites to attract prospective customers and then sell those “leads” to online lenders. As a result, the success of our business depends substantially on the willingness and ability of lead providers or marketing affiliates to provide us customer leads at acceptable prices.

If regulatory oversight of lead providers or marketing affiliates is increased, through the implementation of new laws or regulations or the interpretation of existing laws or regulations, our ability to use lead providers or marketing affiliates could be restricted or eliminated. For example, the CFPB has indicated its intention to examine compliance with federal laws and regulations by lead providers and to scrutinize the flow of non-public, private consumer information between lead providers and lead buyers, such as us. Over the past few years, several states have taken actions that have caused us to discontinue the use of lead providers in those states. While these discontinuations did not have a material adverse effect on us, other states may propose or enact similar restrictions on lead providers and potentially on marketing affiliates in the future, and if other states adopt similar restrictions, our ability to use lead providers or marketing affiliates in those states would also be interrupted.

Lead providers’ or marketing affiliates’ failure to comply with applicable laws or regulations, or any changes in laws or regulations applicable to lead providers or marketing affiliates’ or changes in the interpretation or implementation of such laws or regulations, could have an adverse effect on our business and could increase negative perceptions of our business and industry. Additionally, the use of lead providers and marketing affiliates could subject us to additional regulatory cost and expense. If our ability to use lead generators or marketing affiliates were to be impaired, our business, prospects, results of operations, financial condition and cash flows could be materially adversely affected.

In addition, we do business with third parties who are not part of our funding advisor program, including third parties who may refer potential small business customers to us or to whom we may refer potential customers for their business. In general, if we refer an applicant that takes a loan from one of our strategic partners, that strategic partner pays us a commission based on the amount of the originated loan. The partners determine whether to extend credit to referred applicants using their own credit models and criteria.

Certain states require a license to broker commercial loans or apply other restrictions to loan brokering activities. We believe that our strategic referral program for small business products would not be considered loan brokering under those state laws and, as such, would not require us to obtain a license. There is a risk that states could adopt new laws or amend or interpret existing laws to require us to obtain a broker license, impose penalties for noncompliance, or otherwise prevent us from making further referrals and collecting commissions from our referral partners. Challenges to our program could also result in costly and time-consuming litigation, damage to our reputation and harm our operating results.

To the extent that funding advisor program partners, other third parties or internal sales representatives mislead loan applicants or engage or previously engaged in disreputable behavior, our reputation may be harmed and we may face liability.

We rely on third-party independent advisors, including commercial loan brokers, which we call funding advisor program partners, or FAPs, for a significant portion of the customers to whom we issue loans. As a consequence of their status as independent contractors who provide services for multiple lenders, we have less control of third-party independent sales activities as compared to the activities of our internal sales representatives.

Because FAPs earn fees on a commission basis, FAPs may have an incentive to mislead loan applicants, facilitate the submission by loan applicants of false application data or engage in other disreputable behavior so as to earn additional commissions. We also rely on our internal sales representatives for customer acquisition in our direct marketing channel, who may also be motivated to engage in disreputable behavior to increase our customer base because such internal sales representatives are paid on a commission basis. If FAPs or our internal sales representatives mislead our customers or engage in other disreputable behavior, our customers are less likely to be satisfied with their experience and we may be subject to costly and time-consuming disputes. Negative publicity relating to FAPs or internal sales representatives could impair our ability to continue to increase our revenue and our business could otherwise be materially and negatively impacted.

We significantly enhanced, and regularly update, the nature and scope of the due diligence conducted on both prospective and existing FAPs. We also implemented certain enhanced contractual provisions and compliance-related measures related to our funding advisor program. While these measures were intended to improve certain aspects and reduce the risks of how we work with funding advisors and how they work with our customers, we cannot assure that these measures will work or continue to work as intended, that other compliance-related concerns will not emerge in the future, that the funding advisors will comply with these measures, and that these measures will not negatively impact our business from this channel or have other unintended or negative impacts on our business beyond the FAP channel.

In addition, we do business with third parties who are not part of our funding advisor program, including third parties who may refer potential customers to us. Although such third parties are solely intended to refer to our internal processes we are exposed to the risks of potential misleading or disreputable behavior from these third parties as well as from our FAPs.

As to our sales force, sales representatives are given sales scripts and receive rigorous training, including in-person training on avoiding unfair, abusive, and deceptive practices. In addition, internal sales representative calls are recorded and monitored for purposes of compliance and quality assurance. Despite these controls, we cannot assure that they will work as intended or that all of our internal sales representatives will comply with our procedures. Failure of our internal sales representatives to do so would expose us to the same, or worse, consequences than those relating to the FAP channel. We also refer merchants to third party lenders. It is conceivable that we are exposed to risk if such third- party lenders engage in wrongful behavior.

We pay commissions to our strategic partners, other third parties and FAPs upfront and generally do not recover them in the event the related term loan or line of credit is eventually charged off.

We pay commissions to strategic partners and FAPs on the business installment loans and lines of credit we originate through these channels. We pay these commissions at the time the installment loan is originated or line of credit is opened. OnDeck also paid such commissions on equipment finance loans. We generally do not require that this commission be repaid to us in the event of a default on an installment loan or line of credit. In certain circumstances we are entitled to recover some or all of commission paid for equipment finance originations. While we generally discontinue working with strategic partners and FAPs that refer customers to us that ultimately have unacceptably high levels of defaults, to the extent that our strategic partners and FAPs are not at risk of forfeiting their commissions in the event of defaults, they may, to an extent, be indifferent to the riskiness of the potential customers that they refer to us.

Any violations of our Code of Business Conduct and Ethics, or the failure to detect any such violations, may cause our business, financial condition or results of operations to be adversely affected.

Our Code of Business Conduct and Ethics prohibits us and our employees from engaging in unethical business practices. In addition, our FAPs are required to comply with a code of conduct, or the FAP Code, tailored to their brokering services. We refer to our Code of Business Conduct and Ethics and the FAP Code collectively as the “Code.” However, there can be no assurance that all of our employees, agents, or contractors will refrain from acting in violation of our Code, or that we will be able to detect any such violations. The investigation into potential violations of our Code, or even allegations of such violations, could disrupt our operations, involve significant management distraction, and lead to significant costs and expenses, and such expenses may have a material adverse effect on our financial results. If we, or our employees, agents or contractors, are found to have engaged in practices that violate our Code, we could suffer severe fines, penalties or other consequences that may have a material adverse effect on our business, financial condition or results of operations. In addition, negative public opinion could result from actual or alleged conduct by us, or our employees, agents or contractors acting on our behalf, in any number of activities or circumstances in violation of our Code, including employment related offenses, such as harassment (sexual or otherwise) and discrimination, regulatory compliance and the use and protection of data and systems, or from actions taken by regulators or others in response to such conduct.

The use of personal data for credit underwriting is highly regulated.

In the United States, the FCRA regulates the collection, dissemination and use of consumer information, including consumer credit information. Compliance with the FCRA and related laws and regulations concerning consumer reports has recently been under regulatory scrutiny. The FCRA requires us to provide a Notice of Adverse Action to a consumer loan applicant when we deny an application for credit, which, among other things, informs the applicant of the action taken regarding the credit application and the specific reasons for the denial of credit. The FCRA also requires us to promptly update any credit information reported to a consumer reporting agency about a consumer and to allow a process by which consumers may inquire about credit information furnished by us to a consumer reporting agency. Historically, the FTC has played a key role in the implementation, oversight, enforcement and interpretation of the FCRA. Pursuant to the Dodd-Frank Act, the CFPB has primary supervisory, regulatory and enforcement authority of FCRA issues, although the FTC also retains its enforcement role regarding the FCRA. The CFPB has taken a more active approach than the FTC, including with respect to regulation, enforcement and supervision of the FCRA. Changes in the regulation, enforcement or supervision of the FCRA may materially affect our business if new regulations or interpretations by the CFPB or the FTC require us to materially alter the manner in which we use personal data in our credit underwriting. The oversight of the FCRA by both the CFPB

and the FTC and any related investigation or enforcement activities or our failure to comply with the DPA may have a material adverse impact on our business, including our operations, our mode and manner of conducting business and our financial results.

In 2018, the State of California enacted the California Consumer Privacy Act of 2018 (“CCPA”), which came into effect on January 1, 2020 and expands the privacy rights of California residents and regulates the sharing of consumer information of California residents. On November 3, 2020, Californians voted to approve Proposition 24, a ballot measure that creates the California Privacy Rights Act (“CPRA”). The CPRA amends and expands the rights and obligations under the CCPA. Most of the CPRA’s substantive provisions will not take effect until January 1, 2023. Once the CPRA takes effect, it will replace the CCPA, although in the interim, businesses must comply with the CCPA. Compliance with the CCPA and the CPRA may increase the cost of conducting business in California, and we could see increased litigation costs as a result of the enactment of these laws. Several other states, such as Maine, Minnesota, Nevada, New York, Oklahoma, Virginia, and Washington, have proposed or passed legislation regarding data privacy and use, which could create more risks and potential costs.

Negative public perception of our business could cause demand for our products to significantly decrease.

In recent years, consumer advocacy groups and some media reports have advocated governmental action to prohibit or place severe restrictions on short-term and high-cost consumer loans. Such consumer advocacy groups and media reports generally focus on the annual percentage rate for this type of consumer loan, which is compared unfavorably to the interest typically charged by banks to consumers with top-tier credit histories. The fees and/or interest charged by us and others in the industry attract media publicity about the industry and may be perceived as controversial. If the negative characterization of these types of loans becomes increasingly accepted by consumers, demand for any or all of the consumer loan products that we offer could significantly decrease, which could materially affect our business, prospects, results of operations, financial condition and cash flows. Additionally, if the negative characterization of these types of loans is accepted by legislators and regulators, we could become subject to more restrictive laws and regulations applicable to short-term loans or other consumer loan products that we offer that could materially adversely affect our business, prospects, results of operations, financial condition and cash flows and could impair our ability to continue current operations.

In addition, our ability to attract and retain customers is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, financial condition and other subjective qualities. Negative perceptions or publicity regarding these matters—even if related to seemingly isolated incidents, or even if related to practices not specific to short-term loans, such as debt collection—could erode trust and confidence and damage our reputation among existing and potential customers, which could make it difficult for us to attract new customers and retain existing customers and could significantly decrease the demand for our products, could materially adversely affect our business, prospects, results of operations, financial condition and cash flows and could impair our ability to continue current operations.

Control of the Congress and the executive branch of the U.S. government could have a significant impact on financial services legislation passed in Congress and signed into law.

In January 2019, the Democratic party took control of the House of Representatives, and in January 2021, the Democratic party took control of the Senate and Joseph Biden was inaugurated as President of the United States. The new administration has publicly discussed raising income tax rates, including corporate income taxes. Such legislation would likely lead to an increase in our total tax expense. Further, tax rate changes can also lead to discrete tax expense events at the time of enactment. We are unable to predict at this time the effect of any such new legislation or regulations.

Current and future litigation or regulatory proceedings could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows.

We have been and are currently subject to lawsuits (including purported class actions) that could cause us to incur substantial expenditures, generate adverse publicity and could significantly impair our business, force us to cease doing business in one or more jurisdictions or cause us to cease offering or alter one or more products. We are also likely to be subject to further litigation in the future. An adverse ruling in or a settlement of any current or future litigation against us or another provider of loans or financings similar to those we offer could cause us to have to refund fees and/or interest collected, forego collection of the principal amount of loans or the delivery of purchased receivables, pay treble or other multiple damages, pay monetary penalties and/or modify or terminate our operations in particular jurisdictions.

Defense of any lawsuit, even if successful, could require substantial time and attention of our management and could require the expenditure of significant amounts for legal fees and other related costs. We and others are also subject to regulatory proceedings, and we could suffer losses as a result of interpretations of applicable laws, rules and regulations in those regulatory proceedings, even if we are not a party to those proceedings. Any of these events could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows and could impair our ability to continue current operations.

Judicial decisions, CFPB rulemaking or amendments to the Federal Arbitration Act could render the arbitration agreements we use illegal or unenforceable.

We include arbitration provisions in our consumer and business loan and financing agreements. These provisions are designed to allow us to resolve any customer disputes through individual arbitration rather than in court and explicitly provide that all arbitrations will be conducted on an individual and not on a class basis. Thus, our arbitration agreements, if enforced, have the effect of shielding us from class action liability. Our arbitration agreements do not generally have any impact on regulatory enforcement proceedings. We take the position that the arbitration provisions in loan and financing agreements, including class action waivers, are valid and enforceable; however, the enforceability of arbitration provisions is often challenged in court. If those challenges are successful, our arbitration and class action waiver provisions could be unenforceable, which could subject us to additional litigation, including additional class action litigation.

In addition, the U.S. Congress has considered legislation that would generally limit or prohibit mandatory arbitration agreements in consumer contracts and has enacted legislation with such a prohibition with respect to certain mortgage loan agreements and also certain consumer loan agreements to members of the military on active duty and their dependents. Further, the Dodd-Frank Act directed the CFPB to study consumer arbitration and report to the U.S. Congress, and it authorized the CFPB to adopt rules limiting or prohibiting consumer arbitration, consistent with the results of its study.

The CFPB did issue a final rule on arbitration, which would have prohibited class action waivers in certain consumer financial services contracts. However, the House and Senate each passed a resolution of disapproval of the rule, pursuant to their powers under the Congressional Review Act, and the President signed the bill. Because the rule was disapproved, it cannot be reissued in substantially the same form, and the CFPB cannot issue a substantially similar rule unless the new rule is specifically authorized by a law enacted after the date of the joint resolution disapproving the original rule.

Any judicial decisions, legislation or other rules or regulations that impair our ability to enter into and enforce consumer arbitration agreements and class action waivers will increase our exposure to class action litigation as well as litigation in plaintiff-friendly jurisdictions, which would be costly and could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows.

In some circumstances, federal preemption and application of an out-of-state choice of law provision will not, or may not, be available for the benefit of certain non-bank purchasers of loans to defend against a state law claim of usury.

Over the past few years there have been several litigation and enforcement actions aimed at issuing banks and their non-bank lending partners. These actions have primarily challenged the validity of the issuing bank partner model that is used by many non-bank lenders, including by the Company.

In May 2015, the U.S. Court of Appeals for the Second Circuit held in *Madden v. Midland Funding, LLC* that federal law did not preempt a state's interest rate limitations when applied to a non-bank debt buyer of a consumer credit card loan seeking to collect interest at the rate originally contracted for by a national bank.

In June 2020, each of the Office of the Comptroller of the Currency ("OCC") and the Federal Deposit Insurance Corporation ("FDIC") implemented rules to address the valid-when-made doctrine and the uncertainty created by the *Madden* case. Generally, the rules clarify that the permissible interest on a loan is determined at the time the loan is made by national banks, Federal savings associations, state banks and insured branches of foreign banks and such permissible interest rate is not affected by a subsequent sale, assignment or other transfer to non-bank financial companies or a subsequent change in state law. In July 2020, the attorneys general for California, Illinois and New York filed a complaint in the U.S. District Court for the Northern District of California challenging the OCC rule on both substantive and procedural grounds. Additionally, in August 2020, the attorneys general for California, Illinois, Massachusetts, Minnesota, New Jersey, New York, North Carolina and the District of Columbia filed suit in the U.S. District Court for the Northern District of California challenging the FDIC rule on similar grounds. While both the OCC and FDIC rule will remain in effect absent a preliminary or final ruling by the court, uncertainty exists as to when and how this case will be resolved or whether any other challenges to the OCC or FDIC rules will arise.

If the rules are invalidated, the Second Circuit's holding in the *Madden* case would be binding on federal courts in the states included in the Second Circuit - New York, Connecticut and Vermont. If the Second Circuit's decision were then extended and upheld by courts outside of the Second Circuit, it could pose a challenge to the federal preemption of state interest rate limitations for loans made by our issuing bank partner in those states. Additionally, if the decision by the U.S. District Court for the Southern District of New York applying the law of the state of the borrower (rather than the governing law stated in the loan agreement) were applied by a state or federal court outside of the Southern District of New York, then loans originated by us (or a portion of the principal and/or interest on such loans) might be unenforceable, and penalties could apply depending if the terms of such loans were deemed contrary to the law of

the state of the borrower. There could be other related liabilities and reputational harm if the Company or a subsequent transferee of a bank-issued loan were to seek to collect on those amounts deemed to be in violation of applicable state law.

While the Madden decision suggests that non-bank purchasers may not be entitled to utilize federal preemption of state interest rate limitations for loans made by issuing bank partners in those states, there have also been numerous litigation and enforcement actions that challenge the status of the issuing bank partner as the “true lender” of the loan in question. These actions primarily rely on the reasoning set forth in *CashCall, Inc. v. Morrissey*. In that case, the court held that the non-bank consumer lending platform, CashCall, and not its bank partner, was the “true lender” for certain loans made to West Virginia residents. The court relied on a “predominate economic interest” test that sought to determine which party (as between the issuing bank and the non-bank lending platform) retained the most economic risk in the loan transaction and should, therefore, be deemed the “true lender” of the loan. The CashCall decision and other similar actions challenge whether the loans should be subject to the interest rate limitations in the state where the consumer is located rather than in the bank’s home state because the non-bank lending platform, and not the bank, is the “true lender.” The state law remedies with respect to the “true lender” actions vary depending on the jurisdiction in which the action is filed.

On October 27, 2020, the OCC issued a final rule, which was effective December 29, 2020, that determines when a national bank or Federal savings association makes a loan and therefore is the “true lender” in the context of a partnership between a bank and a third party. The rule provides that a national bank or Federal savings association makes a loan if, as of the date of origination, it (1) is named as the lender in the loan agreement or (2) it funds the loan. On January 5, 2021, the attorneys general from seven states – New York, California, Colorado, Massachusetts, Minnesota, New Jersey, and North Carolina – and the District of Columbia filed suit against the OCC in the U.S. District Court for the Southern District of New York, challenging the rule. On June 30, 2021, President Biden signed a joint resolution to repeal the OCC’s True Lender Rule pursuant to the Congressional Review Act. If we were deemed by a court to be the “true lender” of any loans originated by the issuing bank partner, it could impact the enforceability of the loans; it could subject us to regulatory investigations, penalties and fines; we might have to alter the terms of the loans we broker; it could create challenges for our capital markets and securitization models; we would have to change the way we do business in such jurisdictions; and we may suffer an adverse impact on our business.

If our relationship with certain of our issuing bank partners was to end or the legal structure supporting such relationship was to be successfully challenged, then we may have to comply with additional laws, regulations, and restrictions, and certain states may require us to obtain a lending or similar license.

In states that do not require a license to make commercial loans, we make certain small business loans directly to customers pursuant to a specific state’s law. However, some states and jurisdictions require a license to make or solicit certain commercial loans in that state or jurisdiction and/or may not honor the choice of another state’s law. These states assert either that their own licensing laws and requirements should generally apply to commercial loans made by nonbanks to residents of their state or apply to commercial loans made by nonbanks to residents of their state of certain principal amounts or with certain interest rates or other terms. In such states and jurisdictions and in some other circumstances, certain of our small business loans are originated by an issuing bank partner, which is not subject to state licensing, offered to us for sale. With respect to OnDeck loans, a bank currently originates all loans in certain states as well as some loans to customers in other states and jurisdictions. These loans are not governed by Virginia law, but rather the laws of the issuing bank partner’s home state. The remainder of OnDeck loans provide that they are governed by Virginia law. Loans originated by our issuing bank partner are generally priced the same as loans originated by us under Virginia law. While the other U.S. states where we originate loans currently honor our choice of law, future legal changes could result in any one or more of those states no longer honoring our choice of law or introducing a new licensing regime applicable to our business. In that case, we could potentially address the legal change by altering the terms of our loans, curtailing our originations, or placing more loans through our issuing bank partner.

If we were otherwise not able to work with an issuing bank partner or if we were to seek to make loans directly in certain states, we would have to attempt to comply with the laws of these states in other ways, including through obtaining the appropriate licenses. Compliance with the laws of such states could be costly, and if we are unable to obtain such licenses, our lending activity could substantially decrease or cease entirely in that state jurisdiction and our revenues, growth and profitability would be harmed.

If our relationship with an issuing bank partner were to end or if any other issuing bank partner were to cease operations, we would either need to find a replacement financial institution with which to enter into a similar arrangement or we would need to obtain individual federal, state or local lending licenses or otherwise comply with the laws of those jurisdictions in order to continue to make certain small business loans in those jurisdictions. Even if we were able to obtain the necessary licenses in those jurisdictions, compliance with the laws, rules and regulations of those jurisdictions could be costly and, depending on the terms of the loans, the interest rates or other loan terms and practices applicable to small business loans in those jurisdictions might be subject to limits, prohibitions or restrictions. If we were unable to maintain the necessary relationships, unable to obtain the necessary licenses or unable to otherwise comply with applicable law, we would be required to discontinue or curtail certain of our commercial lending, or limit the rates of interest charged on certain small business loans, in those jurisdictions and would face increased costs and compliance burdens.

In addition, if it were found that our activities under our current arrangements with our issuing bank partner constituted impermissible commercial lending within any such jurisdiction, we could face penalties and fines within such jurisdictions, and all or a portion of the interest charged on the small business loans and/or all or a portion of the principal of the small business loans could be found to be unenforceable or recoverable by the borrower and, to the extent it is determined that the small business loans were not originated in accordance with all applicable laws, we could be obligated to purchase certain small business loans that failed to comply with such legal requirements. Further, any finding that we engaged in commercial lending in states where we are not properly licensed to do so could lead to litigation, harm to our reputation and negatively impact our ability to originate small business loans.

The failure of third parties who provide products, services or support to us to maintain their products, services or support could disrupt our operations or result in a loss of revenue.

A portion of our short-term consumer loan and installment loan revenue depends in part on the willingness and ability of unaffiliated third-party lenders, through the CSO program, to make loans to customers. We also utilize many other third parties to provide services to facilitate our lending and financing, including in our underwriting and payment processing. In addition, we rely on a third party lender in connection with our lending business in Brazil. The loss of the relationship with any of these third parties, and an inability to replace them or the failure of these third parties to maintain quality and consistency in their programs or services or to have the ability to provide their products and services, could cause us to lose customers and substantially decrease the revenue and earnings of our business. Our revenue and earnings could also be adversely affected if any of those third-party providers make material changes to the products or services that we rely on. We also use third parties to support and maintain certain of our communication systems and information systems. If a third-party provider fails to provide its products or services, makes material changes to such products and services, does not maintain its quality and consistency or fails to have the ability to provide its products and services, our operations could be disrupted. Any of these events could result in a loss of revenue and could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows.

Our business depends on the uninterrupted operation of our systems and business functions, including our information technology and other business systems, as well as the ability of such systems to support compliance with applicable legal and regulatory requirements.

Our business is highly dependent upon our employees' ability to perform, in an efficient and uninterrupted fashion, necessary business functions, such as internet support, contact center activities, and processing and servicing of our loans and receivables purchase agreements. A shut-down of or inability to access the facilities in which our internet operations and other technology infrastructure are based, such as a power outage, a failure of one or more of our information technology, telecommunications or other systems, or sustained or repeated disruptions of such systems could significantly impair our ability to perform such functions on a timely basis and could result in a deterioration of our ability to underwrite, approve and process loans and finance receivables, provide customer service, perform collections activities, or perform other necessary business functions. Any such interruption could have a materially adverse effect on our business, prospects, results of operations, financial condition and cash flows.

In addition, our systems and those of third parties on whom we rely must comply with applicable legal and regulatory requirements and be capable of timely modification to comply with new or amended requirements. Any such systems problems going forward could have a material adverse effect on our business, prospects, results of operations, financial conditions and cash flows and could impair or prohibit our ability to continue current operations.

Decreased demand for our products and specialty financial services and our failure to adapt to such decrease could result in a loss of revenue and could have a material adverse effect on us.

The demand for a particular product or service may decrease due to a variety of factors, such as regulatory restrictions that reduce customer access to particular products, the availability of competing or alternative products or changes in customers' financial conditions. Should we fail to adapt to a significant change in our customers' demand for, or access to, our products, our revenue could decrease significantly. Even if we make adaptations or introduce new products to fulfill customer demand, customers may resist or may reject products whose adaptations make them less attractive or less available. In any event, the effect of any product change on the results of our business may not be fully ascertainable until the change has been in effect for some time. In particular, we have changed, and will continue to change, some of our operations and the products we offer. Any of these events could result in a loss of revenue and could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows.

Potential union activities could have an adverse effect on our relationship with our workforce.

None of our employees are currently covered by a collective bargaining agreement or represented by an employee union. Occasionally we experience union organizing activities. If our employees become represented by an employee union or become subject to a collective bargaining agreement, it may make it more difficult for us to manage our business and to attract and retain new employees and may increase our cost of doing business. Having our employees become represented by an employee union, having a collective bargaining

agreement or having additional requirements related to our employees imposed on us could result in work stoppages and higher employee costs and could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows and could impair our ability to continue current operations.

The determination of the fair values of the Company's loan and finance receivables portfolio involves unobservable inputs that can be highly subjective and may prove to be materially different than the actual economic outcome.

As disclosed in Note 1 to the Consolidated Financial Statements, we began utilizing the fair value option for our loan and finance receivables portfolio effective January 1, 2020. The fair values of our loans and finance receivables are determined using Level 3 inputs for which changes could significantly impact our fair value measurements. Valuations are highly dependent upon the reasonableness of our assumptions and the predictability of the relationships that drive the results of our valuation methodologies. A variety of factors including, but not limited to, estimated customer default rates, the timing of expected payments, utilization rates on our line of credit accounts, estimated costs to service the portfolio, discount rates, and valuations of comparable portfolios may ultimately affect the fair values of our loans and finance receivables. Modifications to our assumptions due to the passage of time and more information becoming available could result in material changes to our fair value calculations. These changes to fair value could adversely affect our results of operations. Additionally, under the fair value option, these changes are generally recorded directly to the income statement, which may make our financial statements less comparable to others in the industry that do not record their loan balances under the fair value option.

We are subject to impairment risk.

At December 31, 2021, we had goodwill totaling \$279.3 million on our consolidated balance sheets, all of which represents assets capitalized in connection with acquisitions and business combinations. Accounting for goodwill requires significant management estimates and judgment. Events may occur in the future, and we may not realize the value of our goodwill. Management performs periodic reviews of the carrying values of our goodwill to determine whether events and circumstances indicate that impairment in value may have occurred. A variety of factors could cause the carrying value of goodwill or an intangible asset to become impaired. Should a review indicate impairment, a write-down of the carrying value of the goodwill or intangible asset would occur, resulting in a non-cash charge, which could adversely affect our results of operations and could also lead to our inability to comply with certain covenants in our financing documents, which could cause a default under those agreements.

If the information provided by customers to us is incorrect or fraudulent, we may misjudge a customer's qualification to receive a loan and our operating results may be harmed.

Our lending decisions are based partly on information provided to us by loan applicants. To the extent that these applicants provide information to us in a manner that we are unable to verify, our loan decisioning process, including the *OnDeck Score*®, may not accurately reflect the associated risk. In addition, data provided by third-party sources is a significant component of our loan decisioning and this data may contain inaccuracies. Inaccurate analysis of credit data that could result from false loan application information could harm our reputation, business and operating results.

In addition, we use identity and fraud checks analyzing data provided by external databases to authenticate each customer's identity. From time to time in the past, these checks have failed and there is a risk that these checks could also fail in the future, and fraud, which may be significant, may occur. We may not be able to recoup funds underlying loans made in connection with inaccurate statements, omissions of fact or fraud, in which case our revenue, operating results and profitability will be harmed. Fraudulent activity or significant increases in fraudulent activity could also lead to regulatory intervention, negatively impact our operating results, brand and reputation, and require us to take steps to reduce fraud risk, which could increase our costs.

We are subject to anticorruption laws including the U.S. Foreign Corrupt Practices Act, anti-money laundering laws and economic sanctions laws, and our failure to comply therewith, particularly as we continue to expand internationally, could result in penalties that could harm our reputation and have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows.

Anticorruption Laws. We are subject to the FCPA, which generally prohibits companies and their agents or intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and/or other benefits. Although we have policies and procedures designed to ensure that we, our employees, agents and intermediaries comply with the FCPA and other anticorruption laws, such policies or procedures may not work effectively all of the time or protect us against liability for actions taken by our employees, agents and intermediaries with respect to our business or any businesses that we may acquire. In the event that we believe, or have reason to believe, that our employees, agents or intermediaries have or may have violated applicable anti-corruption laws, including the FCPA, we may be required to investigate or have a third party investigate the relevant facts and circumstances, which can be expensive and require significant time and attention from senior management. Our continued operation and expansion outside the United States could increase the risk of such violations in the future.

Other countries in which we operate or have operated, including Brazil, Australia, Canada and other countries where we intend to operate also have anticorruption laws, which we are, have been or will be subject to.

If we are not in compliance with the FCPA and other laws governing the conduct of business with government entities (including local laws), we may be subject to criminal and civil penalties and other remedial measures, which could have an adverse effect on our business, reputation, results of operations and financial condition. Any investigation of any potential violations of the FCPA or other anticorruption laws by U.S. or foreign authorities could harm our reputation and could have a material adverse effect on our business, reputation, prospects, results of operations, financial condition and cash flows.

Anti-Money Laundering Laws. We are also subject to anti-money laundering laws and related compliance obligations in the United States and other jurisdictions in which we do business. In the United States, the USA PATRIOT Act and the Bank Secrecy Act require us to maintain an anti-money laundering compliance program covering certain of our business activities. The program must include: (1) the development of internal policies, procedures and controls; (2) designation of a compliance officer; (3) an ongoing employee training program; and (4) an independent audit function to test the program. If we are not in compliance with U.S. or other anti-money laundering laws, we may be subject to criminal and civil penalties and other remedial measures, which could have an adverse effect on our business, results of operations, financial condition and cash flows. Any investigation of any potential violations of anti-money laundering laws by U.S. or international authorities could harm our reputation and could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows.

Economic Sanctions Laws. The United States has imposed economic sanctions that affect transactions with designated foreign countries, nationals and others. In particular, the United States prohibits U.S. persons from engaging with individuals and entities identified as “Specially Designated Nationals,” such as terrorists and narcotics traffickers. These prohibitions are administered by the Treasury Department’s Office of Foreign Assets Control (“OFAC”). OFAC rules prohibit U.S. persons from engaging in financial transactions with or relating to the prohibited individual, entity or country, require the blocking of assets in which the individual, entity or country has an interest. Blocked assets (e.g., property or bank deposits) cannot be paid out, withdrawn, set off or transferred in any manner without a license from OFAC. Other countries in which we operate also maintain economic and financial sanctions regimes. In the event that we believe, or have reason to believe, that our employees, agents or intermediaries have or may have violated applicable laws or regulations, we may be required to investigate or have a third party investigate the relevant facts and circumstances, which can be expensive and require significant time and attention from senior management. If we are not in compliance with OFAC regulations and other economic and financial sanctions regulations, we may be subject to criminal and civil penalties and other remedial measures, which could have an adverse effect on our business, prospects, results of operations, financial condition and cash flows. Any investigation of any potential violations of OFAC regulations or other economic sanctions by U.S. or foreign authorities could harm our reputation and could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows.

Our continued international expansion could increase the risk of violations of FCPA, anti-money laundering laws, OFAC regulations, or similar applicable laws and regulations in the future.

Failure of operating controls could produce a significant negative outcome, including customer experience degradation, legal expenses, increased regulatory cost, significant internal and external fraud losses and vendor risk.

Losses from operational failures can be material. These losses can arise from a wide range of breaches in controls, procedures, processes and security. Breaches in any of these controls, procedures, processes or security measures could lead to significant legal expense and, even, punitive damages. Internal fraud, including the stealing and dissemination of client personally identifiable information, can create significant client distrust and result in serious legal action against us. Breaches in client onboarding and servicing processes can degrade customer experience and place current and future revenues at risk. The continued proliferation and technological advances in first and third-party fraud can result in large losses over a short period of time if undetected. While we seek to enhance and develop our operational risk strategy and control structure, there can be no assurance that our efforts will be successful and that we will avoid material operational losses. These potential operational risk loss scenarios are not exhaustive and we could experience a significant loss in any scenario if our operational risk enhancements do not keep pace with our business, capabilities or our continued organizational growth and complexity. In addition, operational failures could have a significant effect on our reputation which could cause additional material harm to our business and prospects.

Increased competition from banks, credit card companies, other consumer lenders, and other entities offering similar financial products and services could adversely affect our business, prospects, results of operations, financial condition and cash flows.

We have many competitors. Our principal competitors are consumer loan and finance companies, CSOs, online lenders, credit card companies, auto title lenders and other financial institutions that offer similar financial products and services, including loans on an unsecured as well as a secured basis. Many other financial institutions or other businesses that do not now offer products or services directed toward our traditional customer base, many of whom may be much larger than us, could begin doing so. Significant increases

in the number and size of competitors for our business could result in a decrease in the number of loans that we fund or necessitate a change in the terms of the loans that we offer, resulting in lower levels of revenue and earnings in these categories.

Competitors of our business may operate, or begin to operate, under business models less focused on legal and regulatory compliance, which could put us at a competitive disadvantage. Some of our U.S. competitors operate using other business models, including a “tribal model” where the lender follows the laws of a Native American tribe regardless of the state in which the customer resides. Competitors using these models may be able to lend in jurisdictions where we do not and may have higher revenue per customer and significantly less burdensome compliance requirements, among other advantages. Additionally, negative perceptions about these models could cause legislators or regulators to pursue additional industry restrictions that could affect the business model under which we operate. To the extent that these models or other new lending models gain acceptance among consumers, small businesses and investors or that they face less onerous regulatory restrictions than we do, we may be unable to replicate their business practices or otherwise compete with them effectively, which could cause demand for our products to decline substantially. We may be unable to compete successfully against any or all of our current or future competitors. As a result, we could lose market share and our revenue could decline, thereby affecting our ability to generate sufficient cash flow to service our indebtedness and fund our operations. Any such changes in our competition could materially adversely affect our business, prospects, results of operations, financial condition and cash flows.

Our success is dependent, in part, upon our officers, and if we are not able to attract and retain qualified officers, our business could be materially adversely affected.

Our success depends, in part, on our officers, which are a relatively small group of individuals. Many members of the senior management team have significant industry experience, and we believe that our senior management would be difficult to replace, if necessary. Because the market for qualified individuals is highly competitive, we may not be able to attract and retain qualified officers or candidates. In addition, increasing regulations on and negative publicity about the consumer financial services industry could affect our ability to attract and retain qualified officers. If we are unable to attract or retain qualified officers, it could materially adversely affect our business.

Our international operations subject us to foreign exchange risk.

We are subject to the risk of unexpected changes in foreign currency exchange rates by virtue of our loans to residents of Brazil and businesses in Canada and Australia. In 2021, 1.9% of our total revenue was derived from our international operations. Our results of operations and certain of our intercompany balances associated with our international businesses are denominated in their respective currencies and are, as a result, exposed to foreign exchange rate fluctuations. Upon consolidation, as exchange rates vary, our operating results may differ materially from expectations, and we may record significant gains or losses on the remeasurement of intercompany balances.

A sustained deterioration in the economy could reduce demand for our products and services and result in reduced earnings.

A sustained deterioration in the economy could cause deterioration in the performance of our loan and finance receivables portfolios. An economic slowdown could result in a decreased number of loans and financing being made to customers due to higher unemployment or an increase in defaults in our products. During an economic slowdown, we could be required to tighten our underwriting standards, which would likely reduce loan and finance receivable balances, and we could face more difficulty in collecting defaulted receivables, which could lead to an increase in losses.

We may be unable to protect our proprietary technology and analytics or keep up with that of our competitors.

The success of our business depends to a significant degree upon the protection of our software, fraud defenses, underwriting algorithms and other proprietary intellectual property rights. We may be unable to deter misappropriation of our proprietary information, detect unauthorized use or take appropriate steps to enforce our intellectual property rights. In addition, competitors could, without violating our proprietary rights, develop technologies that are as good as or better than our technology. Our failure to protect our software and other proprietary intellectual property rights or to develop technologies that are as good as our competitors’ could put us at a disadvantage relative to our competitors. Any such failures could have a material adverse effect on our business.

We may be subject to intellectual property disputes, which are costly to defend and could harm our business and operating results.

From time to time, we face, and we expect to face in the future, allegations that we have infringed the trademarks, copyrights, patents or other intellectual property rights of third parties, including from our competitors or non-practicing entities. Patent and other intellectual property litigation may be protracted and expensive, and the results are difficult to predict and may require us to stop offering certain products or product features, acquire licenses, which may not be available at a commercially reasonable price or at all, or modify our products, product features, processes or websites while we develop non-infringing substitutes.

In addition, we use open source software in our technology platform and plan to use open source software in the future. From time to time, we may face claims from parties claiming ownership of, or demanding release of, the source code, potentially including our valuable proprietary code, or derivative works that were developed using such software, or otherwise seeking to enforce the terms of the applicable open source license. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our platform, any of which could have a negative effect on our business and operating results.

We are subject to cyber security risks and security breaches and may incur increasing costs in an effort to minimize those risks and to respond to cyber incidents.

Our business involves the storage and transmission of consumers' and businesses' proprietary information, and security breaches could expose us to a risk of loss or misuse of this information, litigation, and potential liability. We are entirely dependent on the secure operation of our websites and systems as well as the operation of the internet generally. While we have incurred no material cyber-attacks or security breaches to date, a number of other companies have disclosed cyber-attacks and security breaches, some of which have involved intentional attacks. Attacks may be targeted at us, our customers, or both. Although we devote significant resources to maintain and regularly upgrade our systems and processes that are designed to protect the security of our computer systems, software, networks and other technology assets and the confidentiality, integrity and availability of information belonging to us and our customers, our security measures may not provide absolute security. Despite our efforts to ensure the integrity of our systems, it is possible that we may not be able to anticipate or to implement effective preventive measures against all security breaches, especially because the techniques used by hackers change frequently or may not be recognized until launched, and because cyber-attacks can originate from a wide variety of sources, including third parties outside the Company such as persons who are involved with organized crime or associated with external service providers or who may be linked to terrorist organizations or hostile foreign governments. These risks may increase in the future as we continue to increase our mobile and other internet-based product offerings and expand our internal usage of web-based products and applications or expand into new countries. If an actual or perceived breach of security occurs, customer and/or supplier perception of the effectiveness of our security measures could be harmed and could result in the loss of customers, suppliers or both. Actual or anticipated attacks and risks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees, and engage third party experts and consultants.

A successful penetration or circumvention of the security of our systems could cause serious negative consequences, including significant disruption of our operations, misappropriation of our confidential information or that of our customers, or damage to our computers or systems or those of our customers and counterparties, and could result in violations of applicable privacy and other laws, financial loss to us or to our customers, loss of confidence in our security measures, customer dissatisfaction, significant litigation exposure, and harm to our reputation, all of which could have a material adverse effect on us. In addition, our applicants provide sensitive information, including bank account information when applying for loans or financing. We rely on encryption and authentication technology licensed from third parties to provide the security and authentication to effectively secure transmission of confidential information, including customer bank account and other personal information. Advances in computer capabilities, new discoveries in the field of cryptography or other developments may result in the technology used by us to protect transaction data being breached or compromised. Data breaches can also occur as a result of non-technical issues. In addition, federal and some state regulators are considering rules and standards to address cybersecurity risks and many U.S. states have already enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and may lead to widespread negative publicity, which may cause customers to lose confidence in the effectiveness of our data security measures.

Our servers are also vulnerable to computer viruses, physical or electronic break-ins, and similar disruptions, including denial-of-service attacks. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Security breaches, including any breach of our systems or by persons with whom we have commercial relationships that result in the unauthorized release of consumers' personal information or businesses' proprietary information, could damage our reputation and expose us to a risk of loss or litigation and possible liability. In addition, many of the third parties who provide products, services or support to us could also experience any of the above cyber risks or security breaches, which could impact our customers and our business and could result in a loss of customers, suppliers or revenue.

Any of these events could result in a loss of revenue and could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows.

Our ability to collect payment on loans and maintain the accuracy of accounts may be adversely affected by computer viruses, electronic break-ins, technical errors and similar disruptions.

The accessibility and automated nature of our platform may make for an attractive target for hacking, computer viruses, physical or electronic break-ins and similar disruptions. Despite efforts to ensure the integrity of our platform, it is possible that we may not be able to anticipate or to implement effective preventive measures against all security breaches of these types, in which case there would be an

increased risk of fraud or identity theft, and we may experience losses on, or delays in the collection of amounts owed on, a fraudulently induced loan. In addition, the software that we have developed is highly complex and may contain undetected technical errors that could cause our computer systems to fail. Because each loan and financing provided involves our proprietary underwriting and fraud scoring models, and the applications are highly automated, any failure of our computer systems involving our proprietary credit and fraud scoring models and any technical or other errors contained in the software pertaining to our proprietary underwriting and fraud scoring models could compromise the ability to accurately evaluate potential customers, which would negatively impact our results of operations. Furthermore, any failure of our computer systems could cause an interruption in operations that may result in disruptions or reductions in the amount of collections from the loans and financings we provide to customers. If any of these risks were to materialize, it could have a material adverse effect on our business, prospects, results of operations, financial condition or cash flows.

If internet search engine providers change their methodologies for organic rankings or paid search results, or our organic rankings or paid search results decline for other reasons, our new customer growth or volume from returning customers could decline.

Our new customer acquisition marketing and our returning customer relationship management is partly dependent on search engines such as Google, Bing and Yahoo! to direct a significant amount of traffic to our desktop and mobile websites via organic ranking and paid search advertising. Our competitors' paid search activities, pay per click or search engine marketing may result in their sites receiving higher paid search results than ours and significantly increasing the cost of such advertising for us.

Our paid search activities may not produce (and in the past have not always produced) the desired results. Internet search engines often revise their methodologies, which could adversely affect our organic rankings or paid search results, resulting in a decline in our new customer growth or existing customer retention, difficulty for our customers in using our web and mobile sites, more successful organic rankings, paid search results or tactical execution efforts for our competitors than for us, a slowdown in overall growth in our customer base and the loss of existing customers, and higher costs for acquiring returning customers, which could adversely impact our business. In addition, search engines could implement policies that restrict the ability of consumer finance companies such as us to advertise their services and products, which could preclude companies in our industry from appearing in a favorable location or any location in the organic rankings or paid search results when certain search terms are used by the consumer. For example, in 2016, Google implemented a new policy that prohibits lenders, lead providers and affiliates from advertising certain financial products on Google AdWords. Advertisements for personal loans that require repayment within 60 days, or U.S. loans with an APR of 36 percent or more, are no longer allowed on Google paid search advertising. In addition, Google requires that advertisements for personal loans contain or link to information about the features, fees, risks and benefits of the advertised loan product.

Our online marketing efforts are also susceptible to actions by third parties that could negatively impact our search results. Our sites have experienced meaningful fluctuations in organic rankings and paid search results in the past, and we anticipate similar fluctuations in the future. Any reduction in the number of consumers or small businesses directed to our web and mobile sites could harm our business and operating results.

Our operations could be subject to natural disasters and other business disruptions, which could adversely impact our future revenue and financial condition and increase our costs and expenses.

Our services and operations are vulnerable to damage or interruption from tornadoes, hurricanes, earthquakes, fires, floods, other natural disasters, power losses, telecommunications failures, terrorist attacks, acts of war, human errors, public health crises and similar events. A significant natural disaster, such as a tornado, hurricane, earthquake, fire or flood, could have a material adverse impact on our ability to conduct business, and our insurance coverage may be insufficient to compensate for losses that may occur. Despite any precautions we may take, system interruptions and delays could occur if there is a natural disaster, if a third-party provider closes a facility we use without adequate notice for financial or other reasons, or if there are other unanticipated problems at our leased facilities. Because we rely heavily on our servers, computer and communications systems and the internet to conduct our business and provide high-quality customer service, disruptions could harm our ability to run our business and cause lengthy delays which could harm our business, results of operations and financial condition. Acts of terrorism, war, civil unrest, violence or human error could cause disruptions to our business or the economy as a whole. Our business interruption insurance may not be sufficient to compensate us for losses that may result from interruptions in our service as a result of system failures or other disruptions. Any of these events could cause consumer and small business confidence to decrease, which could result in a decreased number of loans and financing being made to customers. Any of these occurrences could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows.

Failure to keep up with the rapid changes in e-commerce and the uses and regulation of the internet could harm our business.

The business of providing products and services such as ours over the internet is dynamic and relatively new. We must keep pace with rapid technological change, consumer and small business use habits, internet security risks, risks of system failure or inadequacy, and governmental regulation and taxation, and each of these factors could adversely impact our business. In addition, concerns about fraud, computer security and privacy and/or other problems may discourage additional consumers and small businesses from adopting or

continuing to use the internet as a medium of commerce. In countries such as the United States, where e-commerce generally has been available for some time and the level of market penetration of our online financial services is relatively high, acquiring new customers for our services may be more difficult and costly than it has been in the past. In order to expand our customer base, we must appeal to and acquire customers who historically have used traditional means of commerce to conduct their financial services transactions. If these customers prove to be less profitable than our previous customers, and we are unable to gain efficiencies in our operating costs, including our cost of acquiring new customers, our business could be adversely impacted.

Our business is subject to complex and evolving U.S. and international laws and regulations regarding privacy, data protection, and other matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business.

Our business is subject to a variety of laws and regulations in the United States and internationally that involve user privacy issues, data protection, advertising, marketing, disclosures, distribution, electronic contracts and other communications, consumer protection and online payment services. The introduction of new products or expansion of our activities in certain jurisdictions may subject us to additional laws and regulations. In addition, international data protection, privacy, and other laws and regulations can be more restrictive than those in the United States. U.S. federal and state and international laws and regulations, which can be enforced by private parties or government entities, are constantly evolving and can be subject to significant change, and the U.S. government, including the FTC and the Commerce Department, has announced that it is reviewing the need for greater regulation of the collection of information concerning consumer behavior on the internet, including regulation aimed at restricting certain targeted advertising practices. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving e-commerce industry in which we operate, and may be interpreted and applied inconsistently from country to country and inconsistently with our current or past policies and practices. A number of proposals are pending before federal, state, and international legislative and regulatory bodies that could significantly affect our business. There have been a number of recent legislative proposals in the United States, at both the federal and state level, that could impose new obligations in areas such as privacy. In addition, some countries are considering legislation requiring local storage and processing of data that, if enacted, would increase the cost and complexity of delivering our services. These existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of new products, the expansion into new markets, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to inquiries or investigations, claims or other remedies, including demands that we modify or cease existing business practices or pay fines, penalties or other damages.

Growth may place significant demands on our management and our infrastructure and could be costly.

We have experienced substantial growth in our business. This growth has placed and may continue to place significant demands on our management and our operational and financial infrastructure. Expanding our products or entering into new jurisdictions with new or existing products can be costly and require significant management time and attention. Additionally, as our operations grow in size, scope and complexity and our product offerings increase, we will need to enhance and upgrade our systems and infrastructure to offer an increasing number of enhanced solutions, features and functionality. The expansion of our systems and infrastructure will require us to commit substantial financial, operational and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. Continued growth could also strain our ability to maintain reliable service levels for our customers, develop and improve our operational, financial and management controls, develop and enhance our legal and compliance controls and processes, enhance our reporting systems and procedures and recruit, train and retain highly skilled personnel. Competition for these personnel is intense and is particularly intense for technology and analytics professionals. We may not be successful in attracting and retaining qualified personnel. We have from time to time in the past experienced, and we expect to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources or more attractive compensation mixes than we have had. Managing our growth will require significant expenditures and allocation of valuable management resources. Failure to achieve the necessary level of efficiency in our organization as it grows could materially adversely affect our business, prospects, results of operations, financial condition and cash flows and could impair our ability to continue current operations.

New top-level domain names may allow the entrance of new competitors or dilution of our brands, which may reduce the value of our domain name assets.

We have invested heavily in promoting our brands, including our website addresses. The Internet Corporation for Assigned Names and Numbers, the entity responsible for administering internet protocol addresses, has introduced additional new domain name suffixes in different formats, many of which may be more attractive than the formats held by us and which may allow the entrance of new competitors at limited cost. It may also permit other operators to register websites with addresses similar to ours, causing customer confusion and dilution of our brands, which could materially adversely affect our business, prospects, results of operations, financial condition and cash flows. Any defensive domain registration strategy or attempts to protect our trademarks or brands could become a large and recurring expense and may not be successful.

We may not achieve the intended benefits of our acquisition of OnDeck, and the acquisition may disrupt our current plans or operations.

We may not be able to successfully integrate the OnDeck business or otherwise realize the expected benefits of the transaction, including anticipated annual operating cost and capital synergies to the extent anticipated. Difficulties in integrating OnDeck into our operations may result in the combined company performing differently than expected, in operational challenges or in the failure to realize anticipated synergies and efficiencies in the expected time frame or at all. The integration of the two companies may result in material challenges, including the diversion of management's attention from ongoing business concerns; retaining key management and other employees; retaining existing business and operational relationships, including customers and other counterparties, and attracting new business and operational relationships; the possibility of faulty assumptions underlying expectations regarding the integration process and associated expenses; consolidating corporate and administrative infrastructures and eliminating duplicative operations; coordinating geographically separate organizations; unanticipated issues in integrating information technology, communications and other systems; as well as unforeseen expenses or delays associated with the acquisition.

Future acquisitions could disrupt our business and harm our financial condition and operating results.

Our success will depend, in part, on our ability to expand our product and service offerings and markets and grow our business in response to changing customer demands, regulatory environments, technologies and competitive pressures. In some circumstances, we may expand our offerings through the acquisition of complementary businesses, solutions or technologies rather than through internal development. The identification of suitable acquisition candidates can be difficult, time-consuming and costly, and we may not be able to successfully complete identified acquisitions. Furthermore, even if we successfully complete an acquisition, we may not be able to successfully assimilate and integrate the business, technologies, solutions, personnel or operations of the business that we acquire, particularly if key personnel of an acquired company decide not to work for us. In addition, we may issue equity securities to complete an acquisition, which would dilute our stockholders' ownership and could adversely affect the price of our common stock. Acquisitions may also involve the entry into geographic or business markets in which we have little or no prior experience or may expose us to additional material liabilities. Consequently, we may not achieve anticipated benefits of the acquisitions, which could harm our operating results.

We may incur property, casualty or other losses not covered by insurance.

We maintain a program of insurance coverage for various types of property, casualty and other risks. The types and amounts of insurance that we obtain will vary from time to time, depending on availability, cost and management's decisions with respect to risk retention. The policies are subject to deductibles and exclusions that could result in our retention of a level of risk on a self-insurance basis. Losses not covered by insurance could be substantial and may increase our expenses, which could harm our results of operations and financial condition.

The preparation of our financial statements and certain tax positions taken by us require the judgment of management, and we could be subject to risks associated with these judgments or could be adversely affected by the implementation of new, or changes in the interpretation of existing, accounting principles, financial reporting requirements or tax rules.

The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods.

As disclosed in Note 1 to the Consolidated Financial Statements, we began utilizing the fair value option for our loan and finance receivables portfolio effective January 1, 2020. The fair values of our loans and finance receivables are determined using Level 3 inputs for which changes could significantly impact our fair value measurements. Valuations are highly dependent upon the reasonableness of our assumptions and the predictability of the relationships that drive the results of our valuation methodologies. A variety of factors including, but not limited to, estimated customer default rates, the timing of expected payments, estimated utilization rates on line of credit accounts, estimated costs to service the portfolio, interest rates, and valuations of comparable portfolios may ultimately affect the fair values of our loans and finance receivables. Modifications to our assumptions due to the passage of time and more information becoming available could result in material changes to our fair value calculations.

Management's judgment is required in determining the provision for income taxes, the deferred tax assets and liabilities and any valuation allowance recorded against deferred tax assets. Management's judgment is also required in evaluating whether tax benefits meet the more-likely-than-not threshold for recognition under Accounting Standards Codification 740-10-25, *Income Taxes*. Management's interpretations of tax laws are subject to review and examination by the various taxing authorities in the jurisdictions where we operate, and disputes may occur regarding our view on a tax position. These disputes over interpretations with the various taxing authorities may be settled by audit, administrative appeals or adjudication in the court systems of the tax jurisdictions in which we operate. In addition, Management may revise its estimate of income taxes due to changes in income tax laws, legal interpretations,

and business strategies. It is possible that revisions in Management’s estimate of income taxes may materially affect our results of operations in any reporting period. Management regularly reviews whether it may be assessed additional income taxes as a result of the resolution of these matters, and Management records additional reserves as appropriate.

On December 22, 2017, the U.S. government enacted comprehensive Federal tax legislation commonly referred to as the U.S. Tax Cuts and Jobs Act of 2017 (the “Tax Act”). The Tax Act made changes to the corporate tax rate, business-related deductions, among other items, effective for taxable years beginning after December 31, 2017. While U.S. tax reform has reduced our effective tax rate, additional guidance or interpretations of the Tax Act could negatively impact our financial results.

In addition, we prepare our financial statements in accordance with U.S. generally accepted accounting principles (“GAAP”) and its interpretations are subject to change over time. If new rules or interpretations of existing rules require us to change our financial reporting, our results of operations and financial condition could be materially adversely affected, and we could be required to restate historical financial reporting.

Our U.S. consumer and small business loan businesses are seasonal in nature, which causes our cash flows to fluctuate over the year.

Our U.S. consumer and small business loan businesses are affected by fluctuating demand for our products and services and fluctuating collection rates throughout the year. Demand for our consumer loan products in the United States has historically been highest in the third and fourth quarters of each year, corresponding to the holiday season, and lowest in the first quarter of each year, corresponding to our customers’ receipt of income tax refunds. Demand for our small business loan products and services in the United States has historically been highest in the fourth quarter and early first quarter of each year, corresponding generally to holiday and post-holiday season needs, and lowest at the end of the first quarter and beginning of the second quarter of each year, where we believe that our customers’ businesses are generally slower. This seasonality requires us to manage our cash flows over the course of the year. If our originations were to increase and our collections were to fall substantially below what we would normally expect during certain periods, our ability to service debt and meet our other liquidity requirements may be adversely affected, which could have a material adverse effect on our business, prospects, results of operations, and financial condition.

Risks Related to our Indebtedness

We have incurred significant indebtedness, which could adversely affect our financial condition and prevent us from fulfilling our obligations under anticipated agreements governing our indebtedness.

As of December 31, 2021, we had approximately \$1,384.4 million of total debt outstanding. Interest expense on our indebtedness totaled \$77.4 million during the year ended December 31, 2021. Our level of debt could have important consequences to our stockholders, including:

- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- exposing us to the risk of increased interest rates to the extent that our borrowings are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors or competitors with comparable debt and more favorable terms and thereby affecting our ability to compete; and
- increasing our cost of borrowing.

We and our subsidiaries may incur significant additional indebtedness in the future. If new indebtedness is added to our current indebtedness levels, the related risks that we face would increase.

The terms of the agreements governing our indebtedness restrict our current and future operations, particularly our ability to respond to changes or to take certain actions, which could harm our long-term interests.

The agreements governing our indebtedness (including the indenture governing the 2024 Senior Notes, the 2025 Senior Notes and the Credit Agreement, as defined under “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” in Part II, Item 7 of this report) contain various restrictive covenants and, in the case of the Credit Agreement, and certain of the securitization facilities assumed in the OnDeck acquisition, require that we maintain certain financial ratios that impose operating and financial restrictions on us and limit our ability to engage in actions that may be in our long-term best interests. These restrictive covenants, among other things, restrict our ability to:

- incur additional debt;
- incur or permit certain liens to exist;
- make certain investments;
- merge or consolidate with or into, or convey, transfer, lease or dispose of all or substantially all of our assets to, another company;
- make certain dispositions;
- make certain payments; and
- engage in certain transactions with affiliates.

As a result of all of these covenants and restrictions, we may be:

- limited in how we conduct our business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

Any failure to comply with any of these financial and other affirmative and negative covenants could constitute an event of default or trigger an amortization event under our debt agreements, entitling the lenders to, among other things, terminate future credit availability (including under our Credit Agreement), and/or increase the interest rate on outstanding debt, and/or accelerate the maturity of outstanding obligations under our debt agreements. If we were unable to repay the amounts due and payable under such debt agreements that are secured, the applicable lenders and noteholders could seek remedies, including against the collateral pledged under such facilities. An acceleration of the debt under certain facilities could also lead to a default under other facilities due to cross-acceleration provisions. Any such default could materially adversely affect our business, prospects, results of operations, financial condition and cash flows and could impair our ability to continue current operations. In addition, we act as servicer with respect to certain of our securitization facilities. If we default in our servicing obligations, an early amortization event or default could occur with respect to the applicable facility and we could be replaced as servicer.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” in Part II, Item 7 of this report for additional information concerning our indebtedness.

We may not be able to generate sufficient cash to service our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations will depend on our financial condition and operating performance and our ability to enter into other debt financings, which are subject to prevailing economic and competitive conditions and to financial, business, legislative, regulatory, capital markets and other factors beyond our control. We might not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. For information regarding the risks to our business that could impair our ability to satisfy our obligations under our indebtedness, see “Risk Factors—Risks Related to Our Business and Industry.” If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to affect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. If we cannot make scheduled payments on our debt, we will be in default, and lenders could declare all outstanding principal and interest to be due and payable, the lenders under our Credit Agreement could terminate their commitments to loan money and we could be forced into bankruptcy or liquidation. The agreements governing our indebtedness restrict our ability to dispose of certain assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations

then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial condition, liquidity, results of operations and cash flows and our ability to satisfy our obligations under our indebtedness.

Changes in our financial condition or a potential disruption in the capital markets could reduce available capital.

If funds are not available from our operations and any excess cash or from our Credit Agreement, we may be required to access the banking and credit markets to meet our financial commitments and short-term liquidity needs. We also expect to periodically access the debt capital markets to obtain capital to finance growth. Efficient access to the debt capital markets will be critical to our ongoing financial success; however, our future access to the debt capital markets could become restricted due to a variety of factors, including a deterioration of our earnings, cash flows, balance sheet quality, or overall business or industry prospects, adverse regulatory changes, a disruption to or deterioration in the state of the capital markets or a negative bias toward our industry by market participants. Disruptions and volatility in the capital markets may cause banks and other credit providers to restrict availability of new credit. Due to the negative bias toward our industry, commercial banks and other lenders have restricted access to available credit to participants in our industry, and we may have more limited access to commercial bank lending than other businesses. Our ability to obtain additional financing in the future will depend in part upon prevailing capital market conditions, and a potential disruption in the capital markets may adversely affect our efforts to arrange additional financing on terms that are satisfactory to us, if at all. If adequate funds are not available, or are not available on acceptable terms, we may not have sufficient liquidity to fund our operations, make future investments, take advantage of acquisitions or other opportunities, or respond to competitive challenges and this, in turn, could adversely affect our ability to advance our strategic plans. Additionally, if the capital and credit markets experience volatility, and the availability of funds is limited, third parties with whom we do business may incur increased costs or business disruption and this could adversely affect our business relationships with such third parties.

Increases in customer default rates could make us and our loans less attractive to lenders under debt facilities and investors in securitizations which may adversely affect our access to financing and our business.

Increases in customer default rates could make us and our loans less attractive to our existing (or prospective) funding sources. If our existing funding sources do not achieve their desired financial returns or if they suffer losses, they (or prospective funding sources) may increase the cost of providing future financing or refuse to provide future financing on terms acceptable to us or at all. Certain of our securitization facilities at and asset-backed notes issued by our subsidiaries are non-recourse to Enova and are collateralized by our loans. If the loans securing such securitization facilities and asset-backed notes fail to perform as expected, the lenders under our securitization facilities and investors in our asset-backed notes, or future lenders or investors in similar arrangements, may increase the cost of providing financing or refuse to provide financing on terms acceptable to us or at all. If we were to be unable to arrange new or alternative methods of financing on favorable terms, we may have to curtail or cease our origination of loans, which could have a material adverse effect on our business, financial condition, operating results and cash flow.

Risks Related to our Common Stock and the Securities Market

Certain provisions of our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law may discourage takeovers.

Our amended and restated certificate of incorporation authorizes our Board of Directors to issue preferred stock and to determine the designations, powers, preferences, and relative, participating, optional, or other special rights, if any, and the qualifications, limitations, or restrictions of our preferred stock, including the number of shares, in any series, without any further vote or action by the stockholders. The rights of the holders of our common stock will be subject to the rights of the holders of any preferred stock that may be issued in the future. The issuance of preferred stock could delay, deter, or prevent a change in control and could adversely affect the voting power or economic value of our stock.

In addition, some provisions of our amended and restated certificate of incorporation and amended and restated bylaws could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our stockholders, including:

- limitations on the ability of our stockholders to call special meetings;
- limitations on the ability of our stockholders to act by written consent;
- a separate vote of 80% of the voting power of the outstanding shares of capital stock in order for stockholders to amend the bylaws; and
- advance notice provisions for stockholder proposals and nominations for elections to the Board of Directors to be acted upon at meetings of stockholders.

The market price of our shares may fluctuate widely.

The market price of our common stock may be influenced by many factors, some of which are beyond our control, including, among other things:

- changes in federal, state or international laws and regulations affecting our industry;
- actual or anticipated variations in quarterly and annual operating results;
- changes in financial estimates and recommendations by research analysts following our common stock or the failure of research analysts to cover our common stock;
- actual or anticipated changes in the United States or international economies;
- terrorist acts or wars or other major catastrophic events;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, divestitures, joint ventures, or other strategic initiatives;
- the trading volume of our common stock; and
- the other risks and uncertainties described herein.

The stock markets have experienced price and volume fluctuations that have affected and continue to affect the market price of equity securities of many companies. These fluctuations have often been unrelated or disproportionate to the operating performance of these companies. These broad market fluctuations, as well as general economic, systemic, political, and market conditions, such as recessions, loss of investor confidence or interest rate changes, may negatively affect the market price of our common stock.

The market price of our common stock may decline as a result of the acquisition of OnDeck.

The market price of our common stock may decline as a result of the acquisition if, among other things, the combined company is unable to achieve the expected benefits of the transaction (including anticipated annual operating cost and capital synergies) in connection with the integration of our businesses, or if the transaction costs related to the acquisition are greater than expected. The market price also may decline if the combined company does not achieve the perceived benefits of the transaction as rapidly or to the extent anticipated by financial or industry analysts or if the effect of the acquisition on the combined company's financial position, results of operations or cash flows is not consistent with the expectations of financial or industry analysts.

If securities or industry analysts publish research that is unfavorable about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. We currently have a limited number of analysts who are publishing research about us. In the event that one or more of our analysts downgrades our stock or publishes misleading or unfavorable research about our business, our stock price could decline. If one or more of these analysts ceases coverage of our company, demand for our stock may decrease, which could cause our stock price or trading volume to decline.

We do not anticipate paying any dividends on our common stock in the foreseeable future. As a result, stockholders will need to sell their shares of common stock to receive any income or realize a return on their investment.

We do not anticipate paying any dividends on our common stock in the foreseeable future. Any declaration and payment of future dividends to holders of our common stock may be limited by the provisions of the Delaware General Corporation Law ("DGCL") and are limited by the terms of the Credit Agreement, 2024 Senior Notes, 2025 Senior Notes and our loan securitization facilities. The future payment of dividends, if permitted, will be at the sole discretion of our Board of Directors and will depend on many factors, including our earnings, capital requirements, financial condition, and other considerations that our Board of Directors deem relevant. As a result, to receive any income or realize a return on their investment, our stockholders will need to sell their shares of common stock.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed to us or our stockholders by any of our directors, officers, employees or agents, (iii) any action asserting a claim against us

arising under the DGCL or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine. Our stockholders are deemed to have notice of and have consented to the provisions of our amended and restated certificate of incorporation related to choice of forum. The choice of forum provision in our amended and restated certificate of incorporation may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We lease our corporate headquarters, which is located in Chicago, Illinois. We maintain additional leased offices in (i) South Jordan, Utah focusing on consumer application intake and support functions, (ii) New York, New York, Denver, Colorado and Arlington, Virginia for OnDeck operations and (iii) São Paulo, for our Brazilian operations. We do not own any real property. We are currently operating substantially in a remote work environment; if and when that changes, we believe that our leased facilities are adequate to support our operations and that, as needed, we will be able to obtain suitable additional facilities on commercially reasonable terms.

ITEM 3. LEGAL PROCEEDINGS

Information concerning legal proceedings is incorporated herein by reference to Note 11, "Commitments and Contingencies," to the Consolidated Financial Statements.

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

Principal Market

The principal market for our common stock is the New York Stock Exchange (“NYSE”), and our shares of common stock are listed under the symbol “ENVA.”

Stockholders

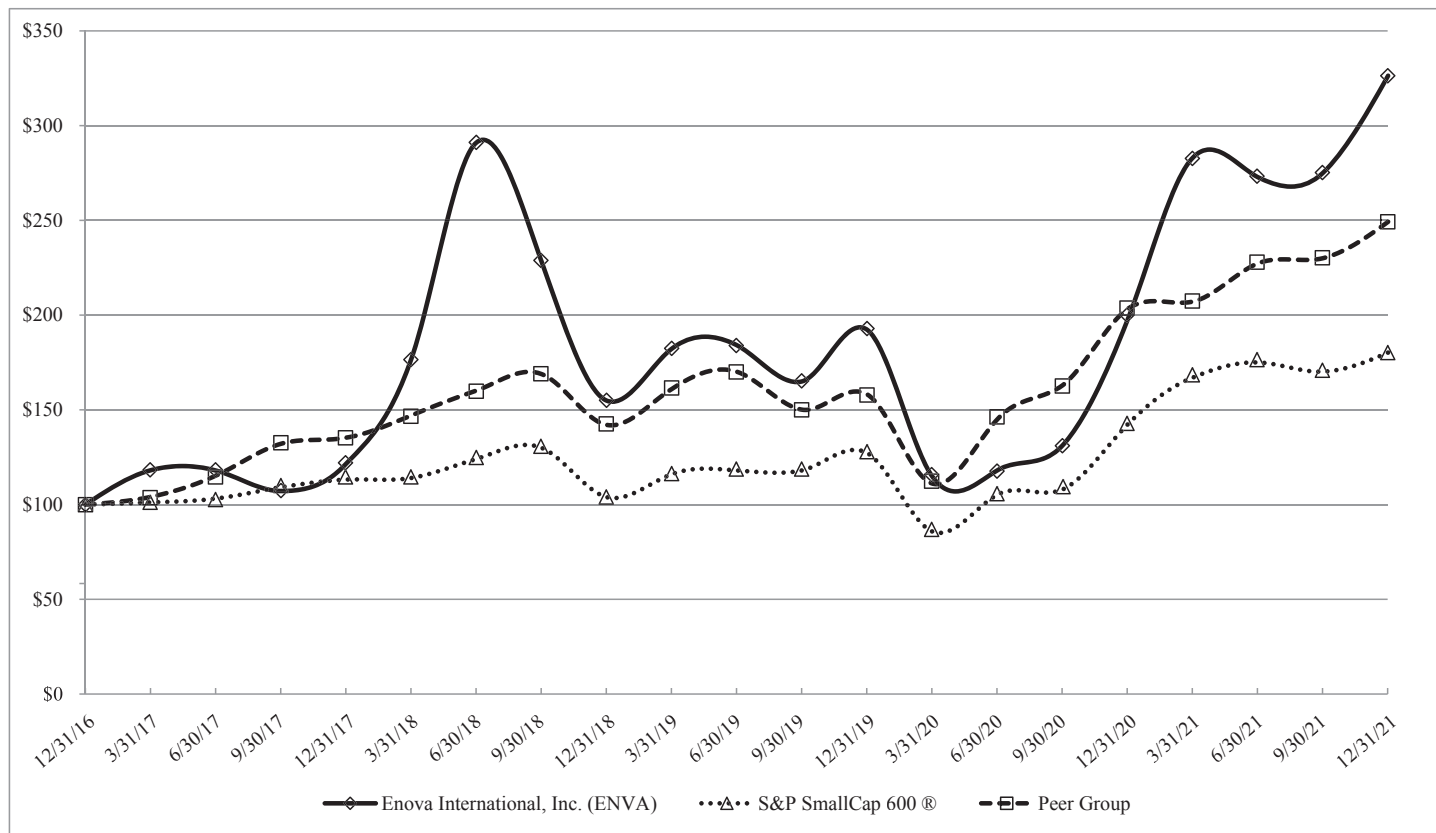
There were 287 registered stockholders of record of Enova common stock as of February 24, 2022.

Dividends

We do not anticipate paying any dividends on our common stock in the foreseeable future. The declaration and amount of any future dividends, however, will be determined by our Board of Directors and will depend on our financial condition, earnings and capital requirements, covenants associated with our debt obligations and any other factors that our Board of Directors believes are relevant. There can be no assurance, however, that we will pay any cash dividends on our common stock in the future. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” in Part II, Item 7 of this report.

Performance Graph

The following graph shows a comparison of the cumulative total shareholder return for our common stock to the total shareholder return for the S&P SmallCap 600® Index and with our peer group from December 31, 2016 through December 31, 2021. This data assumes an investment of \$100 in each of our common stock and the two indices on December 31, 2016 and that all dividends were reinvested. Our peer group index is comprised of Envestnet, Inc., Fair Isaac Corporation, Green Dot Corporation, Groupon, Inc., LendingClub Corporation, Morningstar, Inc. Nelnet, Inc., OneMain Holdings, Inc., Regional Management Corp., SS&C Technologies Holdings, Inc., and World Acceptance Corp.



Unregistered Sales of Equity Securities

We did not sell any unregistered securities during the three years ended December 31, 2021.

Issuer Purchases of Equity Securities

The following table provides the information with respect to purchases made by us of shares of our common stock.

Period	Total Number of Shares Purchased ^(a)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan ^(b)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan ^(b) (in thousands)
October 1 – October 31, 2021	55,123	\$ 34.04	45,886	\$ 32,944
November 1 – November 30, 2021	1,008,776	39.17	1,006,400	118,530
December 1 – December 31, 2021	1,418,700	39.07	1,418,700	63,105
Total	<u>2,482,599</u>	<u>\$ 39.00</u>	<u>2,470,986</u>	<u>\$ 63,105</u>

(a) Includes shares withheld from employees as tax payments for shares issued under the Company's stock-based compensation plans of 9,237 shares and 2,376 shares for the months of October and November, respectively. See Note 13 in the Notes to Consolidated

Financial Statements for additional details on the Company's stock-based compensation plans.

- (b) *On November 5, 2020 the Board of Directors authorized a share repurchase program totaling \$50.0 million through December 31, 2021 (the "2020 Authorization"). On November 4, 2021, the Company announced the Board of Directors authorized a new share repurchase program totaling \$150.0 million through December 31, 2022 (the "2021 Authorization"). The new program replaced the 2020 Authorization. The Company repurchased \$25.0 million of common stock under the 2020 Authorization before it was terminated. On February 9, 2022, the Company announced the Board of Directors authorized a new share repurchase program totaling \$100.0 million through June 30, 2023. The new program replaced the 2021 Authorization. The Company repurchased \$132.7 million of common stock under the 2021 Authorization before it was terminated. All share repurchases made under these repurchase authorizations have been through open market transactions.*

ITEM 6. RESERVED

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

RECENT REGULATORY DEVELOPMENTS

Consumer Financial Protection Bureau (“CFPB”)

We received a Civil Investigative Demand (“CID”) from the CFPB concerning certain loan processing issues. We have been cooperating fully with the CFPB by providing data and information in response to the CID. We anticipate being able to expeditiously complete the investigation as several of the issues were self-disclosed and we have provided, and will continue to provide, restitution to customers who may have been negatively impacted.

On October 6, 2017, the CFPB issued its final rule entitled “Payday, Vehicle Title, and Certain High-Cost Installment Loans” (the “Small Dollar Rule”), which covers certain loans that we offer. The Small Dollar Rule requires that lenders who make short-term loans and longer-term loans with balloon payments reasonably determine consumers’ ability to repay the loans according to their terms before issuing the loans. The Small Dollar Rule also introduces new limitations on repayment processes for those lenders as well as lenders of other longer-term loans with an annual percentage rate greater than 36 percent that include an ACH authorization or similar payment provision. If a consumer has two consecutive failed payment attempts, the lender must obtain the consumer’s new and specific authorization to make further withdrawals from the consumer’s bank account. For loans covered by the Small Dollar Rule, lenders must provide certain notices to consumers before attempting a first payment withdrawal or an unusual withdrawal and after two consecutive failed withdrawal attempts. On June 7, 2019, the CFPB issued a final rule to set the compliance date for the mandatory underwriting provisions of the Small Dollar Rule to November 19, 2020. On July 7, 2020, the CFPB issued a final rule rescinding the ability to repay (“ATR”) provisions of the Small Dollar Rule along with related provisions, such as the establishment of registered information systems for checking ATR and reporting loan activity. The payment provisions of the Small Dollar Rule remain in place, but remain stayed indefinitely by the United States Court of Appeals for the Fifth Circuit, which is hearing an appeal from the plaintiff on a constitutional challenge to the Small Dollar Rule. On October 14, 2021, the Fifth Circuit ruled that the Small Dollar Rule will not take effect until 286 days after the Fifth Circuit rules on the appeal. If the Small Dollar Rule does become effective in its current proposed form, we will need to make certain changes to our payment processes and customer notifications in our U.S. consumer lending business.

Virginia SB 421

On March 7, 2020, SB 421 passed through both houses of the Virginia Legislature. The bill amends laws governing open-end lines of credit to cap interest and fees at 36% annual interest plus a \$50 annual participation fee. Further, the law would allow Virginia-licensed lenders to make installment loans at 36% APR plus a loan processing fee equal to the greater of \$75 or 5% of the principal loan amount, but not exceeding \$150. The law went into effect on January 1, 2021.

Illinois SB 1792

On March 23, 2021, the Economic Equity Act (“EEA”) became effective in Illinois. The EEA implements a 36% rate cap on all consumer lending, with the APR calculated consistent with the Military Lending Act’s Military Annual Percentage Rate. The EEA applies to consumer loans originated on or after the effective date. In addition, the EEA provides for the application of a predominant economic interest test for bank service arrangements. Pursuant to the predominant economic interest test, a broker or service with a predominant economic interest in a loan is considered to be the “true lender” for purposes of applying the EEA and the 36% rate cap.

New Mexico HB 132

On February 15, 2022, the New Mexico Legislature passed HB 132. The bill imposes a 36% rate cap on loans up to \$10,000. Additionally, HB 132 provides for the application of a predominant economic interest test for bank service arrangements whereby a broker or servicer with a predominant economic interest in a loan is considered to be the “true lender” for purposes of applying the 36% rate cap. The New Mexico Governor has until March 9, 2022 to sign the bill or else it will be vetoed. If signed, the bill will take effect on January 1, 2023.

Brazil General Data Privacy Law

On August 14, 2018, Brazil adopted the General Data Privacy Law (Lei Geral de Proteção de Dados Pessoais or “LGPD”). The key provisions of LGPD are quite similar to the European Union’s General Data Protection Regulation (“GDPR”) in that it grants certain rights to data subjects, imposes obligations on companies with regard to the processing of data, and allows authorities to impose substantial fines on companies that violate the law. LGPD was originally anticipated to go into effect on February 15, 2020; however, several amendments to LGPD delayed the effective date. LGPD took effect on September 18, 2020, and enforcement of the penalties and sanctions for non-compliance began August 1, 2021. Compliance with LGPD may increase the cost of conducting business in Brazil, and we could see regulatory compliance costs and enforcement activity now that the law is in effect.

RESULTS OF OPERATIONS

Election of Fair Value Option

Prior to January 1, 2020, we carried our loans and finance receivables at amortized cost, net of an allowance for estimated losses inherent in the portfolio. Effective January 1, 2020, we elected the fair value option to account for all our loans and finance receivables in conjunction with the transition guidance specified in ASU 2019-05. We believe the fair value option better reflects the value of our portfolio and its future economic performance as well as more closely aligns with our marginal decision-making processes that rely on risk-based pricing and discounted cash flow methodologies. Refer to Note 1 for discussion of the election and its impact on our accounting policies. In comparing our current year results under the fair value option to prior periods, it may be helpful to consider the following.

Prior to 2020, origination fees as well as certain direct costs associated with originating loans were deferred and amortized into or against revenue on an effective yield basis over the term of the loan or the projected delivery term of the finance receivable. Subsequent to the election of the fair value option, these fees and costs are no longer eligible for deferral. As such, revenue is slightly higher compared to the prior method due to origination fees being immediately recognized and the lack of amortization of deferred costs into revenue. As origination costs are no longer eligible for deferral, marketing and operations and technology expenses are generally slightly higher, particularly in periods of growth, compared to the prior method.

Loans and finance receivables are carried at fair value with changes in fair value recorded in the consolidated income statement. The fair value takes into consideration expected lifetime losses of the loans and finance receivables, whereas the prior method incorporated only incurred losses. As such, changes in credit quality, amongst other significant assumptions, typically have a more significant impact on the carrying value of loans and finance receivables under the fair value option.

COVID-19

The COVID-19 pandemic has severely impacted global economic conditions, resulting in substantial volatility in the financial markets, increased unemployment, and operational challenges resulting from measures that governments have imposed to control its spread. We have implemented a number of procedures in response to the pandemic to support the safety and well-being of our employees, customers and stockholders that continue through the date of this report:

- As shelter-in-place orders and general distancing guidelines were released, we moved quickly to transition virtually all of our employees to a remote work environment.
- We have actively worked with our customers to understand their financial situations, waive late fees, offer a variety of repayment options to increase flexibility and reduce or defer payments for impacted customers.
- We took measures to adjust our underwriting procedures, which reduced exposure to more heavily impacted consumers and businesses.
- We adjusted loan and draw sizes as well as shortened duration in an effort to reduce risk in this volatile environment. Certain of these measures have eased since the height of the pandemic, with improvement of economic conditions and our outlook.

From a loan valuation perspective, the COVID-19 pandemic significantly increased the potential variability of our expected cash flows. We deemed it appropriate to increase the discount rate to capture the increase in potential volatility in expected cash flows due to the unprecedented nature of this pandemic and governmental response. After adjusting the discount rate for the decrease in underlying interest rates, we increased the rate by 500 basis points based on what we deemed a market participant would require to assume the additional risk. Consequently, the associated fair values of these loans were adjusted lower as part of the standard process in our internally-developed valuation models described in the Notes to the Consolidated Financial Statements as well as the “Critical Accounting Estimates” section of this Form 10-K. These rates remained consistent for the remainder of 2020. Over the course of 2021, we noted a tightening of credit spreads in observable pricing in the market; as such, we reduced the discount rate used in our valuations. As of December 31, 2021, our discount rates have generally returned to the levels utilized immediately prior to the pandemic, which we believe is representative of what a market participant would use.

The number of loans with payment deferrals or other modifications increased meaningfully toward the end of the first quarter and into the second quarter of 2020. These requests for deferrals and modifications decreased meaningfully over the remainder of 2020 and into 2021. Since the beginning of the pandemic, we have assessed performance of borrowers that had elected to defer or modify loan payments during the pandemic. As of December 31, 2021, our collection data does not appear to indicate increased risk with these borrowers. As modifications and deferrals do not appear to be a strong indicator of future activity, we did not make an adjustment to the fair value of these loans at December 31, 2021 based on current or past modification or deferral.

After seeing increases in delinquency and charge-offs early in the pandemic, we experienced significant improvements to these metrics over the remainder of 2020 and carrying into 2021. The U.S. government provided multiple rounds of stimulus assistance to taxpayers and businesses. Positive COVID-19 test counts in the U.S. generally decreased across the first half of 2021 although rose again in the second half of 2021 with the spread of the Delta and Omicron variants. With deceleration in vaccination rates, the emergence of new and more transmissible COVID strains, and questions on the efficacy of the vaccines in use against new variants, there remains significant concern among public health officials and governmental bodies on the forward trajectory of the pandemic and its impacts on the economy. In evaluating inputs to our valuation models as of December 31, 2021, we noted that, although rising in our consumer loan portfolios, delinquencies and charge-off experience were still lower than pre-pandemic levels, both of which were likely to have been favorably impacted by governmental stimulus efforts. Future stimulus is uncertain and, if not provided at the same levels or at all, could cause future behavior to deviate from past performance. Similar to our loan valuations at December 31, 2020, March 31, 2021, June 30, 2021 and September 30, 2021, management concluded that the probability of future charge-offs was higher than what we had experienced in the past and, therefore, increased anticipated charge-offs in our fair value models, which reduced the fair value of our portfolio at December 31, 2021. We deemed the resulting fair value to be an appropriate market-based exit price that considers current market conditions at December 31, 2021.

We continue to closely monitor this pandemic and expect to make future changes to respond to the situation as it continues to evolve.

HIGHLIGHTS

Our financial results for the year ended December 31, 2021 (“2021”) are summarized below.

- Revenue increased \$124.2 million, or 11.5%, to \$1,207.9 million in 2021 compared to \$1,083.7 million in the year ended December 31, 2020 (“2020”).
- Net revenue was \$1,024.3 million in 2021 compared to \$684.2 million in 2020.
- Income from Operations increased \$55.3 million, or 15.4%, to \$413.1 million in 2021, compared to \$357.8 million in 2020.
- Net income was \$256.3 million in 2021, compared to \$377.8 million in 2020. Diluted earnings per share were \$6.79 in 2021 compared to \$11.70 in 2020.

The following tables reflect our results of operations for the periods indicated, both in dollars and as a percentage of total revenue (dollars in thousands, except per share data):

	Year Ended December 31,		
	2021	2020	2019
Revenue			
Loans and finance receivables revenue	\$ 1,192,043	\$ 1,076,204	\$ 1,171,857
Other	15,889	7,506	2,900
Total Revenue	<u>1,207,932</u>	<u>1,083,710</u>	<u>1,174,757</u>
Change in Fair Value	(183,672)	(399,517)	—
Cost of Revenue	—	—	(602,894)
Net Revenue/Gross Profit	<u>1,024,260</u>	<u>684,193</u>	<u>571,863</u>
Operating Expenses			
Marketing	271,160	69,780	115,132
Operations and technology	147,700	96,284	84,262
General and administrative	156,962	140,600	109,204
Depreciation and amortization	35,375	19,732	15,055
Total Operating Expenses	<u>611,197</u>	<u>326,396</u>	<u>323,653</u>
Income from Operations	413,063	357,797	248,210
Interest expense, net	(76,509)	(86,691)	(75,604)
Foreign currency transaction (loss) gain, net	(382)	514	(216)
Gain on bargain purchase	—	163,999	—
Equity method investment income	2,953	628	—
Other nonoperating expenses	(1,970)	(827)	(2,321)
Income before Income Taxes	<u>337,155</u>	<u>435,420</u>	<u>170,069</u>
Provision for income taxes	80,087	57,191	42,053
Net income from continuing operations before noncontrolling interest	<u>257,068</u>	<u>378,229</u>	<u>128,016</u>
Less: Net income attributable to noncontrolling interest	773	85	—
Net income from continuing operations	<u>256,295</u>	<u>378,144</u>	<u>128,016</u>
Net loss from discontinued operations	—	(300)	(91,404)
Net income attributable to Enova International, Inc.	<u>256,295</u>	<u>377,844</u>	<u>36,612</u>
Diluted earnings per share – continuing operations	\$ 6.79	\$ 11.71	\$ 3.72
Diluted loss per share – discontinued operations	—	(0.01)	(2.66)
Diluted earnings per share	<u>\$ 6.79</u>	<u>\$ 11.70</u>	<u>\$ 1.06</u>
Revenue			
Loans and finance receivables revenue	98.7%	99.3%	99.8%
Other	1.3	0.7	0.2
Total Revenue	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Change in Fair Value	(15.2)	(36.9)	—
Cost of Revenue	—	—	(51.3)
Net Revenue/Gross Profit	<u>84.8</u>	<u>63.1</u>	<u>48.7</u>
Operating Expenses			
Marketing	22.5	6.4	9.8
Operations and technology	12.2	8.9	7.2
General and administrative	13.0	13.0	9.3
Depreciation and amortization	2.9	1.8	1.3
Total Operating Expenses	<u>50.6</u>	<u>30.1</u>	<u>27.6</u>
Income from Operations	34.2	33.0	21.1
Interest expense, net	(6.3)	(8.0)	(6.4)
Foreign currency transaction (loss) gain, net	—	0.1	—
Gain on bargain purchase	—	15.1	—
Equity method investment income	0.2	0.1	—
Other nonoperating expenses	(0.2)	(0.1)	(0.2)
Income before Income Taxes	<u>27.9</u>	<u>40.2</u>	<u>14.5</u>
Provision for income taxes	6.6	5.3	3.6
Net income from continuing operations before noncontrolling interest	<u>21.3</u>	<u>34.9</u>	<u>10.9</u>
Less: Net income attributable to noncontrolling interest	0.1	—	—
Net income from continuing operations	<u>21.2</u>	<u>34.9</u>	<u>10.9</u>
Net loss from discontinued operations	—	—	(7.8)
Net income attributable to Enova International, Inc.	<u>21.2%</u>	<u>34.9%</u>	<u>3.1%</u>

NON-GAAP FINANCIAL MEASURES

In addition to the financial information prepared in conformity with generally accepted accounting principles (“GAAP”), we provide historical non-GAAP financial information. We believe that presentation of non-GAAP financial information is meaningful and useful in understanding the activities and business metrics of our operations. We believe that these non-GAAP financial measures reflect an additional way of viewing aspects of our business that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business.

We provide non-GAAP financial information for informational purposes and to enhance understanding of our GAAP consolidated financial statements. Readers should consider the information in addition to, but not instead of or superior to, our consolidated financial statements prepared in accordance with GAAP. This non-GAAP financial information may be determined or calculated differently by other companies, limiting the usefulness of those measures for comparative purposes.

Adjusted Earnings Measures

In addition to reporting financial results in accordance with GAAP, we have provided adjusted earnings and adjusted earnings per share, or, collectively, the Adjusted Earnings Measures, which are non-GAAP measures. We believe that the presentation of these measures provides investors with greater transparency and facilitates comparison of operating results across a broad spectrum of companies with varying capital structures, compensation strategies, derivative instruments and amortization methods, which provides a more complete understanding of our financial performance, competitive position and prospects for the future. We also believe that investors regularly rely on non-GAAP financial measures, such as the Adjusted Earnings Measures, to assess operating performance and that such measures may highlight trends in our business that may not otherwise be apparent when relying on financial measures calculated in accordance with GAAP. In addition, we believe that the adjustments shown below are useful to investors in order to allow them to compare our financial results during the periods shown without the effect of each of these income or expense items.

The following table provides reconciliations between net income and diluted earnings per share calculated in accordance with GAAP to the Adjusted Earnings Measures, which are shown net of tax (in thousands, except per share data):

	Year Ended December 31,		
	2021	2020	2019
Net income from continuing operations	\$ 256,295	\$ 378,144	\$ 128,016
Adjustments:			
Gain on bargain purchase	—	(163,999)	—
Transaction-related costs ^(a)	1,424	20,023	—
Lease termination and cease use loss ^(b)	7,535	—	726
Other nonoperating expenses ^(c)	1,970	827	2,321
Intangible asset amortization	6,862	1,777	1,070
Stock-based compensation expense	21,179	18,041	11,967
Foreign currency transaction loss (gain), net ^(d)	372	(499)	216
Cumulative tax effect of adjustments	(9,855)	(8,038)	(3,907)
Discrete tax adjustments ^(e)	—	(11,604)	(141)
Adjusted earnings	<u>\$ 285,782</u>	<u>\$ 234,672</u>	<u>\$ 140,268</u>
Diluted earnings per share from continuing operations	\$ 6.79	\$ 11.71	\$ 3.72
Adjustments:			
Gain on bargain purchase	—	(5.08)	—
Transaction-related costs ^(a)	0.04	0.62	—
Lease termination and cease use loss ^(b)	0.20	—	0.02
Other nonoperating expenses ^(c)	0.05	0.03	0.07
Intangible asset amortization	0.18	0.05	0.03
Stock-based compensation expense	0.56	0.56	0.35
Foreign currency transaction loss (gain), net ^(d)	0.01	(0.02)	—
Cumulative tax effect of adjustments	(0.26)	(0.25)	(0.11)
Discrete tax adjustments ^(e)	—	(0.36)	—
Adjusted earnings per share	<u>\$ 7.57</u>	<u>\$ 7.26</u>	<u>\$ 4.08</u>

(a) For the years ended December 31, 2021 and 2020, we recorded expenses of \$1.4 million (\$1.1 million net of tax) and \$20.0 million (\$19.5 million net of tax), respectively, related to acquisitions and a divestiture of a subsidiary.

- (b) For the years ended December 31, 2021 and 2019, we recorded losses of \$7.5 million (\$5.6 million net of tax), including a net write-off of leasehold improvements of \$4.2 million, and \$0.7 million (\$0.6 million net of tax), respectively, related to exits of leased office spaces.
- (c) For the year ended December 31, 2021, we recorded a loss of \$0.8 million (\$0.6 million net of tax) related to the partial divestiture of a subsidiary and a nonoperating expense of \$0.8 million (\$0.6 million net of tax) related to an incomplete capital markets transaction. For the years ended December 31, 2021, 2020 and 2019, we recorded losses on early extinguishment of debt of \$0.4 million (\$0.3 million net of tax), \$0.8 million (\$0.6 million net of tax) and \$2.3 million (\$1.8 million net of tax), respectively.
- (d) Excludes amounts attributable to noncontrolling interests.
- (e) For the years ended December 31, 2020 and 2019, we recorded income tax benefits of \$11.6 million resulting from the remeasurement of our liability for certain previously unrecognized tax benefits and \$0.1 million from the U.S. Tax Cuts and Jobs Act, respectively.

Adjusted EBITDA

The table below shows Adjusted EBITDA, which is a non-GAAP measure that we define as earnings excluding depreciation, amortization, interest, foreign currency transaction gains or losses, taxes and stock-based compensation expense. We believe Adjusted EBITDA is used by investors to analyze operating performance and evaluate our ability to incur and service debt and our capacity for making capital expenditures. Adjusted EBITDA is also useful to investors to help assess our estimated enterprise value. In addition, we believe that the adjustments for transaction-related costs, lease termination and cease use (gain) loss, gain on bargain purchase, equity method investment income, and other nonoperating expenses shown below are useful to investors in order to allow them to compare our financial results during the periods shown without the effect of the income or expense items. The computation of Adjusted EBITDA as presented below may differ from the computation of similarly-titled measures provided by other companies (dollars in thousands):

	Year Ended December 31,		
	2021	2020	2019
Net income from continuing operations	\$ 256,295	\$ 378,144	\$ 128,016
Depreciation and amortization expenses ^(d)	35,362	19,726	15,055
Interest expense, net ^(d)	75,929	86,507	75,604
Foreign currency transaction loss (gain), net ^(d)	372	(499)	216
Provision for income taxes	80,087	57,191	42,053
Stock-based compensation expense	21,179	18,041	11,967
Adjustments:			
Transaction-related costs ^(a)	1,424	20,023	—
Lease termination and cease use loss ^(b)	3,336	—	370
Gain on bargain purchase	—	(163,999)	—
Equity method investment income	(2,953)	(628)	—
Other nonoperating expenses ^(c)	1,970	827	2,321
Adjusted EBITDA	<u>\$ 473,001</u>	<u>\$ 415,333</u>	<u>\$ 275,602</u>
Adjusted EBITDA margin calculated as follows:			
Total Revenue	\$ 1,207,932	\$ 1,083,710	\$ 1,174,757
Adjusted EBITDA	\$ 473,001	\$ 415,333	\$ 275,602
Adjusted EBITDA as a percentage of total revenue	39.2%	38.3%	23.5%

Refer to footnotes in previous table for explanation of (a), (b), (c) and (d).

Combined Loans and Finance Receivables

Combined loans and finance receivables is a non-GAAP measure that includes both loans and RPAs we own and loans we guarantee, which are either GAAP items or disclosures required by GAAP. We believe this non-GAAP measure provides investors with important information needed to evaluate the magnitude of potential receivable losses and the opportunity for revenue performance of the loans and finance receivables portfolio on an aggregate basis. We also believe that the comparison of the aggregate amounts from period to period is more meaningful than comparing only the amounts reflected on our consolidated balance sheets since both revenue and cost of revenue are impacted by the aggregate amount of receivables we own and those we guarantee as reflected in our consolidated financial statements.

YEAR ENDED 2021 COMPARED TO YEAR ENDED 2020

Revenue and Net Revenue

Revenue increased \$124.2 million, or 11.5%, to \$1,207.9 million for 2021 as compared to \$1,083.7 million for 2020. The change in revenue was driven primarily by the inclusion of OnDeck for a full twelve months in 2021, partially offset by a reduction in originations in the prior year as a result of our efforts to mitigate the risk of the COVID-19 pandemic.

Our net revenue was \$1,024.3 million for 2021 compared to \$684.2 million for 2020. Our net revenue as a percentage of revenue (“net revenue margin”) was 84.8% in 2021 compared to 63.1% in 2020. The increase in net revenue margin was driven by lower delinquency rates and lower than expected charge-offs, particularly in the small business portfolio.

The following table sets forth the components of revenue and net revenue, separated by product for 2021 and 2020 (dollars in thousands):

	Year Ended December 31,		\$ Change	% Change
	2021	2020		
Revenue by product:				
Consumer loans and finance receivables revenue	\$ 815,251	\$ 962,119	\$ (146,868)	(15.3)%
Small business loans and finance receivables revenue	376,792	114,085	262,707	230.3
Total loan and finance receivable revenue	1,192,043	1,076,204	115,839	10.8
Other	15,889	7,506	8,383	111.7
Total revenue	1,207,932	1,083,710	124,222	11.5
Change in fair value	(183,672)	(399,517)	215,845	(54.0)
Net revenue	<u>\$ 1,024,260</u>	<u>\$ 684,193</u>	<u>\$ 340,067</u>	<u>49.7%</u>
Revenue by product (% to total):				
Consumer loans and finance receivables revenue	67.5%	88.8%		
Small business loans and finance receivables revenue	31.2	10.5		
Total loan and finance receivable revenue	98.7	99.3		
Other	1.3	0.7		
Total revenue	100.0	100.0		
Change in fair value	(15.2)	(36.9)		
Net revenue	<u>84.8%</u>	<u>63.1%</u>		

Loan and Finance Receivable Balances

The fair value of our loan and finance receivable portfolio in our consolidated financial statements at December 31, 2021 and 2020 was \$1,964.7 million and \$1,241.5 million, respectively, with an outstanding principal balance of \$1,878.4 million and \$1,263.1 million, respectively. The fair value of the combined loan and finance receivables portfolio includes \$18.8 million with an outstanding principal balance of \$11.8 million and \$10.3 million with an outstanding principal balance of \$8.8 million of consumer loan balances that are guaranteed by us but not owned by us, which are not included in our consolidated financial statements as of December 31, 2021 and 2020, respectively. See “—Non-GAAP Financial Measures—Combined Loans and Finance Receivables” above for additional information related to combined loans and finance receivables.

The following table summarizes loan and finance receivable balances outstanding as of December 31, 2021 and 2020 (in thousands):

	As of December 31,					
	2021			2020		
	Company Owned ^(a)	Guaranteed by the Company ^(a)	Combined ^(b)	Company Owned ^(a)	Guaranteed by the Company ^(a)	Combined ^(b)
Consumer loans and finance receivables						
Principal	\$ 867,751	\$ 11,789	\$ 879,540	\$ 576,404	\$ 8,845	\$ 585,249
Fair value	890,144	18,813	908,957	625,219	10,289	635,508
Fair value as a % of principal	102.6%	159.6%	103.3%	108.5%	116.3%	108.6%
Small business loans and finance receivables						
Principal	\$ 1,010,675	\$ —	\$ 1,010,675	\$ 686,730	\$ —	\$ 686,730
Fair value	1,074,546	—	1,074,546	616,287	—	616,287
Fair value as a % of principal	106.3%	—%	106.3%	89.7%	—%	89.7%
Total loans and finance receivables						
Principal	\$ 1,878,426	\$ 11,789	\$ 1,890,215	\$ 1,263,134	\$ 8,845	\$ 1,271,979
Fair value	1,964,690	18,813	1,983,503	1,241,506	10,289	1,251,795
Fair value as a % of principal	104.6%	159.6%	104.9%	98.3%	116.3%	98.4%

- (a) GAAP measure. The loan and finance receivable balances guaranteed by us relate to loans originated by third-party lenders through the CSO programs and are not included in our consolidated balance sheets.
- (b) Amounts represent non-GAAP measures.

At December 31, 2021, the ratio of fair value as a percentage of principal was 104.6% on company owned loans and finance receivables and 104.9% on combined loans and finance receivables compared to 98.3% on company owned loans and finance receivables and 98.4% on combined loans and finance receivables at December 31, 2020. These ratios increased during the year due primarily to lower delinquency rates and lower than expected charge-offs in the small business portfolio, partially offset by the impact of the acceleration of originations on the consumer portfolio, particularly to new customers, which carry a higher risk of charge-off.

Average Amount Outstanding per Loan and Finance Receivable

The average amount outstanding per loan and finance receivable is calculated as the total combined loans and finance receivables, gross balance at the end of the period divided by the total number of combined loans and finance receivables outstanding at the end of the period. The following table shows the average amount outstanding per loan and finance receivable by product at December 31, 2021 and 2020:

	As of December 31,	
	2021	2020
Average amount outstanding per loan and finance receivable (in ones)^(a)		
Consumer loans and finance receivables ^(b)	\$ 1,953	\$ 3,040
Small business loans and finance receivables	38,125	29,093
Total loans ^(b)	\$ 3,849	\$ 5,721

- (a) The disclosure regarding the average amount per loan is statistical data that is not included in our consolidated financial statements.
- (b) Includes loans guaranteed by us, which represent loans originated by third-party lenders through the CSO programs and are not included in our consolidated balance sheets.

The average amount outstanding per loan decreased to \$3,849 as of December 31, 2021 compared to \$5,721 from prior year, mainly due to a mix shift in our consumer loan products, partially offset by higher average amount outstanding per loan in the small business portfolio as lending has expanded with economic recovery in 2021.

Average Loan and Finance Receivable Origination

The average loan and finance receivable origination amount is calculated as the total amount of combined loans and finance receivables originated, renewed and purchased for the period divided by the total number of combined loans and finance receivables originated, renewed and purchased for the period. The following table shows the average loan and finance receivable origination amount by product for 2021 compared to 2020:

	Year Ended December 31,	
	2021	2020
Average loan and finance receivable origination amount (in ones)^(a)		
Consumer loans and finance receivables ^{(b)(c)}	\$ 648	\$ 426
Small business loans and finance receivables ^(c)	15,703	13,584
Total loans ^(b)	\$ 1,419	\$ 600

- (a) The disclosure regarding the average loan origination amount is statistical data that is not included in our consolidated financial statements.
- (b) Includes loans guaranteed by us, which represent loans originated by third-party lenders through the CSO programs and are not included in our consolidated balance sheets.
- (c) For line of credit accounts the average represents the average amount of each incremental draw.

The average loan origination amount increased to \$1,419 from \$600 during 2021 compared to 2020, due primarily to an increase in the mix of loans and finance receivables held by small businesses in our portfolio as a result of our acquisition of OnDeck in October 2020 and, to a lesser extent, a strategic reduction in loan size in response to the COVID-19 pandemic in the prior year.

Credit Performance of Loans and Finance Receivables

We monitor the performance of our loans and finance receivables. Internal factors such as portfolio composition (e.g., interest rate, loan term, geography information, customer mix, credit quality) and performance (e.g., delinquency, loss trends, prepayment rates) are reviewed on a regular basis at various levels (e.g., product, vintage). We also weigh the impact of relevant, internal business decisions on portfolio. External factors such as macroeconomic trends, financial market liquidity expectations, competitive landscape and legal/regulatory requirements are also reviewed on a regular basis.

The payment status of a customer, including the degree of any delinquency, is a significant factor in determining estimated charge-offs in the cash flow models that we use to determine fair value. The following table shows payment status on outstanding principal, interest and fees as of the end of each of the last eight quarters (dollars in thousands):

	2021			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Ending combined loans and finance receivables, including principal and accrued fees/interest outstanding:				
Company owned	\$ 1,265,987	\$ 1,416,533	\$ 1,650,771	\$ 1,944,263
Guaranteed by the Company ^(a)	6,792	9,655	13,239	13,750
Ending combined loan and finance receivables balance^(b)	<u>\$ 1,272,779</u>	<u>\$ 1,426,188</u>	<u>\$ 1,664,010</u>	<u>\$ 1,958,013</u>
> 30 days delinquent	96,228	81,883	90,782	103,213
> 30 days delinquency rate	7.6%	5.7%	5.5%	5.3%
	2020			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Ending combined loans and finance receivables, including principal and accrued fees/interest outstanding:				
Company owned	\$ 1,145,748	\$ 816,905	\$ 698,964	\$ 1,310,171
Guaranteed by the Company ^(a)	11,798	6,054	8,100	10,163
Ending combined loan and finance receivables balance^(b)	<u>\$ 1,157,546</u>	<u>\$ 822,959</u>	<u>\$ 707,064</u>	<u>\$ 1,320,334</u>
> 30 days delinquent	86,294	36,797	25,841	122,666
> 30 days delinquency rate	7.5%	4.5%	3.7%	9.3%

(a) Represents loans originated by third-party lenders through the CSO programs, which are not included in our consolidated financial statements.

(b) Non-GAAP measure.

Consumer Loans and Finance Receivables

The following table includes financial information for our consumer loans and finance receivables. Delinquency metrics include principal, interest and fees, and only amounts that are past due (dollars in thousands):

	2021			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Consumer loans and finance receivables:				
Consumer combined loan and finance receivable principal balance:				
Company owned	\$ 523,170	\$ 585,087	\$ 709,781	\$ 867,751
Guaranteed by the Company ^(a)	5,691	8,284	11,354	11,790
Total combined loan and finance receivable principal balance^(b)	\$ 528,861	\$ 593,371	\$ 721,135	\$ 879,541
Consumer combined loan and finance receivable fair value balance:				
Company owned	\$ 581,398	\$ 623,975	\$ 723,553	\$ 890,144
Guaranteed by the Company ^(a)	7,246	10,824	16,921	18,813
Ending combined loan and finance receivable fair value balance^(b)	\$ 588,644	\$ 634,799	\$ 740,474	\$ 908,957
Fair value as a % of principal ^{(b)(c)}	111.3%	107.0%	102.7%	103.3%
Consumer combined loan and finance receivable balance, including principal and accrued fees/interest outstanding:				
Company owned	\$ 564,934	\$ 630,203	\$ 768,964	\$ 927,673
Guaranteed by the Company ^(a)	6,792	9,655	13,239	13,750
Ending combined loan and finance receivable balance^(b)	\$ 571,726	\$ 639,858	\$ 782,203	\$ 941,423
Average consumer combined loan and finance receivable balance, including principal and accrued fees/interest outstanding:				
Company owned ^(d)	\$ 598,900	\$ 580,704	\$ 702,818	\$ 836,147
Guaranteed by the Company ^{(a)(d)}	8,670	7,585	11,366	13,212
Average combined loan and finance receivable balance^{(b)(d)}	\$ 607,570	\$ 588,289	\$ 714,184	\$ 849,359
Revenue	\$ 181,737	\$ 174,512	\$ 215,432	\$ 243,570
Change in fair value	(26,073)	(49,708)	(97,061)	(104,715)
Net revenue	155,664	124,804	118,371	138,855
Net revenue margin	85.7%	71.5%	54.9%	57.0%
Change in fair value as a % of average combined loan and finance receivable balance ^{(b)(d)}	4.3%	8.4%	13.6%	12.3%
Delinquencies:				
> 30 days delinquent	\$ 24,589	\$ 26,201	\$ 45,804	\$ 59,312
> 30 days delinquent as a % of combined loan and finance receivable balance ^{(b)(c)}	4.3%	4.1%	5.9%	6.3%
Charge-offs:				
Charge-offs (net of recoveries)	\$ 36,408	\$ 27,050	\$ 57,836	\$ 112,582
Charge-offs (net of recoveries) as a % of average combined loan and finance receivable balance ^{(b)(d)}	6.0%	4.6%	8.1%	13.3%

	2020			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Consumer loans and finance receivables:				
Consumer combined loan and finance receivable principal balance:				
Company owned	\$ 877,503	\$ 646,534	\$ 569,556	\$ 576,404
Guaranteed by the Company ^(a)	10,287	5,195	6,905	8,845
Total combined loan and finance receivable principal balance^(b)	\$ 887,790	\$ 651,729	\$ 576,461	\$ 585,249
Consumer combined loan and finance receivable fair value balance:				
Company owned	\$ 917,222	\$ 690,957	\$ 617,921	\$ 625,219
Guaranteed by the Company ^(a)	12,445	6,614	7,411	10,289
Ending combined loan and finance receivable fair value balance^(b)	\$ 929,667	\$ 697,571	\$ 625,332	\$ 635,508
Fair value as a % of principal ^{(b)(c)}	104.7%	107.0%	108.5%	108.6%
Consumer combined loan and finance receivable balance, including principal and accrued fees/interest outstanding:				
Company owned	\$ 959,286	\$ 693,991	\$ 614,676	\$ 619,088
Guaranteed by the Company ^(a)	11,798	6,054	8,100	10,163
Ending combined loan and finance receivable balance^(b)	\$ 971,084	\$ 700,045	\$ 622,776	\$ 629,251
Average consumer combined loan and finance receivable balance, including principal and accrued fees/interest outstanding:				
Company owned ^(d)	\$ 1,007,336	\$ 813,497	\$ 646,137	\$ 613,683
Guaranteed by the Company ^{(a)(d)}	17,846	7,553	6,855	8,861
Average combined loan and finance receivable balance^{(b)(d)}	\$ 1,025,182	\$ 821,050	\$ 652,992	\$ 622,544
Revenue	\$ 335,900	\$ 236,772	\$ 192,567	\$ 196,880
Change in fair value	(210,725)	(102,159)	(24,378)	(31,167)
Net revenue	125,175	134,613	168,189	165,713
Net revenue margin	37.3%	56.9%	87.3%	84.2%
Change in fair value as a % of average combined loan and finance receivable balance ^{(b)(d)}	20.6%	12.4%	3.7%	5.0%
Delinquencies:				
> 30 days delinquent	\$ 81,654	\$ 31,149	\$ 21,559	\$ 24,793
> 30 days delinquent as a % of combined loan and finance receivable balance ^{(b)(c)}	8.4%	4.4%	3.5%	3.9%
Charge-offs:				
Charge-offs (net of recoveries)	\$ 191,306	\$ 141,193	\$ 30,670	\$ 34,035
Charge-offs (net of recoveries) as a % of average combined loan and finance receivable balance ^{(b)(d)}	18.7%	17.2%	4.7%	5.5%

(a) Represents loans originated by third-party lenders through the CSO programs that we have not yet purchased, which are not included in our consolidated balance sheets.

(b) Non-GAAP measure.

(c) Determined using period-end balances.

(d) The average combined loan and finance receivable balance is the average of the month-end balances during the period.

The combined ending loan balance, including principal and accrued fees/interest outstanding, of consumer loans and finance receivables at December 31, 2021 increased 49.6% to \$941.4 million compared to \$629.3 million at December 31, 2020, due primarily to increased originations in the current year following the strategic reduction in originations in the prior year to mitigate risks associated with the COVID-19 pandemic.

The percentage of loans greater than 30 days delinquent increased to 6.3% at December 31, 2021, compared to 3.9% at December 31, 2020. The increase was driven primarily by growth in originations in the current year, particularly to new customers, which typically default at a higher percentage than returning customers. At December 31, 2020, this delinquency rate was lower due to our having a

more seasoned and lower risk portfolio due to reduced originations as well as our belief that credit was favorably impacted by governmental stimulus efforts.

Charge-offs (net of recoveries) as a percentage of average combined loan balance increased to 13.3% for the three months ended December 31, 2021 (the “2021 fourth quarter”), compared to 5.5% for the three months ended December 31, 2020 (the “2020 fourth quarter”), driven primarily by growth in originations, particularly to new customers, which typically default at a higher percentage than returning customers. In the 2020 fourth quarter, this charge-off rate was lower due primarily to our having a more seasoned and lower risk portfolio remaining as originations since the onset of the COVID-19 pandemic had been significantly lower and the majority of higher risk loans to new customers originated in prior quarters had been charged off.

The ratio of fair value as a percentage of principal on consumer loans and finance receivables was 103.3% at December 31, 2021, compared to 108.6% at December 31, 2020 and 102.7% at September 30, 2021. The increase from September 30, 2021 was primarily driven by the reduction in discount rate during the fourth quarter. Refer to “Results of Operations—COVID-19” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for additional discussion on loan valuation, including the discount rate assumption.

Small Business Loans and Finance Receivables

The following table includes financial information for our small business loans and finance receivables. Delinquency metrics include principal, interest and fees, and only amounts that are past due (dollars in thousands):

	2021			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<u>Small business loans and finance receivables:</u>				
Total loan and finance receivable principal balance	\$ 696,678	\$ 781,793	\$ 876,668	\$ 1,010,675
Ending loan and finance receivable fair value balance	649,313	784,728	911,729	1,074,546
Fair value as a % of principal ^(a)	93.2%	100.4%	104.0%	106.3%
Ending loan and finance receivable balance, including principal and accrued fees/interest outstanding				
	\$ 701,053	\$ 786,330	\$ 881,807	\$ 1,016,590
Average loan and finance receivable balance ^(b)				
	\$ 700,348	\$ 739,378	\$ 837,606	\$ 956,110
Revenue	\$ 75,560	\$ 85,561	\$ 100,610	\$ 115,063
Change in fair value	4,995	45,078	24,515	22,804
Net revenue	80,555	130,639	125,125	137,867
Net revenue margin	106.6%	152.7%	124.4%	119.8%
Change in fair value as a % of average loan balance ^(b)	(0.7)%	(6.1)%	(2.9)%	(2.4)%
<u>Delinquencies:</u>				
> 30 days delinquent	\$ 71,639	\$ 55,682	\$ 44,978	\$ 43,901
> 30 days delinquent as a % of loan balance ^(a)	10.2%	7.1%	5.1%	4.3%
<u>Charge-offs:</u>				
Charge-offs (net of recoveries)	\$ 18,042	\$ 5,102	\$ 7,060	\$ 7,677
Charge-offs (net of recoveries) as a % of average loan and finance receivable balance ^(b)	2.6%	0.7%	0.8%	0.8%

	2020			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Small business loans and finance receivables:				
Total loan and finance receivable principal balance	\$ 183,905	\$ 121,070	\$ 81,733	\$ 686,730
Ending loan and finance receivable fair value balance	175,985	108,705	75,449	616,287
Fair value as a % of principal ^(a)	95.7%	89.8%	92.3%	89.7%
Ending loan and finance receivable balance, including principal and accrued fees/interest outstanding				
	\$ 186,462	\$ 122,914	\$ 84,288	\$ 691,083
Average loan and finance receivable balance ^(b)				
	\$ 182,862	\$ 158,684	\$ 101,819	\$ 539,675
Revenue	\$ 23,906	\$ 14,930	\$ 10,830	\$ 64,419
Change in fair value	(24,994)	(18,513)	1,601	10,818
Net revenue	(1,088)	(3,583)	12,431	75,237
Net revenue margin	(4.6)%	(24.0)%	114.8%	116.8%
Change in fair value as a % of average loan balance ^(b)	13.7%	11.7%	(1.6)%	(2.0)%
Delinquencies:				
> 30 days delinquent	\$ 4,640	\$ 5,648	\$ 4,282	\$ 97,873
> 30 days delinquent as a % of loan balance ^(a)	2.5%	4.6%	5.1%	14.2%
Charge-offs:				
Charge-offs (net of recoveries)	\$ 11,918	\$ 14,782	\$ 4,496	\$ 21,052
Charge-offs (net of recoveries) as a % of average loan and finance receivable balance ^(b)	6.5%	9.3%	4.4%	3.9%

(a) Determined using period-end balances.

(b) The average loan and finance receivable balance is the average of the month-end balances during the period.

The combined ending loan balance, including principal and accrued fees/interest outstanding, of small business loans and finance receivables at December 31, 2021 increased 47.1% to \$1,016.6 million compared to \$691.1 million at December 31, 2020, due primarily to the acceleration of originations across 2021 as well as strong credit performance, resulting in low charge-offs.

The percentage of loans and finance receivables greater than 30 days delinquent decreased to 4.3% at December 31, 2021, compared to 14.2% at December 31, 2020. Since the acquisition of OnDeck in October 2020, delinquency has improved in all of our small business portfolios, as we have actively worked with our customers to understand their financial situations, offering a variety of repayment options to increase flexibility and reducing or deferring payments for impacted customers.

Charge-offs (net of recoveries) as a percentage of average loan balance decreased to 0.8% for the 2021 fourth quarter, compared to 3.9% in the 2020 fourth quarter, due primarily to the recovery of the broader economy, our efforts to assist customers and the impact of governmental stimulus.

The ratio of fair value as a percentage of principal on small business loans and finance receivables was 106.3% at December 31, 2021, compared to 89.7% at December 31, 2020 and 104.0% at September 30, 2021. The increase from September 30, 2021 was due primarily to strong cash collections and improvements in anticipated cash flow in our valuation models due to reduced risk. The ratio of fair value as a percentage of principal has improved for the legacy Enova portfolio since the second quarter of 2020 and the OnDeck portfolio since acquisition.

Total Operating Expenses

Total operating expenses increased \$284.8 million, or 87.3%, to \$611.2 million in 2021, compared to \$326.4 million in 2020.

Marketing expense increased \$201.3 million, or 288.6%, to \$271.1 million in 2021 compared to \$69.8 million in 2020, due primarily to our efforts to capture increasing market demand for loan products in the current year. The prior year was abnormally low due to our strategic actions to mitigate risks associated with the COVID-19 pandemic.

Operations and technology expense increased \$51.4 million, or 53.4%, to \$147.7 million in 2021 from \$96.3 million in 2020, due primarily to the inclusion of OnDeck expenses since its acquisition in October 2020 as well as higher variable underwriting costs due to the increase in originations.

General and administrative expense increased \$16.4 million, or 11.6%, to \$157.0 million in 2021 compared to \$140.6 million in 2020, due primarily to the inclusion of OnDeck expenses since October 2020, partially offset by various cost containment initiatives implemented to mitigate the impact of the COVID-19 pandemic.

Depreciation and amortization expense increased \$15.7 million, or 79.3%, to \$35.4 million in 2021 compared to \$19.7 million in 2020 due primarily by fixed assets and intangible assets acquired with OnDeck and Pangea and, to a lesser extent, additional internally-developed software placed into service.

Interest Expense, Net

Interest expense, net decreased \$10.2 million, or 11.7%, to \$76.5 million in 2021 compared to \$86.7 million in 2020, due primarily to a decrease in the weighted average interest rate on our outstanding debt to 7.34% in 2021 from 8.76% in 2020, partially offset by an increase in the average amount of debt outstanding to \$1,036.2 million during 2021 from \$991.7 million during 2020. See “—Liquidity and Capital Resources—Current Debt Facilities” below for further information.

Provision for Income Taxes

The effective tax rate from continuing operations of 23.8% in 2021 was higher than the 13.1% rate recorded in 2020 due primarily to re-measurement of unrecognized tax benefits and non-taxable bargain purchase gain in the prior year and, to a lesser extent, additional interest on unrecognized tax benefits and state income tax liability adjustments in the current year.

As of December 31, 2021, the balance of unrecognized tax benefits was \$44.1 million which is included in “Accounts payable and accrued expenses” on the consolidated balance sheet, \$10.5 million of which, if recognized, would favorably affect the effective tax rate in the period of recognition. We had \$39.0 million of unrecognized tax benefits as of December 31, 2020. We believe that we have adequately accounted for any material tax uncertainties in our existing reserves for all open tax years.

Our U.S. tax returns are subject to examination by federal and state taxing authorities. The statute of limitations related to our consolidated Federal income tax returns is closed for all tax years up to and including 2017. However, the 2014 tax year is still open to the extent of the net operating loss which we carried back from the 2019 tax return. The years open to examination by state, local and foreign government authorities vary by jurisdiction, but the statute of limitation is generally three years from the date the tax return is filed. For jurisdictions that have generated net operating losses, carryovers may be subject to the statute of limitations applicable for the year those carryovers are utilized. In these cases, the period for which the losses may be adjusted will extend to conform with the statute of limitations for the year in which the losses are utilized. In most circumstances, this is expected to increase the length of time that the applicable taxing authority may examine the carryovers by one year or longer, in limited cases.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was enacted and signed into U.S. law to provide economic relief to individuals and businesses facing economic hardship as a result of the COVID-19 pandemic. We deferred the timing of federal tax estimates and payroll taxes as permitted by the CARES Act and have availed ourselves of net operating loss carryback provisions.

LIQUIDITY AND CAPITAL RESOURCES

Capital Funding Strategy

Given the unprecedented economic circumstances resulting from the COVID-19 pandemic and high degree of uncertainty, we have taken several actions to create a stable and flexible balance sheet that ensures liquidity and funding available to meet our business obligations. We elected to access our committed funding lines prior to March 31, 2020 to preserve optionality in the face of uncertainty, and, prior to June 30, 2020, we repaid the outstanding balance of our revolving credit agreement. Despite our higher than normal cash balances, we have drawn and repaid funds from our revolving credit agreement in 2021 to meet the minimum utilization requirements. As of December 31, 2021, we had cash, cash equivalents, and restricted cash of \$225.9 million, of which \$60.4 million was restricted, compared to \$369.2 million, of which \$71.9 million was restricted, as of December 31, 2020. As of December 31, 2021, we had committed and undrawn funding capacity of \$488.2 million. Based on numerous stressed-case modeling scenarios, we believe we have sufficient liquidity to run our operations for the foreseeable future. Further, we have no recourse debt obligations due until September 2024.

Historically, we have generated significant cash flow through normal operating activities for funding both long-term and short-term needs. Our near-term liquidity is managed to ensure that adequate resources are available to fund our seasonal working capital growth, which is driven by demand for our loan and financing products. On May 30, 2014, we issued and sold \$500.0 million in aggregate principal amount of 9.75% senior notes due 2021 (the “2021 Senior Notes”). On September 1, 2017, we issued and sold \$250.0 million in aggregate principal amount of 8.50% Senior Notes due 2024 (the “2024 Senior Notes”) and used the net proceeds, in part, to retire \$155.0 million in 2021 Senior Notes. On January 21, 2018, we redeemed an additional \$50.0 million in principal amount of the outstanding 2021 Senior Notes. On September 19, 2018, we issued and sold \$375.0 million in aggregate principal amount of 8.50% Senior Notes due 2025 (the “2025 Senior Notes”) and used the net proceeds, in part, to retire the remaining \$295.0 million in principal amount of the outstanding 2021 Senior Notes.

On June 30, 2017, we entered into a secured revolving credit agreement (as amended, the “Credit Agreement”). On April 13, 2018, October 5, 2018, July 1, 2019 and May 10, 2021, we and certain of our operating subsidiaries entered into amendments to our Credit Agreement. As of February 24, 2022, our available borrowings under the Credit Agreement were \$109.3 million. Since 2016, we have entered into several loan securitization facilities and offered asset-backed notes to fund our growth, primarily in our near-prime consumer installment loan business. As a result of our acquisition of OnDeck in 2020, we added several additional securitization facilities and asset-backed notes supported by OnDeck’s small business loans, as summarized below under “Current Debt Facilities.” As of February 24, 2022, we had \$151.0 million of total committed and undrawn borrowing capacity under our loan securitization facilities. We expect that our operating needs, including satisfying our obligations under our debt agreements and funding our working capital growth, will be satisfied by a combination of cash flows from operations, borrowings under the Credit Agreement, or any refinancing, replacement thereof or increase in borrowings thereunder, and securitization or sale of loans and finance receivables under our loan securitization facilities.

As of December 31, 2021, we were in compliance with all financial ratios, covenants and other requirements set forth in our debt agreements. Unexpected changes in our financial condition or other unforeseen factors may result in our inability to obtain third-party financing or could increase our borrowing costs in the future. To the extent we experience short-term or long-term funding disruptions, we have the ability to adjust our volume of lending and financing to consumers and small businesses that would reduce cash outflow requirements while increasing cash inflows through repayments. Additional alternatives may include the securitization or sale of assets, increased borrowings under the Credit Agreement, or any refinancing or replacement thereof, and reductions in capital spending which could be expected to generate additional liquidity.

Capital

Our Total stockholders' equity increased by \$174.3 million to \$1,093.1 million at December 31, 2021 from \$918.8 million at December 31, 2020. The increase of stockholders' equity was driven primarily by net income for the year ended December 31, 2021, partially offset by \$116.7 million in repurchases of our common stock. Our book value per share outstanding increased to \$32.01 at December 31, 2021 from \$25.69 at December 31, 2020, which was primarily driven by net income and, to a lesser extent, share repurchases in 2021.

On January 31, 2019, we announced the Board of Directors had authorized a share repurchase program for the repurchase of up to \$50.0 million of our common stock through December 31, 2020 (the “January 2019 Authorization”). On October 24, 2019, we announced the Board of Directors had authorized a new share repurchase program totaling \$75.0 million that expired December 31, 2020 (the “October 2019 Authorization”). The October 2019 Authorization replaced the January 2019 Authorization of \$50.0 million. On November 5, 2020, we announced the Board of Directors had authorized a share repurchase program for up to \$50.0 million of our outstanding common stock through December 31, 2021 (the “2020 Authorization”). The 2020 Authorization was an expansion of the October 2019 Authorization. On November 4, 2021, we announced the Board of Directors authorized a new share repurchase program totaling \$150.0 million through December 31, 2022 (the “2021 Authorization”). The 2021 Authorization replaced the 2020 Authorization. On February 9, 2022, we announced the Board of Directors authorized a new share repurchase program totaling \$100.0 million through June 30, 2023 (the “2022 Authorization”). The 2022 Authorization replaced the 2021 Authorization. Repurchases under our repurchase programs will be made in accordance with applicable securities laws from time to time in the open market, through privately negotiated transactions or otherwise. The share repurchase program does not obligate us to purchase any shares of our common stock. The authorization for the share repurchase programs may be terminated, increased or decreased by the Board of Directors in its discretion at any time. During 2021, we paid \$111.9 million to repurchase common stock under the share repurchase programs.

Cash

At December 31, 2021, we had \$165.5 million of available unrestricted cash to fund our future operations compared to approximately \$297.3 million at December 31, 2020.

Our cash and cash equivalents at December 31, 2021 were held primarily for working capital purposes and were used to fund a portion of our lending activities. From time to time, we use excess cash and cash equivalents to fund our lending activities. We do not enter into investments for trading or speculative purposes. Our policy is to invest cash in excess of our immediate working capital requirements in

short-term investments, deposit accounts or other arrangements designed to preserve the principal balance and maintain adequate liquidity. Our excess cash may be invested primarily in overnight sweep accounts, money market instruments or similar arrangements that provide competitive returns consistent with our policies and market conditions.

Our restricted cash primarily consists of funds held in accounts as reserves on certain debt facilities and as collateral for issuing bank partner transactions. We have no ability to draw on such funds as long as they remain restricted under the applicable arrangements but have the ability to use these funds to finance loan originations, subject to meeting borrowing base requirements. Our policy is to invest restricted cash held in debt facility related accounts, to the extent permitted by such debt facility, in investments designed to preserve the principal balance and provide liquidity. Accordingly, such cash is invested primarily in money market instruments that offer daily purchase and redemption and provide competitive returns consistent with our policies and market conditions.

Current Debt Facilities

The following table summarizes our debt facilities as of December 31, 2021.

	Maturity date	Weighted average interest rate ^(a)	Borrowing capacity	Principal outstanding
Funding Debt:				
2018-1 Securitization Facility	September 2026 ^(b)	4.34%	150,000	72,706
2018-2 Securitization Facility	July 2025 ^(c)	4.21%	150,000	75,000
2018-A Securitization Notes	May 2026	7.37%	628	628
2019-A Securitization Notes	June 2026	7.43%	19,255	19,255
ODR 2021-1 Securitization Facility	November 2024 ^(d)	1.85%	150,000	—
ODAST III Securitization Notes	May 2027 ^(e)	2.07%	300,000	300,000
RAOD Securitization Facility	December 2023 ^(f)	2.59%	177,632	101,000
Total funding debt		<u>2.90%</u>	<u>\$ 947,515</u>	<u>\$ 568,589</u>
Corporate Debt:				
8.50% Senior Notes Due 2024	September 2024	8.50%	250,000	250,000
8.50% Senior Notes Due 2025	September 2025	8.50%	375,000	375,000
Revolving line of credit	June 2025	4.00%	310,000 ^(g)	200,000
Total corporate debt		<u>7.40%</u>	<u>\$ 935,000</u>	<u>\$ 825,000</u>

(a) The weighted average interest rate is determined based on the rates and principal balances on December 31, 2021. It does not include the impact of the amortization of deferred loan origination costs or debt discounts.

(b) The period during which new borrowings may be made under this facility expires in September 2024.

(c) The period during which new borrowings may be made under this facility expires in July 2023.

(d) The period during which new borrowings may be made under this facility expires in November 2023.

(e) The period during which new borrowings may be made under this facility expires in April 2024.

(f) The period during which new borrowings may be made under this facility expires in December 2022.

(g) We had outstanding letters of credit under the Revolving line of credit of \$0.8 million as of December 31, 2021.

Our ability to fully utilize the available capacity of our debt facilities may also be impacted by provisions that limit concentration risk and eligibility.

Cash Flows

Our cash flows and other key indicators of liquidity are summarized as follows (dollars in thousands):

	Year Ended December 31,		
	2021	2020	2019
Cash flows provided by (used in) operating activities			
Cash flows from operating activities - continuing operations	\$ 471,868	\$ 741,171	\$ 804,608
Cash flows from operating activities - discontinued operations	—	(300)	44,031
Cash flows provided by operating activities	471,868	740,871	848,639
Cash flows (used in) provided by investing activities			
Loans and finance receivables	(923,494)	2,986	(851,056)
Acquisitions, net of cash acquired	(29,153)	109,920	—
Purchases of property and equipment	(29,674)	(29,491)	(20,062)
Disposal of a subsidiary	1,928	—	—
Other investing activities	25	168	27
Cash flows from investing activities - continuing operations	(980,368)	83,583	(871,091)
Cash flows from investing activities - discontinued operations	—	—	(70,306)
Total cash flows (used in) provided by investing activities	(980,368)	83,583	(941,397)
Cash flows provided by (used in) financing activities	\$ 365,149	\$ (535,974)	\$ 95,484
Total debt to Adjusted EBITDA ^(a)	2.9x	2.3x	3.6x

(a) Total debt to Adjusted EBITDA, a non-GAAP measure, is calculated using Adjusted EBITDA for the twelve months ended for the respective period indicated. See “—Non-GAAP Financial Measures—Adjusted EBITDA.”

Cash Flows from Operating Activities

Net cash provided by operating activities decreased \$269.3 million, or 36.3%, to \$471.9 million for 2021 from \$741.2 million for 2020. The decrease was driven primarily by reduced originations in the prior year as a result of our efforts to mitigate the risk of the COVID-19 pandemic and the mix shift from consumer to small business loans and finance receivables, which generally yield less revenue.

We believe cash flows from operations and available cash balances and borrowings under our consumer loan securitization facilities and Credit Agreement, which may include increased borrowings under our Credit Agreement, any refinancing or replacement thereof, and additional securitization of consumer loans, will be sufficient to fund our future operating liquidity needs, including to fund our working capital growth.

Cash Flows from Investing Activities

Net cash flows used in investing activities increased \$1,064.0 million, or 1,272.9%, for 2021 compared to 2020, due primarily to a \$926.5 million increase in net cash used in loans and finance receivables, due to a 172.1% increase in loans and finance receivables originated or purchased and an 82.1% increase in loans and finance receivables repaid. Additionally, acquisitions, net of cash acquired used \$29.2 million of cash from investing activities in 2021 compared to cash provided by acquisitions of \$109.9 in 2020.

Cash Flows from Financing Activities

Net cash provided by financing activities in 2021 was \$365.1 million compared to \$536.0 million used in financing activities in 2020. Cash flows provided by financing activities for 2021 primarily reflects net borrowings of \$200.0 million under the Credit Agreement and \$272.6 million under our securitization facilities, partially offset by \$116.7 million of cash used in treasury shares purchased, primarily under the share repurchase programs discussed above under “Capital”. Cash flows used in financing activities for 2020 primarily reflects \$124.5 million of net repayments under our Credit Agreement, \$354.0 million of net repayments under our securitization facilities and \$56.4 million of cash used in treasury shares purchased, primarily under the share repurchase programs.

CRITICAL ACCOUNTING ESTIMATES

Loans and Finance Receivables

Beginning January 1, 2020, we have elected the fair value option for our loans and finance receivables. We estimate the fair value of our loans and finance receivables primarily using discounted cash flow analyses at an individual loan level to more accurately predict future payments. We adjust contractual cash flows for estimated losses, prepayments and servicing costs over the estimated duration of the underlying assets and discount the future cash flows using a rate of return that we believe a market participant would require. Model results may be adjusted by management if we do not believe the output reflects the fair value of the portfolio, as defined under U.S.

GAAP. The models are updated at each measurement date to capture any changes in internal factors such as nature, term, volume, payment trends, remaining time to maturity, and portfolio mix, as well as changes in underwriting or observed trends expected to impact future performance. We have validated model performance by comparing past valuations with actual performance noted after each valuation.

The following describes the primary inputs to the discounted cash flow analyses that require significant judgment:

- **Net losses** – Net losses are estimates of the principal payments that will not be repaid over the life of our portfolio, net of the expected principal recoveries on charged-off receivables. We have developed proprietary underwriting systems based on data we have collected since the Company’s inception. These systems employ advanced risk analytics to decide whether to approve financing transactions, to structure the amount and terms of the financings we offer pursuant to jurisdiction-specific regulations, and to provide customers with funds quickly and efficiently. Our systems closely monitor collection and portfolio performance data that we use to continually refine the analytical models and statistical measures used in making our credit, purchase, marketing, and collection decisions. Leveraging the data at the core of our business, we utilize our models to estimate lifetime credit losses for loans and finance receivables. Inputs to the models include contractual cash flows, customer application information, historical and current performance, and behavioral information. Management may also incorporate discretionary adjustments based on our expectations of future credit performance.
- **Prepayments** – Prepayments are estimates of the amount of principal payments that will occur earlier than contractually required during the life of a loan and finance receivable. Prepayments accelerate the timing of principal repayment and reduce interest payments. Prepayment rates in our discounted cash flow models are developed using historical results as the basis. Model inputs are similar to those utilized to estimate net losses and may also incorporate discretionary adjustments based on our expectations of future performance.
- **Utilization** – Utilization is the rate that a line of credit is utilized in proportion to the borrowing limit. Utilization rates in our discounted cash flow model for the OnDeck line of credit product are developed using historical results as the basis and are used to estimate future draws on the line. Model inputs are similar to those utilized to estimate net losses and may also incorporate discretionary adjustments based on our expectations of future activity.
- **Servicing costs** – Servicing costs applied to the expected cash flows of our portfolio reflect our estimate of the amount investors would incur to service the underlying assets for the remainder of their lives. Servicing costs are derived from our internal analysis of our cost structure considering the characteristics of our receivables and have been benchmarked against observable information on comparable assets in the marketplace.
- **Discount rates** – Determined at a product level, the discount rates utilized in our cash flow analyses reflect our estimates of the rates of return that investors would require when investing in financial instruments with similar risk and return characteristics.

Management continuously monitors factors that may impact the fair values of its products. Internal factors such as portfolio composition (for example, interest rate, loan term, geography information, customer mix, credit quality) and performance (e.g., delinquency, loss trends, prepayment rates) are reviewed on a regular basis at various levels, including product and vintage. The Company also weighs the impact of relevant, internal business decisions on estimated fair value. External factors such as macroeconomic trends, financial market liquidity expectations, competitive landscape and legal or regulatory requirements are also reviewed on a regular basis. Management also reviews the results of its fair value model output compared to prior periods for unusual trends, potential model over- or under-reaction, outlier results and other distorting factors. Based on these analyses, management may deem it appropriate to adjust model output to derive management’s best estimate of fair value.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. In accordance with Accounting Standards Codification (“ASC”) 350, *Goodwill*, we test goodwill for potential impairment annually and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value below its carrying amount.

We have historically performed our annual goodwill impairment test as of June 30 each year. During the year ended December 31, 2021, we voluntarily changed our annual impairment assessment date from June 30 to October 1 to better align with our budgeting process and year end as well as to include nearly a full year of results after our acquisition of OnDeck, which was a material change to our financial position and results of operations. We believe the change in goodwill impairment testing date does not represent a material change to our method of applying an accounting principle in light of our internal controls and requirements to assess goodwill impairment upon certain triggering events.

We first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. In assessing the qualitative factors, we consider relevant events and circumstances including but not limited to macroeconomic conditions, industry and market environment, our overall financial performance, cash flow from operating activities, market capitalization and stock price. If we determine that the quantitative impairment test is required, we use the income approach to complete our annual goodwill

assessment. The income approach uses future cash flows and estimated terminal values that are discounted using a market participant perspective to determine the fair value, which is then compared to the carrying value to determine if there is impairment. The income approach includes assumptions about revenue growth rates, operating margins and terminal growth rates discounted by an estimated weighted-average cost of capital derived from other publicly-traded companies that are similar from an operational and economic standpoint.

Income Taxes

We account for income taxes under ASC 740, *Income Taxes*. As part of the process of preparing our consolidated financial statements, we are required to estimate income taxes in each of the jurisdictions in which we operate. This process involves estimating the actual current tax expense together with assessing temporary differences in recognition of income for tax and accounting purposes. These differences result in deferred tax assets and liabilities and are included within the consolidated balance sheets. We must then assess the likelihood that the deferred tax assets will be recovered from future taxable income and, to the extent we believe that recovery is not more likely than not, we must establish a valuation allowance. An expense or benefit is included within the tax provision in the consolidated statement of income for any increase or decrease in the valuation allowance for a given period.

We report our loans and finance receivables in the Company's tax returns at fair market value, as determined for U.S. federal income tax purposes, which differs from how we report them in the consolidated financial statements due in part to statutory tax and judicial principles that may lead to different interpretations of expected credit losses and discount rate assumptions. Changes in the fair market value of our loans and finance receivables as determined for tax purposes may have a significant impact on the timing and amount of how income taxes are recognized in the consolidated financial statements. The estimates of fair market value are dependent on multiple assumptions, including expected credit losses and discount rates.

We perform an evaluation of the recoverability of our deferred tax assets on a quarterly basis. We establish a valuation allowance if it is more-likely-than-not (greater than 50 percent) that all or some portion of the deferred tax asset will not be realized. We analyze several factors, including the nature and frequency of operating losses, our carryforward period for any losses, the reversal of future taxable temporary differences, the expected occurrence of future income or loss and the feasibility of available tax planning strategies to protect against the loss of deferred tax assets.

We account for uncertainty in income taxes in accordance with ASC 740, which requires that a more-likely-than-not threshold be met before the benefit of a tax position may be recognized in the consolidated financial statements and prescribes how such benefit should be measured. We must evaluate tax positions taken on our tax returns for all periods that are open to examination by taxing authorities and make a judgment as to whether and to what extent such positions are more likely than not to be sustained based on the technical merits. We record interest and penalties related to tax matters as income tax expense in the consolidated statement of income.

Our judgment is required in determining the provision for income taxes, the deferred tax assets and liabilities and any valuation allowance recorded against deferred tax assets. Our judgment is also required in evaluating whether tax benefits meet the more-likely-than-not threshold for recognition under ASC 740.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Refer to Note 1 in the Notes to the Consolidated Financial Statements in Part II, Item 8 "Financial Statements and Supplementary Data" in this report for a discussion of recently issued accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is a broad term related to economic losses due to adverse changes in the fair value of a financial instrument. While market risk may embody several elements, including liquidity and basis risk, the SEC's market risk rules focus on pricing risk, which relates to changes in the level of prices due to changes in interest rates, foreign currency exchange rates, commodity prices, equity prices, and other market changes that affect market risk-sensitive instruments.

Prior to January 1, 2020, market risks relating to our operations resulted primarily from changes in foreign currency exchange rates and interest rates related to our long-term debt. As disclosed in Note 1 to the Consolidated Financial Statements, we elected the fair value option as of January 1, 2020 and, as a result going forward, carry our loans and finance receivables at fair value with changes in fair value recognized directly in earnings. The valuation of our loan portfolio may be impacted by macroeconomic and other factors that may positively or negatively impact the repayment capacity of our customers or the discounted value of expected future cash flows from our loan portfolio.

Changes to market interest rates can impact the fair value of our loans and finance receivables. The fair value of our loans and receivables are estimated using a discounted cash flow methodology, where the discount rate represents an estimate of the required rate of return by market participants. Required returns may increase or decrease depending upon the level of market interest rates and additional risk

premiums required to generate acceptable returns on specific assets. An increase of 100 basis points to the discount rates used in our valuations would decrease the balance of loans and finance receivables at fair value by approximately 0.7% at December 31, 2021. A decrease of 100 basis points to the discount rates used in our valuations would increase the balance of Loans and finance receivables at fair value by approximately 0.7% at December 31, 2021.

Expectations of future credit losses are a significant input to the valuation of our loans and finance receivables. A variety of macroeconomic and other factors can impact the expected repayment capacity of our customers and our expectation of future credit losses, both positively and negatively. Increasing our estimates for future credit losses used in our valuations to 110% of current expectations would decrease the balance of loans and finance receivables at fair value by approximately 4.2% at December 31, 2021. Conversely, credit losses may decrease as the economy strengthens or with increased government assistance. Decreasing our estimates for future credit losses used in our valuations to 90% of current expectations would increase the balance of loans and finance receivables at fair value by approximately 4.1% at December 31, 2021.

The expected rate of future customer prepayments can also impact the fair value of our loans and finance receivables. Prepayment speeds can vary with economic activity, competition and other factors that may increase or decrease the liquidity available to our customers to prepay obligations. Increasing our estimates for future prepayments used in our valuations to 110% of current expectations would decrease the balance of Loans and finance receivables at fair value by 1.2% at December 31, 2021. Conversely, prepayment speeds may decrease as the economy weakens or with decreased governmental assistance. Decreasing our estimates for future prepayments used in our valuations to 90% of current expectations would increase the balance of Loans and finance receivables at fair value by 1.2% at December 31, 2021.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Enova International, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Enova International, Inc. and subsidiaries (the “Company”) as of December 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the related consolidated financial statements as of and for the year ended December 31, 2021, of the Company and our report dated February 28, 2022, 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 assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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 regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP
Chicago, IL

February 28, 2022

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Enova International, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Enova International, Inc. and subsidiaries (the "Company") as of December 31, 2021, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows, for the year ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also 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, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2022, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 audit 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 audit 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 audit 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 a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Loans and finance receivables at fair value – Refer to Notes 1 and 18 to the consolidated financial statements

Critical Audit Matter Description

The estimation of the fair value of loans and finance receivables portfolio uses discounted cash flow models that have been internally developed. The models use inputs that are unobservable and inherently judgmental and reflect management's best estimates of the assumptions a market participant would use to calculate fair value. The valuation inputs for the projections of future cash flows include estimated losses, prepayment rates, utilization rates, servicing costs and discount rates.

We identified loans and finance receivables at fair value as a critical audit matter because of the subjective process in determining significant inputs and judgments used to estimate the fair value. Given management's use of unobservable inputs to estimate the fair value of the loans and finance receivables, performing audit procedures to evaluate these inputs requires a high degree of auditor judgment and an increased extent of effort, including the need to involve our internal fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to loans and finance receivables at fair value included the following, among others:

- We tested the effectiveness of internal controls related to the determination of loans and finance receivables at fair value, including those controls related to the significant inputs used to estimate the fair value.

- We tested the underlying data, including historical loan data and other assumptions, that served as the basis for the valuation.
- We assessed the consistency by which management has applied significant unobservable valuation assumptions.
- With the assistance of our internal fair value specialists, we developed a range of independent estimates of fair value and compared our estimates to the recorded valuation.

/s/ Deloitte & Touche LLP

Chicago, IL

February 28, 2022

We have served as the Company's auditor since 2021.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Enova International, Inc.

Opinion on the Financial Statements

We have audited the consolidated balance sheet of Enova International, Inc. and its subsidiaries (the “Company”) as of December 31, 2020, and the related consolidated statements of income, comprehensive income, stockholders’ equity, and cash flows for each of the two years in the period ended December 31, 2020, including the related notes (collectively referred to as the “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, 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for loans and finance receivables in 2020.

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 Public Company Accounting Oversight Board (United States) (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 of these consolidated financial statements 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
February 26, 2021

We served as the Company’s auditor from 2011 to 2021.

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except per share data)

	December 31,	
	2021	2020
Assets		
Cash and cash equivalents ⁽¹⁾	\$ 165,477	\$ 297,273
Restricted cash ⁽¹⁾	60,406	71,927
Loans and finance receivables at fair value ⁽¹⁾	1,964,690	1,241,506
Income taxes receivable	51,104	—
Other receivables and prepaid expenses ⁽¹⁾	52,274	40,301
Property and equipment, net	78,402	79,417
Operating lease right-of-use asset	23,101	40,123
Goodwill	279,275	267,974
Intangible assets, net	35,444	26,008
Other assets ⁽¹⁾	51,310	43,546
Total assets	<u>\$ 2,761,483</u>	<u>\$ 2,108,075</u>
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses ⁽¹⁾	\$ 156,102	\$ 124,071
Operating lease liability	40,987	67,956
Income taxes currently payable	—	2,624
Deferred tax liabilities, net	86,943	48,129
Long-term debt ⁽¹⁾	1,384,399	946,461
Total liabilities	<u>1,668,431</u>	<u>1,189,241</u>
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock, \$0.00001 par value, 250,000,000 shares authorized, 43,423,572 and 41,936,784 shares issued and 34,144,012 and 35,762,926 outstanding as of December 31, 2021 and 2020, respectively	—	—
Preferred stock, \$0.00001 par value, 25,000,000 shares authorized, no shares issued and outstanding	—	—
Additional paid in capital	225,689	187,981
Retained earnings	1,105,761	849,466
Accumulated other comprehensive loss	(8,540)	(6,898)
Treasury stock, at cost (9,279,560 and 6,173,858 shares as of December 31, 2021 and 2020, respectively)	(229,858)	(113,201)
Total Enova International, Inc. stockholders' equity	<u>1,093,052</u>	<u>917,348</u>
Noncontrolling interest	—	1,486
Total stockholders' equity	<u>1,093,052</u>	<u>918,834</u>
Total liabilities and stockholders' equity	<u>\$ 2,761,483</u>	<u>\$ 2,108,075</u>

(1) Includes amounts in consolidated variable interest entities (“VIEs”) presented separately in the table below.

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except per share data)

The following table presents the aggregated assets and liabilities of consolidated VIEs, which are included in the Consolidated Balance Sheets above. The assets in the table below may only be used to settle obligations of consolidated VIEs and are in excess of those obligations. See Note 15 for additional information.

	December 31,	
	2021	2020
Assets of consolidated VIEs, included in total assets above		
Cash and cash equivalents	\$ 420	\$ 420
Restricted cash	45,706	64,811
Loans and finance receivables at fair value	745,246	528,877
Other receivables and prepaid expenses	6,378	4,827
Other assets	2,082	1,639
Total assets of consolidated VIEs	<u>\$ 799,832</u>	<u>\$ 600,574</u>
Liabilities of consolidated VIEs, included in total liabilities above		
Accounts payable and accrued expenses	\$ 2,061	\$ 3,056
Affiliate note payable	—	4,065
Long-term debt	565,770	329,855
Total liabilities of consolidated VIEs	<u>\$ 567,831</u>	<u>\$ 336,976</u>

See Notes to Consolidated Financial Statements

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Year Ended December 31,		
	2021	2020	2019
Revenue	\$ 1,207,932	\$ 1,083,710	\$ 1,174,757
Change in Fair Value	(183,672)	(399,517)	—
Cost of Revenue	—	—	(602,894)
Net Revenue/Gross Profit	1,024,260	684,193	571,863
Operating Expenses			
Marketing	271,160	69,780	115,132
Operations and technology	147,700	96,284	84,262
General and administrative	156,962	140,600	109,204
Depreciation and amortization	35,375	19,732	15,055
Total Operating Expenses	611,197	326,396	323,653
Income from Operations	413,063	357,797	248,210
Interest expense, net	(76,509)	(86,691)	(75,604)
Foreign currency transaction (loss) gain, net	(382)	514	(216)
Gain on bargain purchase	—	163,999	—
Equity method investment income	2,953	628	—
Other nonoperating expenses	(1,970)	(827)	(2,321)
Income before Income Taxes	337,155	435,420	170,069
Provision for income taxes	80,087	57,191	42,053
Net income from continuing operations before noncontrolling interest	257,068	378,229	128,016
Less: Net income attributable to noncontrolling interest	773	85	—
Net income from continuing operations	256,295	378,144	128,016
Net loss from discontinued operations	—	(300)	(91,404)
Net income attributable to Enova International, Inc.	<u>\$ 256,295</u>	<u>\$ 377,844</u>	<u>\$ 36,612</u>
Earnings (Loss) Per Share attributable to Enova International, Inc.:			
Earnings (loss) per common share – basic:			
Continuing operations	\$ 7.05	\$ 11.86	\$ 3.80
Discontinued operations	—	(0.01)	(2.71)
Earnings (loss) per common share – basic	<u>\$ 7.05</u>	<u>\$ 11.85</u>	<u>\$ 1.09</u>
Earnings (loss) per common share – diluted:			
Continuing operations	\$ 6.79	\$ 11.71	\$ 3.72
Discontinued operations	—	(0.01)	(2.66)
Earnings (loss) per common share – diluted	<u>\$ 6.79</u>	<u>\$ 11.70</u>	<u>\$ 1.06</u>
Weighted average common shares outstanding:			
Basic	36,351	31,897	33,715
Diluted	37,736	32,302	34,398

See Notes to Consolidated Financial Statements

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended December 31,		
	2021	2020	2019
Net income including noncontrolling interest	\$ 257,068	\$ 377,929	\$ 36,612
Other comprehensive (loss) gain, net of tax:			
Foreign currency translation (loss) gain ⁽¹⁾	(1,478)	(3,832)	10,739
Ownership change in noncontrolling interest	(270)	—	—
OnDeck Australia deconsolidation	106	—	—
Total other comprehensive (loss) gain, net of tax	(1,642)	(3,832)	10,739
Comprehensive Income	255,426	374,097	47,351
Net income attributable to noncontrolling interest	(773)	(85)	—
Foreign currency translation loss (gain) attributable to noncontrolling interests	126	(80)	—
Ownership change in noncontrolling interest	802	—	—
Comprehensive loss (income) attributable to the noncontrolling interest	155	(165)	—
Comprehensive income attributable to Enova International, Inc.	<u>\$ 255,581</u>	<u>\$ 373,932</u>	<u>\$ 47,351</u>

(1) Net of tax benefit (provision) of \$513, \$1,830 and \$(3,329) for the years ended December 31, 2021, 2020 and 2019, respectively.

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Common Stock		Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock, at cost		Total Enova International, Inc. Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount				Shares	Amount			
Balance at December 31, 2018	34,857	\$ —	\$ 48,175	\$ 336,415	\$ (13,805)	(1,272)	\$ (23,017)	\$ 347,768	\$ —	\$ 347,768
Stock-based compensation expense	—	—	11,967	—	—	—	—	11,967	—	11,967
Accelerated vesting on RSUs for discontinued operations	—	—	—	—	—	—	—	—	—	—
Shares issued for vested RSUs	5	—	94	—	—	—	—	94	—	94
Shares issued for stock option exercises	540	—	—	—	—	—	—	—	—	—
Net income attributable to Enova International, Inc.	363	—	3,555	—	—	—	—	3,555	—	3,555
Foreign currency translation gain, net of tax	—	—	—	36,612	—	—	—	36,612	—	36,612
Purchases of treasury shares, at cost	—	—	—	—	10,739	(1,518)	(33,776)	(33,776)	—	(33,776)
Reclassification of certain deferred tax effects	—	—	—	(346)	—	—	—	(346)	—	(346)
Balance at December 31, 2019	35,765	\$ —	\$ 63,791	\$ 372,681	\$ (3,066)	(2,790)	\$ (56,793)	\$ 376,613	\$ —	\$ 376,613
Stock-based compensation expense	—	—	18,041	—	—	—	—	18,041	—	18,041
Acquisition of OniDeck	5,566	—	105,960	—	—	—	—	105,960	1,321	107,281
Shares issued for vested RSUs	589	—	—	—	—	—	—	—	—	—
Shares issued for stock option exercises	17	—	189	—	—	—	—	189	—	189
Net income attributable to Enova International, Inc.	—	—	—	377,844	—	—	—	377,844	—	377,844
Foreign currency translation loss, net of tax	—	—	—	—	(3,832)	—	—	(3,832)	80	(3,752)
Purchases of treasury shares, at cost	—	—	—	—	—	(3,384)	(56,408)	(56,408)	—	(56,408)
Net income attributable to noncontrolling interest	—	—	—	—	—	—	—	—	85	85
Cumulative effect of accounting change (Note 1)	—	—	—	98,941	—	—	—	98,941	—	98,941
Balance at December 31, 2020	41,937	\$ —	\$ 187,981	\$ 849,466	\$ (6,898)	(6,174)	\$ (113,201)	\$ 917,348	\$ 1,486	\$ 918,834
Stock-based compensation expense	—	—	21,179	—	—	—	—	21,179	—	21,179
Shares issued for vested RSUs	793	—	—	—	—	—	—	—	—	—
Shares issued for stock option exercises	694	—	15,457	—	—	—	—	15,457	—	15,457
Net income attributable to Enova International, Inc.	—	—	—	256,295	—	—	—	256,295	—	256,295
Foreign currency translation loss, net of tax	—	—	—	—	(1,478)	—	—	(1,478)	(126)	(1,604)
Purchases of treasury shares, at cost	—	—	—	—	—	(3,106)	(116,657)	(116,657)	—	(116,657)
Net income attributable to noncontrolling interest	—	—	—	—	—	—	—	—	773	773
Ownership change in noncontrolling interest	—	—	1,072	—	(270)	—	—	802	(802)	—
OnDeck Australia deconsolidation	—	—	—	—	106	—	—	106	(1,331)	(1,225)
Balance at December 31, 2021	43,424	\$ —	\$ 225,689	\$ 1,105,761	\$ (8,540)	(9,280)	\$ (229,858)	\$ 1,093,052	\$ —	\$ 1,093,052

See Notes to Consolidated Financial Statements

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2021	2020	2019
Cash Flows from Operating Activities			
Net income before noncontrolling interest	\$ 257,068	\$ 377,929	\$ 36,612
Less: Net loss from discontinued operations	—	300	91,404
Net income from continuing operations	257,068	378,229	128,016
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	35,375	19,732	15,055
Amortization of deferred loan costs and debt discount	6,224	12,699	6,000
Change in fair value	180,165	399,517	—
Cost of revenue	—	—	602,894
Stock-based compensation expense	21,179	18,041	11,967
Gain on bargain purchase	—	(163,999)	—
Loss on partial divestiture of subsidiary	842	—	—
Loss on early extinguishment of debt	378	827	2,321
Operating leases, net	(3,549)	(2,014)	(1,548)
Lease termination and cease-use costs	(6,311)	—	370
Deferred income taxes, net	39,306	3,240	4,741
Changes in operating assets and liabilities:			
Finance and service charges on loans and finance receivables	(20,802)	68,848	(36,572)
Other receivables, prepaid expenses and other assets	(7,222)	(5,601)	(12,801)
Accounts payable and accrued expenses	17,843	(18,088)	13,781
Current income taxes receivable/payable	(48,628)	29,740	70,384
Cash flows from operating activities - continuing operations	471,868	741,171	804,608
Cash flows from operating activities - discontinued operations	—	(300)	44,031
Net cash provided by operating activities	471,868	740,871	848,639
Cash Flows from Investing Activities			
Loans and finance receivables originated or acquired	(2,810,560)	(1,033,041)	(1,807,299)
Loans and finance receivables repaid	1,887,066	1,036,027	956,243
Acquisitions, net of cash acquired	(29,153)	109,920	—
Purchases of property and equipment	(29,674)	(29,491)	(20,062)
Sale of subsidiary	1,928	—	—
Other investing activities	25	168	27
Cash flows from investing activities - continuing operations	(980,368)	83,583	(871,091)
Cash flows from investing activities - discontinued operations	—	—	(70,306)
Net cash (used in) provided by investing activities	(980,368)	83,583	(941,397)
Cash Flows from Financing Activities			
Borrowings under revolving line of credit	302,000	100,250	337,049
Repayments under revolving line of credit	(102,000)	(224,750)	(287,049)
Borrowings under securitization facilities	547,268	152,983	322,800
Repayments under securitization facilities	(274,688)	(507,023)	(242,203)
Debt issuance costs paid	(6,231)	(388)	(3,500)
Debt prepayment penalty paid	—	(827)	(1,392)
Proceeds from exercise of stock options	15,457	189	3,555
Treasury shares purchased	(116,657)	(56,408)	(33,776)
Net cash provided by (used in) financing activities	365,149	(535,974)	95,484
Effect of exchange rates on cash	34	(244)	979
Net (decrease) increase in cash, cash equivalents and restricted cash	(143,317)	288,236	3,705
Less: decrease in cash, cash equivalents and restricted cash from discontinued operations	—	—	26,976
Change in cash, cash equivalents and restricted cash from continuing operations	(143,317)	288,236	30,681
Cash, cash equivalents and restricted cash at beginning of year	369,200	80,964	50,283
Cash, cash equivalents and restricted cash at end of year	\$ 225,883	\$ 369,200	\$ 80,964

See Notes to Consolidated Financial Statements

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Nature of the Company

Enova International, Inc. (“Enova”), formed on September 7, 2011, is an independent, publicly traded company, and the Company’s shares of common stock are listed on the New York Stock Exchange under the symbol “ENVA.” Enova and its subsidiaries (individually and collectively referred to herein as the “Company”) operate an internet-based lending platform to serve customers in need of cash to fulfill their financial responsibilities. Through a network of direct and indirect marketing channels, the Company offers funds to its customers through a variety of loan and finance receivable products that are primarily unsecured. The business is operated primarily through the internet to provide convenient, fully-automated financial solutions to its customers. As of December 31, 2021, the Company offered or arranged loans to consumers under the names “CashNetUSA” and “NetCredit” in 38 states in the United States and under the name “Simplic” in Brazil. The Company also offered financing to small businesses in all 50 states and Washington D.C. in the United States under the names “Headway Capital” and “The Business Backer.” With its acquisition of On Deck Capital, Inc. (“OnDeck”), the Company now also offers financing to small businesses in the United States, through consolidated subsidiaries, and Australia and Canada, through unconsolidated subsidiaries, under the “OnDeck” name.

The Company originates, guarantees or purchases consumer loans. Consumer loans provide customers with cash in their bank account, typically in exchange for an obligation to repay the amount advanced plus fees and/or interest. Consumer loans includes installment loans and line of credit accounts. The Company provides financing to small businesses through either installment loans, a receivables purchase agreement product (“RPAs”) or a line of credit account. RPAs represent a right to receive future receivables from a small business. Small businesses receive funds in exchange for a portion of the business’ future receivables at an agreed upon discount. In contrast, lending is a commitment to repay principal and interest. “Loans and finance receivables” include consumer loans, small business loans and RPAs.

Installment loans are loans written by the Company, by a third-party lender through the Company’s credit services organization and credit access business programs (“CSO programs” as further described below) that the Company guarantees or by a bank partner. Installment loans includes longer-term loans that require the outstanding principal balance to be paid down in multiple installments and shorter-term single payment loans. Line of credit accounts include draws made through the Company’s line of credit product.

Through the Company’s CSO programs, the Company provides services related to a third-party lender’s consumer loan products in some markets by acting as a credit services organization or credit access business on behalf of consumers in accordance with applicable state laws. Services offered under the CSO programs include credit-related services such as arranging loans with independent third-party lenders and assisting in the preparation of loan applications and loan documents (“CSO loans”). Under the CSO programs, the Company guarantees consumer loan payment obligations to the third-party lender in the event that the customer defaults on the loan, at which point, the loan is purchased by the Company. Prior to any potential purchase, CSO loans are not included in the Company’s consolidated balance sheets.

The Company operates a program with a bank to provide marketing services and loan servicing for near-prime unsecured consumer installment loans and, beginning in January 2021, line of credit accounts. Under the program, the Company receives marketing and servicing fees while the bank receives an origination fee. The bank has the ability to sell and the Company has the option, but not the requirement, to purchase the loans the bank originates and, in the case of line of credit accounts, a participation interest in those accounts. The Company does not guarantee the performance of the loans and line of credit accounts originated by the bank. As part of the OnDeck business both prior and subsequent to Enova’s acquisition, OnDeck operates a program with a separate bank to provide marketing services and loan servicing for small business installment loans and line of credit accounts. Under the OnDeck program, the Company receives marketing fees while the bank receives origination fees and certain program fees. The bank has the ability to sell and the Company has the option, but not the requirement, to purchase the installment loans that the bank originates and, in the case of line of credit accounts, extensions under those line of credit accounts. The Company does not guarantee the performance of the loans originated by the bank.

Basis of Presentation

The consolidated financial statements of the Company included herein have been prepared on the basis of accounting principles generally accepted in the United States (“GAAP”) and reflect the historical results of operations and cash flows of the Company during each respective period. The consolidated financial statements include goodwill and intangible assets arising from businesses previously acquired. The financial information included herein may not be indicative of the consolidated financial position, operating results, changes in stockholders’ equity and cash flows of the Company in the future. Intercompany transactions are eliminated. Certain prior year amounts have been reclassified to conform to current year presentation.

The Company consolidates any variable interest entity (“VIE”) where it has determined the Company is the primary beneficiary. The primary beneficiary is the entity which has both the power to direct the activities of the VIE that most significantly impact the VIE’s

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

economic performance as well as the obligation to absorb losses or receive benefits of the entity that could potentially be significant to the VIE.

With the acquisition of OnDeck, the Company owned a 55% controlling interest in On Deck Capital Australia PTY LTD (“OnDeck Australia”). The remaining interests were owned by an unrelated third party. Prior to December 2021, we consolidated the financial position and results of operations of this entity under the voting interest model. The noncontrolling interest, which is presented as a separate component of consolidated equity, represented the minority owners' proportionate share of the equity of the entity and was adjusted for the minority owners' share of the earnings, losses, investments and distributions. Refer to "Investments in Unconsolidated Investees" later in this note for discussion of the partial divestiture in December 2021 that triggered the deconsolidation of OnDeck Australia.

On October 25, 2019, the Company's U.K. businesses were placed into administration, which resulted in treatment of the businesses as discontinued operations for all periods presented. Throughout these consolidated financial statements, unless otherwise noted, current and prior year financial information is presented as if the U.K. businesses were excluded from continuing operations as required. For further information about the placement of the segment into administration, refer to “Discontinued Operations” below.

Use of Estimates

The preparation of these consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. On an on-going basis, management evaluates its estimates and judgments, including those related to revenue recognition, fair value of loans and finance receivables, goodwill, long-lived and intangible assets, income taxes, contingencies and litigation. Management bases its estimates on historical experience, empirical data and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates.

Foreign Currency Translations

The functional currencies for the Company's subsidiaries that serve or have served residents of the United Kingdom, Australia and Brazil are the British pound, the Australian dollar and the Brazilian real, respectively. The assets and liabilities of these subsidiaries are translated into U.S. dollars at the exchange rates in effect at each balance sheet date, and the resulting adjustments are recorded in “Accumulated other comprehensive income (loss)” (“AOCI”) as a separate component of stockholders' equity. Revenue and expenses are translated at the monthly average exchange rates occurring during each period.

In December 2021, the Company sold a portion of its interest in OnDeck Australia and, as a result, deconsolidated it from the Company's consolidated financial statements. In conjunction with the deconsolidation, the AOCI balances related to OnDeck Australia were reversed out and included in the calculation of loss on divestiture. Refer to "Investments in Unconsolidated Investees" section later in this note for additional discussion of the divestiture.

As a result of the Company's exit from the United Kingdom in 2019, the AOCI balances related to the British pound were reclassified from AOCI to Net Income.

Discontinued Operations

Beginning in 2007, the Company provided services in the United Kingdom under various brands, including QuickQuid, Pounds to Pocket and On Stride. Due in part to the level of claim and legal settlement costs incurred in conducting our U.K. business and unsuccessful discussions with U.K. regulators, on October 24, 2019, the Company announced its intent to exit the U.K. market. On October 25, 2019, Grant Thornton LLP, a licensed U.K. insolvency practitioner, was appointed as administrators (“Administrators”) to take control of management of the U.K. businesses. The effect of the U.K. businesses' entry into administration was to place their management, affairs, business and property under the direct control of the Administrators. Accordingly, the Company deconsolidated its U.K. businesses as of October 25, 2019 and is presenting them as discontinued operations for all periods presented in these consolidated financial statements. The Company recorded a one-time after-tax charge of \$74.5 million, including one-time cash charges of \$52.2 million, as a result of placing the UK businesses into administration. During the year ended December 31, 2020, the Company recorded an impairment charge of \$0.4 million (\$0.3 million net of taxes) to write down a receivable on certain expenses incurred by the Company prior to administration that were deemed non-reimbursable by the Administrators.

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company entered into a service agreement with the Administrators under which the Company provides certain administrative, technical and other services in exchange for compensation by the Administrators. The agreement is scheduled to expire April 8, 2022 but with options to extend the term for three-month periods. During the years ended December 31, 2021, 2020 and 2019, the Company recorded \$2.8 million, \$5.0 million and \$1.9 million, respectively, in revenue related to these services. As of December 31, 2021 and 2020, the Administrators owed the Company \$0.5 million and \$0.9 million, respectively, related to services provided.

The following table provides the financial results of the U.K. businesses, which meet the criteria of discontinued operations and, therefore, are excluded from the Company's results of continuing operations (in thousands):

	Year Ended December 31,	
	2020	2019 ⁽¹⁾
Revenue	\$ —	\$ 83,772
Cost of Revenue	—	45,507
Gross Profit	—	38,265
Operating Expenses		
Marketing	—	13,239
Operations and technology	—	43,338
General and administrative	—	3,011
Depreciation and amortization	—	889
Total Operating Expenses	—	60,477
Loss from Operations	—	(22,212)
Interest income, net	—	6
Foreign currency transaction loss, net	—	(1)
Impairment charges upon placement into administration	(393)	(97,513)
Loss before Income Taxes	(393)	(119,720)
Benefit from income taxes	(93)	(28,316)
Net loss from discontinued operations	<u>\$ (300)</u>	<u>\$ (91,404)</u>

(1) Includes results of the U.K. businesses from January 1, 2019 to October 25, 2019

Cash and Cash Equivalents

The Company considers deposits in banks and short-term investments with original maturities of 90 days or less as cash and cash equivalents.

Restricted Cash

The Company includes funds to be used for future debt payments relating to its securitization transactions and escrow deposits in restricted cash and cash equivalents.

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash to amounts reported within the consolidated balance sheets (in thousands):

	December 31,		
	2021	2020	2019
Cash and cash equivalents	\$ 165,477	\$ 297,273	\$ 35,895
Restricted cash	60,406	71,927	45,069
Total cash, cash equivalents and restricted cash	<u>\$ 225,883</u>	<u>\$ 369,200</u>	<u>\$ 80,964</u>

Revenue Recognition

The Company recognizes revenue based on the financing products and services it offers and on loans it acquires. "Revenue" in the consolidated statements of income includes: interest income, finance charges, fees for services provided through the Company's CSO programs ("CSO fees"), revenue on RPAs, service charges, draw fees, minimum billing fees, purchase fees, origination fees, late fees and non-sufficient funds fees as permitted by applicable laws and pursuant to the agreement with the customer. Interest is generally

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

recognized on an effective yield basis over the contractual term of the loan on installment loans, the estimated outstanding period of the draw on line of credit accounts, or the projected delivery term on RPAs. CSO fees are recognized over the term of the loan. Late and nonsufficient funds fees are recognized when assessed to the customer.

Prior to the adoption of the fair value option effective January 1, 2020, origination fees as well as certain direct costs associated with originating loans were deferred and amortized into or against revenue on an effective yield basis over the term of the loan or the projected delivery term of the finance receivable. Subsequent to the election of the fair value option, these fees and costs are no longer eligible for deferral. As such, origination fees on installment loans, purchase fees on RPAs, and draw fees on line of credit accounts are recognized when assessed to the customer.

Loans and Finance Receivables

Prior to January 1, 2020, the Company carried its loans and finance receivables at amortized cost, less an allowance for estimated losses and unamortized net deferred origination costs. In determining the allowance, the Company applied a documented systematic methodology generally at a product level with charge-offs and recoveries, recorded as “Cost of revenue” in the consolidated statements of income. The allowance for single-pay installment loans classified as current was based on historical loss rates adjusted for recent default trends for current loans. For delinquent single-pay loans, the allowance was based on a six-month rolling average of loss rates by stage of collection. For other installment loans, RPAs and line of credit accounts, the Company generally used either a migration analysis or roll-rate based methodology to estimate losses inherent in the portfolio. The allowance under the migration analysis and roll-rate methodology was based on historical charge-off experience and the loss emergence period, which represented the average amount of time between the first occurrence of a loss event and the charge-off of a loan or RPA. The factors the Company considered to assess the adequacy of the allowance included past due performance, historical behavior of monthly vintages, underwriting changes, delinquency status, payment history and recency factors.

Beginning January 1, 2020, the Company utilizes the fair value option on its entire loan and finance receivable portfolio. As such, loans and finance receivables are carried at fair value in the consolidated balance sheet with changes in fair value recorded in the consolidated income statement. To derive the fair value, the Company generally utilizes discounted cash flow analyses that factor in estimated losses, prepayments, utilization rates and servicing costs over the estimated duration of the underlying assets. Loss, prepayment, utilization and servicing cost assumptions are determined using historical loss data and include appropriate consideration of recent trends and anticipated future performance. Future cash flows are discounted using a rate of return that the Company believes a market participant would require. Accrued and unpaid interest and fees are included in “Loans and finance receivables” in the consolidated balance sheets.

Current and Delinquent Loans and Finance Receivables

The Company classifies its loans and finance receivables as either current or delinquent. Excluding OnDeck loans and finance receivables, when a customer does not make a scheduled payment as of the due date, that payment is considered delinquent, and the remainder of the receivable balance is considered current. If the customer does not make two consecutive payments, the entire account or loan is classified as delinquent and placed on a non-accrual status. For the OnDeck portfolio, a loan is considered to be delinquent when the daily or weekly payments are one day past due. Loans are placed in nonaccrual status and the accrual of interest income is stopped on loans that are delinquent and non-paying. Loans are returned to accrual status if they are brought to non-delinquent status or have performed in accordance with the contractual terms for a reasonable period of time and, in the Company’s judgment, will continue to make periodic principal and interest payments as scheduled. The Company allows for normal payment processing time before considering a loan delinquent but does not provide for any additional grace period.

Where permitted by law and as long as a loan is not considered delinquent, a customer may choose to renew or extend the due date on certain installment loans. In order to renew or extend a single-pay loan, a customer must agree to pay the current finance charge for the right to make a later payment of the outstanding principal balance plus an additional finance charge. In order to renew an installment loan, the customer enters into a new installment loan contract and agrees to pay the principal balance and finance charge in accordance with the terms of the new loan contract. If a single-pay loan is renewed, but the customer fails to pay that loan’s current finance charge as of the due date, the unpaid finance charge is classified as delinquent.

In response to the COVID-19 pandemic, the Company enhanced the forbearance options on its loan products, offering additional relief to impacted customers with features such as payment deferrals without the incurrence of additional finance charges or late fees. If a loan is deemed to be current and the customer makes a deferral or payment modification, the loan is still deemed to be current until the next scheduled payment is missed.

The Company generally charges off loans and finance receivables between 60 and 65 days delinquent. If a loan or finance receivable is deemed uncollectible prior to this, it is charged off at that point. For the OnDeck portfolio, the Company generally charges off a loan

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

when it is probable that that it will be unable to collect all of the remaining principal payments, which is generally after 90 days of delinquency and 30 days of non-activity. Loans and finance receivables classified as delinquent generally have an age of one to 64 days from the date any portion of the receivable became delinquent, as defined above. Recoveries on loans and finance receivables that were previously charged off are generally recognized when collected or sold.

Property and Equipment

Property and equipment is recorded at cost. The cost of property retired or sold and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the consolidated statements of income. Costs associated with repair and maintenance activities are expensed as incurred. Depreciation expense is generally provided on a straight-line basis, using the following estimated useful lives:

Computer hardware and software	3 to 5 years
Furniture, fixtures and equipment	3 to 7 years
Leasehold improvements ⁽¹⁾	3 to 10 years

(1) Leasehold improvements are depreciated over the lesser of the estimated useful life, remaining lease term, or 10 years.

Software Development Costs

The Company applies Accounting Standards Codification (“ASC”) 350-40, *Internal Use Software* (“ASC 350-40”), to its software purchase and development activities. Under ASC 350-40, eligible internal and external costs incurred for the development of computer software applications, as well as for upgrades and enhancements that result in additional functionality of the applications, are capitalized to “Property and equipment” on the consolidated balance sheets. Internal and external training and maintenance costs are charged to expense as incurred or over the related service period. When a software application is placed in service, the Company begins amortizing the related capitalized software costs using the straight-line method based on its estimated useful life, which generally ranges from one to five years.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. In accordance with ASC 350, *Intangibles—Goodwill and Other* (“ASC 350”), the Company tests goodwill for potential impairment annually and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

The Company has historically performed its annual goodwill impairment test as of June 30 each year. During the year ended December 31, 2021, the Company voluntarily changed its annual impairment assessment date from June 30 to October 1 to better align with the Company’s budgeting process and year end as well as to include nearly a full year of results after the Company’s acquisition of OnDeck, which was a material change to the Company’s financial position and results of operations. The Company believes that the change in goodwill impairment testing date does not represent a material change to its method of applying an accounting principle in light of the Company’s internal controls and requirements to assess goodwill impairment upon certain triggering events.

The Company first assesses qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. In assessing the qualitative factors, management considers relevant events and circumstances including but not limited to macroeconomic conditions, industry and market environment, overall financial performance of the Company, cash flow from operating activities, market capitalization and stock price. If the Company determines that the quantitative impairment test is required, management uses the income approach to complete its annual goodwill assessment. The income approach uses future cash flows and estimated terminal values for the Company that are discounted using a market participant perspective to determine the fair value, which is then compared to the carrying value to determine if there is impairment. The income approach includes assumptions about revenue growth rates, operating margins and terminal growth rates discounted by an estimated weighted-average cost of capital derived from other publicly-traded companies that are similar but not identical from an operational and economic standpoint.

Long-Lived Assets Other Than Goodwill

An evaluation of the recoverability of property and equipment and intangible assets subject to amortization is performed whenever the facts and circumstances indicate that the carrying value may be impaired. An impairment loss is recognized if the future undiscounted cash flows associated with the asset and the estimated fair value of the asset are less than the asset’s corresponding carrying value. The amount of the impairment loss, if any, is the excess of the asset’s carrying value over its estimated fair value.

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company amortizes intangible assets subject to amortization on the basis of their expected periods of benefit, generally three to 20 years. The costs of start-up activities and organization costs are charged to expense as incurred.

Investments in Unconsolidated Investees

In December 2021, the Company sold a portion of its interest in OnDeck Australia, recognizing a loss of \$0.8 million that has been included in "Other nonoperating expense." Prior to this, the Company had consolidated the financial position and results of operations of OnDeck Australia under the voting interest model. Subsequent to the transaction, the Company owns a 20% equity interest in OnDeck Australia and no longer has control over the entity; as such, the Company has deconsolidated OnDeck Australia from its financial statements and now records its interest under the equity method of accounting. As of December 31, 2021, the carrying value of the Company's investment in OnDeck Australia was \$1.8 million, which the Company has included in "Other assets" on the consolidated balance sheets.

On February 24, 2021 the Company contributed the platform-as-service business assumed in the OnDeck acquisition to Linear Financial Technologies Holding LLC ("Linear") in exchange for ownership units in that entity. The Company records its interest in Linear under the equity method of accounting. As of December 31, 2021, the carrying value of the Company's investment in Linear was \$5.6 million, which the Company has included in "Other assets" on the consolidated balance sheets.

With the acquisition of OnDeck, as discussed in Note 2, the Company obtained a 58.5% equity interest in On Deck Capital Canada Holdings, Inc. ("OnDeck Canada"). Despite holding a majority of the equity interest, the Company does not have a controlling financial interest as it does not hold a majority of the voting interest. As such, the Company utilizes the equity method to account for its investment in OnDeck Canada in the Company's consolidated financial statements. At their election, the minority shareholders of OnDeck Canada are entitled to require the Company to purchase their equity interests in OnDeck Canada at fair value. Conversely, the Company has the option to purchase the equity interests of OnDeck Canada from the minority shareholders at fair value. The put and call features embedded in the equity interests are not bifurcated and accounted for separately since they are clearly and closely related to the host agreement. As of December 31, 2021 and 2020, the carrying value of the investment was \$13.7 million and \$10.5 million, respectively, which the Company has included in "Other assets" on the consolidated balance sheets.

Equity method income has been included in "Equity method investment income" in the consolidated income statements.

The Company has an equity ownership position in an investment without a readily determinable value. In accordance with ASC 321, *Investment – Equity Securities*, the Company has elected to measure the investment at its cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. At each reporting date, the Company reassesses whether the investment still qualifies for this measurement alternative. Further, at each reporting date, the Company performs a qualitative assessment to evaluate whether the investment is impaired. If the qualitative assessment indicates that the investment is impaired and the fair value of the investment is less than its carrying value, the carrying amount of the investment will be reduced and the resulting loss recognized in net income in the period the impairment is identified. As of December 31, 2021 and 2020, the carrying value of the investment was \$6.9 million, which the Company has included in "Other assets" on the consolidated balance sheets. As of December 31, 2021, the Company concluded that the measurement alternative was still appropriate and, as a result of its qualitative assessment, that an impairment charge was not warranted.

Marketing Expenses

Marketing expenses consist of digital costs, lead purchase costs and offline marketing costs such as television and direct mail advertising. With the adoption of the fair value option on January 1, 2020, all marketing expenses are expensed as incurred. Prior to January 1, 2020, marketing costs directly related to loan and RPA originations were deferred and amortized against revenue, whereas marketing costs not directly resulting in loan and RPA originations were expensed as incurred.

Operations and Technology Expenses

Operations and technology expenses include all expenses related to the direct operations and technology infrastructure related to loan underwriting and processing. This includes contact center and operations personnel costs, software maintenance expense, underwriting data from third-party vendors, bank and transaction fees and telephony costs.

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

General and Administrative Expenses

General and administrative expenses primarily include the Company's corporate personnel costs, as well as legal, occupancy, and other related costs.

Stock-Based Compensation

The Company accounts for its stock-based employee compensation plans in accordance with ASC 718, *Compensation—Stock Compensation* ("ASC 718"). Under this guidance the fair value of share-based compensation is determined at the grant date and the recognition of the related expense is recorded over the period in which the share-based compensation vests. However, with respect to income taxes, the related deduction from taxes payable is based on the award's intrinsic value at the time of exercise (for an option) or on the fair value upon vesting of the award (for restricted stock units), which can be either greater (creating an excess tax benefit) or less (creating a tax deficiency) than the deferred tax benefit that is recorded as compensation cost is recognized in the consolidated financial statements. Pursuant to Accounting Standards Update ("ASU") 2016-09, *Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"), these excess tax benefits (deficiencies) are recognized in "Provision for income taxes" in the period that the tax deduction arises. In the consolidated statement of cash flows, they are classified in operating activities in the same manner as other cash flows related to income taxes.

Income Taxes

The provision for income taxes is based on income before income taxes as reported for financial statement purposes. Deferred income taxes are provided for in accordance with the asset and liability method of accounting for income taxes in order to recognize the tax effects of temporary differences between the tax basis of an asset or liability and its reported amount in the consolidated financial statements.

The Company accounts for uncertainty in income taxes in accordance with ASC 740, *Income Taxes* ("ASC 740"), which requires that a more-likely-than-not threshold (greater than 50 percent) be met before the benefit of a tax position may be recognized in the consolidated financial statements and prescribes how such benefit should be measured. The Company records interest and penalties related to tax matters as income tax expense in the consolidated statements of income.

The Company performs an evaluation of the recoverability of its deferred tax assets on a quarterly basis. The Company establishes a valuation allowance if it is more likely than not that all or some portion of the deferred tax asset will not be realized. The Company analyzes several factors, including the nature and frequency of operating losses, the Company's carryforward period for any losses, the reversal of future taxable temporary differences, the expected occurrence of future income or loss and the feasibility of available tax planning strategies to protect against the loss of deferred tax assets. See Note 10 for further discussion.

Earnings Per Share

Basic earnings per share is computed by dividing net income attributable to Enova International, Inc. by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by giving effect to the potential dilution that could occur if securities or other contracts to issue common shares were exercised and converted into common shares during the year. Restricted stock units issued under the Company's stock-based employee compensation plans are included in diluted shares upon the granting of the awards even though the vesting of shares will occur over time.

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table sets forth the reconciliation of numerators and denominators of basic and diluted earnings per share computations for the years ended December 31, 2021, 2020 and 2019 (in thousands, except per share amounts):

	Year Ended December 31,		
	2021	2020	2019
Numerator:			
Net income from continuing operations	\$ 256,295	\$ 378,144	\$ 128,016
Net (loss) income from discontinued operations	—	(300)	(91,404)
Net Income	<u>\$ 256,295</u>	<u>\$ 377,844</u>	<u>\$ 36,612</u>
Denominator:			
Total weighted average basic shares	36,351	31,897	33,715
Shares applicable to stock-based compensation	1,385	405	683
Total weighted average diluted shares	<u>37,736</u>	<u>32,302</u>	<u>34,398</u>
Earnings per common share – basic:			
Continuing operations	\$ 7.05	\$ 11.86	\$ 3.80
Discontinued operations	—	(0.01)	(2.71)
Earnings per common share – basic	<u>\$ 7.05</u>	<u>\$ 11.85</u>	<u>\$ 1.09</u>
Earnings per common share – diluted:			
Continuing operations	\$ 6.79	\$ 11.71	\$ 3.72
Discontinued operations	—	(0.01)	(2.66)
Earnings per common share – diluted	<u>\$ 6.79</u>	<u>\$ 11.70</u>	<u>\$ 1.06</u>

For the years ended December 31, 2021, 2020 and 2019, 142,758, 2,052,307 and 985,130 shares of common stock underlying stock options, respectively, and 0, 627,804 and 12,384 shares of common stock underlying restricted stock units, respectively, were excluded from the calculation of diluted net earnings per share because their effect would have been antidilutive.

Adopted Accounting Standards

In November 2019, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (“ASU 2019-12”). ASU 2019-12 is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and also clarifying and amending existing guidance to improve consistent application. ASU 2019-12 is effective in fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The adoption of ASU 2019-12 as of January 1, 2021 did not have a material effect on the Company’s consolidated financial statements.

2. Acquisitions

On March 19, 2021, the Company completed the purchase of Pangea Universal Holdings, Inc. (“PUH”), a Chicago-based payments platform offering mobile international money transfer services. In accordance with the terms of the transaction, PUH was merged into Pangea Transfer Company, LLC (“Pangea”) with the separate corporate existence of PUH thereupon ceasing and Pangea continuing as the surviving, wholly-owned subsidiary of the Company. Pangea serves the international money transfer market with a focus on Latin America and Asia. Customers have the option to transfer funds directly into bank accounts or have cash picked up from partners in minutes. The total consideration of \$32.9 million consists of \$30.0 million in cash and \$2.9 million in loan forgiveness. The Company has performed a valuation analysis of identifiable assets acquired and liabilities assumed and allocated the aggregate purchase consideration based on the fair values of those identifiable assets and liabilities. The preliminary allocation of the purchase consideration includes \$19.8 million and \$11.3 million of intangible assets and goodwill, respectively, with all other assets acquired and liabilities assumed being nominal. The purchase price allocation is subject to change as the Company finalizes the analysis of the fair value as of the acquisition date. The final determination of the fair value of assets acquired and liabilities assumed will be completed within the twelve-month measurement period from the acquisition date as required by applicable accounting guidance. This purchase was not material to the Company’s consolidated financial statements. The operating results of Pangea, which were not material, have been included in the Company’s consolidated financial statements from the date of acquisition.

On July 28, 2020, the Company and OnDeck entered into an Agreement and Plan of Merger (the “Merger Agreement”) among the Company, OnDeck and Energy Merger Sub, Inc., a wholly owned subsidiary of the Company (“Merger Sub”), pursuant to which, subject to the satisfaction or waiver of the conditions set forth therein, Merger Sub would merge with and into OnDeck, with OnDeck surviving as an indirect wholly owned subsidiary of the Company. On October 13, 2020 (the “Acquisition Date”), the Company and OnDeck completed the transaction following the approval of OnDeck’s stockholders and the satisfaction of all other closing conditions.

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The acquisition increases the scale and portfolio diversification of the Company. OnDeck offers a range of term loans and lines of credit customized for the needs of small business owners.

Under the terms of the Merger Agreement, each holder of OnDeck common stock received \$0.12 per share in cash and a fixed exchange ratio of 0.092 shares of the Company's common stock for each OnDeck share they owned as of the Acquisition Date. As a result, the Company issued 5.6 million shares of common stock to OnDeck stockholders. Based on the closing share price of the Company as of October 12, 2020 of \$18.74, the value of Company common stock and cash provided in exchange for OnDeck common stock was \$111.5 million. In addition to the exchange of common stock, the consideration transferred also included the cancellation or replacement of certain equity awards of OnDeck employees in effect prior to the transaction valued at approximately \$4.2 million.

The Company is considered to be the accounting acquirer and as such, the closing date purchase consideration was allocated to the fair value of OnDeck assets and liabilities. The fair value estimate for loans and finance receivables was determined using discounted cash flow analyses that factor in estimated losses, prepayments, utilization rates and servicing costs over the estimated duration of the underlying assets. Loss, prepayment, utilization and servicing cost assumptions were determined using historical loss data and included appropriate consideration of recent trends and anticipated future performance. Future cash flows were discounted using a rate of return that a market participant would require. Going forward, the Company elected to utilize the fair value option for OnDeck's loans and finance receivables, which is consistent with the Company's accounting on its legacy portfolio of loans and finance receivables.

Operating lease right-of-use assets and operating lease liabilities reflect remeasurements based on the estimated present value of future lease payments, adjusted for favorable or unfavorable lease terms. The above- and below-market lease adjustments take into account current market leasing rates.

Intangible assets acquired consisted of developed technology and trade name of \$19.1 million and \$6.5 million, respectively. The fair value estimates for intangible assets were determined based on the assumptions that market participants would use in pricing an asset, based on the most advantageous market for the asset (i.e., its highest and best use). A relief from royalty method and a cost approach method, which included assumptions on projected cash flows, royalty rate, and discount rate, were utilized to determine the fair value of the developed technology intangible asset, which is being amortized on a straight-line basis over 5 years. A relief from royalty method, which included assumptions on projected cash flows, royalty rate, and discount rate, was utilized to determine the fair value of the trade name intangible asset, which is being amortized on a straight-line basis over 7 years.

Deferred taxes were determined based on the excess tax basis over the book basis of the fair value adjustments attributable to the net assets acquired. The incremental deferred tax assets and liabilities were calculated based on the statutory rates where fair value adjustments were estimated. The estimated tax rate used of 23.81% did not reflect Enova's expected effective tax rate at the time of acquisition, as that rate included other tax charges and benefits and does not take into account any historical or possible future tax events that may impact the combined company following the Acquisition Date. Prior to the merger, OnDeck had a valuation allowance against the federal and state deferred tax assets. As a result of the merger, the Company released most of the U.S. valuation allowance as the Company had sufficient U.S. income in 2018 and 2019 combined, and projected income going forward. The Company still has a valuation allowance on the federal NOL and partial valuation allowance on the state NOLs for the Section 382 ownership change limiting the recoverability of the losses before expiration. The application of the 382 limitations vary state by state and are significantly impacted by the existence of future recognized built in losses that may be sustained by the Company. As such, the Company has estimated that most NOLs generated will expire unutilized and will complete further analysis in future periods relating to the state net operating losses that can be recovered as facts change.

The fair value estimates for debt facilities were based on quoted market prices for each instrument, if available, or for similar instruments if not available, and adjusted for features specific to the instrument based on the assumptions that market participants would use in pricing the debt.

The allocation of the purchase consideration was as follows (in thousands):

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Purchase price	
Fair value of Company common stock issued to OnDeck shareholders ⁽¹⁾	\$ 104,313
Cash paid for outstanding OnDeck common stock ⁽²⁾	7,204
Fair value of OnDeck equity awards assumed by the Company ⁽³⁾	1,647
Cash paid for OnDeck equity awards ⁽⁴⁾	2,571
Total purchase consideration	<u>\$ 115,735</u>
Allocation	
Cash and cash equivalents	\$ 55,100
Restricted cash	68,192
Loans and finance receivables at fair value (unpaid principal balance of \$623,826)	528,567
Other receivables and prepaid expenses	9,501
Deferred tax assets, net	29,738
Property and equipment	13,527
Operating lease right-of-use assets	21,026
Intangible assets	25,600
Other assets	16,497
Total assets	<u>767,748</u>
Accounts payable and accrued expenses	30,528
Operating lease liabilities	34,726
Long-term debt	421,576
Bargain purchase gain ⁽⁵⁾	163,999
Accumulated other comprehensive loss	(137)
Noncontrolling interest	1,321
Total liabilities and equity	<u>652,013</u>
Total purchase consideration	<u>\$ 115,735</u>

- (1) Represents the fair value of Company common stock issued to OnDeck stockholders pursuant to the Merger Agreement. The fair value is based on 60,035,223 shares of OnDeck common stock outstanding as of October 12, 2020, an exchange ratio of 0.092 shares of Company common stock per share of OnDeck common stock and the closing price per share of Company common stock on October 12, 2020, of \$18.74, as shares were transferred to OnDeck stockholders prior to the opening of markets on October 13, 2020.
- (2) Represents the cash consideration paid of \$0.12 per outstanding share of OnDeck common stock based on 60,035,223 shares outstanding as of October 12, 2020, as shares were transferred to OnDeck stockholders prior to the opening of markets on October 13, 2020.
- (3) Equity-based awards held by OnDeck employees prior to the acquisition date have been replaced with Company equity-based awards. The portion of the equity-based awards that relates to services performed by the employee prior to the acquisition date is included within consideration transferred, and includes restricted stock units and performance-based restricted stock units.
- (4) Represents the cash consideration for the settlement and cancellation of 2,148,193 OnDeck stock options held by employees and non-employee directors of OnDeck.
- (5) As a result of the acquisition date fair value of the identifiable net assets acquired exceeding the sum of the value of consideration transferred, the Company recognized a bargain purchase gain of \$164.0 million, which is included in "Gain on bargain purchase" in the consolidated statements of income. Uncertainty around the degree and duration of impact that the COVID-19 pandemic will have on OnDeck's operations and financial results, along with the uncertainty surrounding its future non-compliance in its debt facilities, ability to renegotiate some of its existing facilities or repay outstanding indebtedness, and maintain sufficient liquidity are what likely led to a bargain purchase scenario.

During 2020, revenue from OnDeck since the Acquisition Date was \$55.9 million. During 2020, the net earnings from OnDeck attributable to Enova International, Inc. since the Acquisition Date, excluding transaction-related costs of \$12.4 million, were \$15.4 million. The Company recognized transaction-related costs of \$20.0 million in General and administrative expenses for the year ended December 31, 2020. These expenses include severance and retention costs, investment banking, legal, accounting, and related third party costs associated with the transaction, including preparation for regulatory filings and stockholder approvals.

The following supplemental unaudited pro forma financial information reflects the consolidated results of operations of the Company as if the acquisition had occurred on January 1, 2019 (in thousands):

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Unaudited pro forma results for the Year Ended December 31,	
	2020	2019
Revenue	\$ 1,373,299	\$ 1,638,626
Net income from continuing operations attributable to the Company	121,475	170,226

For purposes of conforming accounting policies, the preceding unaudited pro forma financial information assumes adoption of the fair value option for OnDeck's loans and finance receivables as of January 1, 2020. In conjunction with this election, the Company's loans and finance receivables are carried at fair value with changes in fair value recognized directly in earnings and origination fees and costs are no longer eligible for deferral. Other significant nonrecurring pro forma adjustments include:

- The removal of the bargain purchase gain of \$164.0 million recorded upon close of the acquisition.
- The removal of nonrecurring acquisition costs directly attributable to the acquisition of \$17.7 million.
- The net adjustment to depreciation and amortization expense as a result of the identified intangible assets acquired.
- The amortization of the fair value adjustment to long-term debt using the effective interest method, offset by the elimination of the amortization expense for debt issuance costs previously deferred by OnDeck.
- The adjustment to the tax provision, assuming a combined company, including the tax impact of the aforementioned pro forma adjustments.

The supplemental unaudited pro forma financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations would have been had the acquisition actually occurred on January 1, 2019, nor does it purport to project the future consolidated results of operations.

3. Loans and Finance Receivables

Revenue generated from the Company's loans and finance receivables for the years ended December 31, 2021, 2020 and 2019 was as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Consumer loans and finance receivables revenue	\$ 815,251	\$ 962,119	\$ 1,119,866
Small business loans and finance receivables revenue	376,792	114,085	51,991
Total loans and finance receivables revenue	1,192,043	1,076,204	1,171,857
Other	15,889	7,506	2,900
Total Revenue	\$ 1,207,932	\$ 1,083,710	\$ 1,174,757

Loans and Finance Receivables at Fair Value

The components of Company-owned loans and finance receivables at December 31, 2021 and 2020 were as follows (in thousands):

	As of December 31, 2021		
	Consumer	Small Business	Total
Principal balance - accrual	\$ 799,678	\$ 967,950	\$ 1,767,628
Principal balance - non-accrual	68,073	42,725	110,798
Total principal balance	867,751	1,010,675	1,878,426
Loans and finance receivables at fair value - accrual	885,238	1,051,400	1,936,638
Loans and finance receivables at fair value - non-accrual	4,906	23,146	28,052
Loans and finance receivables at fair value	890,144	1,074,546	1,964,690
Difference between principal balance and fair value	\$ 22,393	\$ 63,871	\$ 86,264

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	As of December 31, 2020		
	Consumer	Small Business	Total
Principal balance - accrual	\$ 547,015	\$ 634,476	\$ 1,181,491
Principal balance - non-accrual ⁽¹⁾	29,389	52,254	81,643
Total principal balance	576,404	686,730	1,263,134
Loans and finance receivables at fair value - accrual	621,257	592,654	1,213,911
Loans and finance receivables at fair value - non-accrual ⁽¹⁾	3,962	23,633	27,595
Loans and finance receivables at fair value	\$ 625,219	\$ 616,287	\$ 1,241,506
Difference between principal balance and fair value	\$ 48,815	\$ (70,443)	\$ (21,628)

As of December 31, 2021 and 2020, the aggregate fair value of loans and finance receivables that are 90 days or more past due was \$6.4 million, of which \$6.3 million was in non-accrual status, and \$14.3 million, of which \$14.1 million was in non-accrual status, respectively. The aggregate unpaid principal balance for loans and finance receivables that are 90 days or more past due was \$12.4 million and \$33.9 million, respectively.

Changes in the fair value of Company-owned loans and finance receivables during the years ended December 31, 2021 and 2020 were as follows (dollars in thousands):

	Year Ended December 31, 2021		
	Consumer	Small Business	Total
Balance at beginning of period	\$ 625,219	\$ 616,287	\$ 1,241,506
Originations or acquisitions	1,266,324	1,764,343	3,030,667
Interest and fees ⁽¹⁾	815,251	376,792	1,192,043
Repayments	(1,538,710)	(1,777,224)	(3,315,934)
Charge-offs, net ⁽²⁾	(233,876)	(37,881)	(271,757)
Net change in fair value ⁽²⁾	(43,679)	135,271	91,592
Effect of foreign currency translation	(385)	(3,042)	(3,427)
Balance at end of period	<u>\$ 890,144</u>	<u>\$ 1,074,546</u>	<u>\$ 1,964,690</u>

	Year Ended December 31, 2020		
	Consumer	Small Business	Total
Balance at beginning of period	\$ 1,015,798	\$ 171,785	\$ 1,187,583
Originations or acquisitions ⁽³⁾	758,305	898,383	1,656,688
Interest and fees ⁽¹⁾	962,120	114,084	1,076,204
Repayments	(1,739,136)	(538,527)	(2,277,663)
Charge-offs, net ⁽²⁾	(397,204)	(52,248)	(449,452)
Net change in fair value ⁽²⁾	28,774	21,161	49,935
Effect of foreign currency translation	(3,438)	1,649	(1,789)
Balance at end of period	<u>\$ 625,219</u>	<u>\$ 616,287</u>	<u>\$ 1,241,506</u>

(1) Included in "Revenue" in the consolidated statements of income.

(2) Included in "Change in Fair Value" in the consolidated statements of income.

(3) Includes \$528.6 million of small business loans and finance receivables purchased as part of the acquisition of OnDeck.

In connection with its CSO programs, the Company guarantees consumer loan payment obligations to unrelated third-party lenders for consumer loans and is required to purchase any defaulted loans it has guaranteed. As of December 31, 2021 and 2020, the amount of consumer loans guaranteed by the Company had an estimated fair value of \$18.8 million and \$10.3 million, respectively, and an outstanding principal balance of \$11.8 million and \$8.8 million, respectively. As of December 31, 2021 and 2020 the amount of consumer loans, including principal, fees and interest, guaranteed by the Company were \$13.8 million and \$10.2 million, respectively. These loans are not included in the consolidated balance sheets as the Company does not own the loans prior to default.

4. Property and Equipment

As a leading technology and analytics company, a significant amount of capital is invested in developing computer software and systems infrastructure. The Company capitalized internal software development costs of \$26.7 million, \$26.7 million and \$16.8 million during 2021, 2020 and 2019, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Major classifications of property and equipment at December 31, 2021 and 2020 were as follows (in thousands):

	As of December 31, 2021		
	Cost	Accumulated Depreciation	Net
Computer software	\$ 134,916	\$ (70,904)	\$ 64,012
Furniture, fixtures and equipment	22,953	(17,641)	5,312
Leasehold improvements	25,176	(16,098)	9,078
Total	<u>\$ 183,045</u>	<u>\$ (104,643)</u>	<u>\$ 78,402</u>

	As of December 31, 2020		
	Cost	Accumulated Depreciation	Net
Computer software	\$ 116,554	\$ (60,248)	\$ 56,306
Furniture, fixtures and equipment	25,788	(19,274)	6,514
Leasehold improvements	26,391	(9,794)	16,597
Total	<u>\$ 168,733</u>	<u>\$ (89,316)</u>	<u>\$ 79,417</u>

The Company recognized depreciation expense of \$28.5 million, \$18.0 million and \$14.0 million during 2021, 2020 and 2019, respectively.

5. Goodwill and Other Intangible Assets

Changes in the carrying value of goodwill for the years ended December 31, 2021 and 2020 were as follows (in thousands):

Balance as of January 1, 2020	\$ 267,013
Acquisitions	961
Balance as of December 31, 2020	<u>\$ 267,974</u>
Acquisitions	11,301
Balance as of December 31, 2021	<u>\$ 279,275</u>

The Company completed its annual assessments of goodwill as of June 30, 2021 and October 1, 2021 based on qualitative factors and determined that the fair value of its goodwill significantly exceeded carrying value; as such, no impairment existed at those dates. The Company expects that its entire goodwill balance will be deductible for tax purposes.

Acquired intangible assets that are subject to amortization as of December 31, 2021 and 2020, were as follows (in thousands):

	As of December 31, 2021		
	Cost	Accumulated Amortization	Net
Developed technology ⁽¹⁾	\$ 25,980	\$ (5,247)	\$ 20,733
Trade names and trademarks ⁽¹⁾	11,212	(2,308)	8,904
Licenses	3,100	(413)	2,687
Customer relationships	1,900	(253)	1,647
Lead provider and broker relationships	1,700	(227)	1,473
Total	<u>\$ 43,892</u>	<u>\$ (8,448)</u>	<u>\$ 35,444</u>

	As of December 31, 2020		
	Cost	Accumulated Amortization	Net
Developed technology ⁽¹⁾	\$ 19,100	\$ (955)	\$ 18,145
Trade names and trademarks ⁽¹⁾	9,020	(1,157)	7,863
Total	<u>\$ 28,120</u>	<u>\$ (2,112)</u>	<u>\$ 26,008</u>

⁽¹⁾ Includes acquired intangible assets related to the Company's acquisition of OnDeck. See Note 2 for additional information.

Developed technology is amortized over five years on a straight-line basis. Customer, lead provider and broker relationships are generally amortized over three to five years based on the pattern of economic benefits provided. Trade names and trademarks are

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

generally amortized over three to 20 years on a straight-line basis. Licenses are generally amortized over five years on a straight-line basis.

Amortization expense for acquired intangible assets was \$6.9 million, \$1.8 million and \$1.1 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Estimated future amortization expense for the years ended December 31, is as follows (in thousands):

Year	Amount
2022	\$ 4,095
2023	4,095
2024	4,095
2025	3,331
2026	1,039

6. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2021 and 2020 were as follows (in thousands):

	As of December 31,	
	2021	2020
Unrecognized tax benefits	\$ 44,137	\$ 39,037
Trade accounts payable	37,177	26,721
Accrued payroll and fringe benefits	35,106	28,603
Accrued interest payable	17,811	18,580
Accrual for consumer loan payments rejected for non-sufficient funds	9,495	2,871
Liability for consumer loans funded by third-party lender	7,950	5,080
Deferred fees on third-party consumer loans	—	2,171
Other accrued liabilities	4,426	1,008
Total	<u>\$ 156,102</u>	<u>\$ 124,071</u>

7. Marketing Expenses

Marketing expenses for the years ended December 31, 2021, 2020 and 2019 were as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Advertising	\$ 112,681	\$ 37,069	\$ 83,952
Customer procurement expense including lead purchase costs	158,479	32,711	31,180
Total	<u>\$ 271,160</u>	<u>\$ 69,780</u>	<u>\$ 115,132</u>

8. Leases

The Company has operating leases primarily for its corporate headquarters, other offices located in the U.S. and certain equipment. The Company's leases have remaining lease terms of less than one year to seven years. Certain leases include options to extend the leases for up to five years, while others include options to terminate the leases within one year. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company determines if an arrangement is an operating lease at inception. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet. All other operating leases are recorded on the consolidated balance sheet with right-of-use assets representing the right to use the underlying asset for the lease term and lease liabilities representing the obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term and include options to extend or terminate the lease when they are reasonably certain to be exercised. The right-of-use assets represent the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received. If a lease does not provide an implicit rate, the Company uses its incremental secured borrowing rate, adjusted for the maturity date, based on information available at the commencement date in determining the present value of lease payments. Lease agreements with lease and non-lease components are accounted for as a single lease component. The Company's operating lease expense is recognized on a straight-line basis over the lease term and is recorded in general and administrative expense.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In December 2021 the Company entered into the Partial Termination and Surrender Agreement and Sixth Lease Modification Agreement (the "Termination Agreement") to terminate its leases for a portion of its New York City office. As a result of the Termination Agreement, the Company incurred a one-time termination cost of \$9.2 million and gave up its right of use to three of four floors. In return, the lessor gave up its right to future lease payments related to those floors. The terms for the lease for the remaining floor remained unchanged.

Lease expenses for the years ended December 31, 2021 and 2020 were as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Operating lease cost	\$ 11,217	\$ 7,181	\$ 6,096
Operating lease impairment/termination charge	3,336	—	370
Variable lease cost	1,176	701	363
Short-term lease cost	577	120	158
Sublease income	(407)	(345)	(82)
Total lease cost	<u>\$ 15,899</u>	<u>\$ 7,657</u>	<u>\$ 6,905</u>

Future minimum lease payments as of December 31, 2021 are as follows (in thousands):

Year	Amount
2022	\$ 10,887
2023	9,735
2024	9,126
2025	9,256
2026	8,510
Thereafter	5,776
Total lease payments	\$ 53,290
Less: interest	12,303
Present value of lease liabilities	<u>\$ 40,987</u>

The weighted average remaining lease term and discount rate as of December 31, 2021 and 2020 were as follows:

	December 31,	
	2021	2020
Weighted average remaining lease term (years)		
Operating leases	5.9	6.1
Weighted average discount rate		
Operating leases	9.92%	9.48%

Supplemental cash flow disclosures related to leases for the years ended December 31, 2021 and 2020 were as follows (in thousands):

	Year Ended December 31,	
	2021	2020
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 15,141	\$ 9,468
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	360	23,597

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Long-term Debt

The Company's long-term debt instruments and balances outstanding as of December 31, 2021 and 2020 were as follows (in thousands):

	Maturity date		Weighted average interest rate ⁽¹⁾	Borrowing capacity	Outstanding	
					December 31, 2021	December 31, 2020
Funding Debt:						
2018-1 Securitization Facility	September 2026	⁽²⁾	4.34%	\$ 150,000	\$ 72,706	\$ 39,901
2018-2 Securitization Facility	July 2025	⁽³⁾	4.21%	150,000	75,000	49,519
2019-1 Securitization Facility	February 2022	⁽⁴⁾	—	—	—	30,000
2018-A Securitization Notes	May 2026		7.37%	628	628	18,140
2019-A Securitization Notes	June 2026		7.43%	19,255	19,255	68,782
ODR 2021-1 Securitization Facility	November 2024	⁽⁵⁾	1.85%	150,000	—	—
ODAST III Securitization Notes	May 2027	⁽⁶⁾	2.07%	300,000	300,000	—
ODART Securitization Facility	May 2021	⁽⁷⁾	—	—	—	29,728
RAOD Securitization Facility	December 2023	⁽⁸⁾	2.59%	177,632	101,000	22,915
ODAF Securitization Facility	August 2022	⁽⁹⁾	—	—	—	52,773
Other funding debt ⁽¹⁰⁾	Various		—	—	—	19,885
Total funding debt			2.90%	\$ 947,515	\$ 568,589	\$ 331,643
Corporate Debt:						
8.50% Senior Notes Due 2024	September 2024		8.50%	\$ 250,000	\$ 250,000	\$ 250,000
8.50% Senior Notes Due 2025	September 2025		8.50%	375,000	375,000	375,000
Revolving line of credit	June 2025		4.00%	310,000 ⁽¹¹⁾	200,000	—
Total corporate debt			7.40%	\$ 935,000	\$ 825,000	\$ 625,000
Less: Long-term debt issuance costs					\$ (7,608)	\$ (9,171)
Less: Debt discounts					(1,582)	(1,011)
Total long-term debt					\$ 1,384,399	\$ 946,461

- (1) The weighted average interest rate is determined based on the rates and principal balances on December 31, 2021. It does not include the impact of the amortization of deferred loan origination costs or debt discounts.
- (2) The period during which new borrowings may be made under this facility expires in September 2024.
- (3) The period during which new borrowings may be made under this facility expires in July 2023.
- (4) The period during which new borrowings could be made under this facility expired in February 2021. This facility was repaid and terminated on February 25, 2021.
- (5) The period during which new borrowings may be made under this facility expires in November 2023.
- (6) The period during which new borrowings may be made under this facility expires in April 2024.
- (7) The period during which new borrowings could be made under this facility expired in October 2020. This facility was repaid and terminated on February 19, 2021.
- (8) The period during which new borrowings may be made under this facility expires in December 2022.
- (9) This facility was repaid and terminated on June 15, 2021.
- (10) These debt facilities supported the Company's operations in Australia and were denominated in Australian dollars. In December 2021, the Company sold a portion of its interest in OnDeck Australia and, as a result, deconsolidated it, including its long-term debt balances, from the Company's consolidated financial statements. The total local currency borrowing capacity was AU\$78.0 million as of December 31, 2020, of which there was AU\$25.8 million in principal outstanding as of December 31, 2020.
- (11) The Company had outstanding letters of credit under the Revolving line of credit of \$0.8 million and \$1.0 million as of December 31, 2021 and 2020, respectively.

Weighted-average interest rates on long-term debt were 7.34% and 8.76% for the year ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the Company was in compliance with all covenants and other requirements set forth in the prevailing long-term debt agreements.

8.50% Senior Unsecured Notes Due 2025

On September 19, 2018, the Company issued and sold \$375.0 million in aggregate principal amount of 8.50% senior notes due 2025 (the "2025 Senior Notes"). The 2025 Senior Notes were sold to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") and outside the United States pursuant to Regulation S under the Securities Act. The 2025 Senior Notes bear interest at a rate of 8.50% annually on the principal amount payable semi-annually in arrears on March 15 and September 15 of each year, beginning on March 15, 2019. The 2025 Senior Notes were sold at a price of 100%. The 2025 Senior

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Notes will mature on September 15, 2025. The 2025 Senior Notes are unsecured debt obligations of the Company, and are unconditionally guaranteed by certain of its domestic subsidiaries.

The 2025 Senior Notes are redeemable at the Company's option, in whole or in part, (i) at any time prior to September 15, 2021 at 100% of the aggregate principal amount of 2025 Senior Notes redeemed plus the applicable "make whole" premium specified in the indenture that governs the Company's 2025 Senior Notes (the "2025 Senior Notes Indenture"), plus accrued and unpaid interest, if any, to the redemption date and (ii) at any time on or after September 15, 2021 at the premium, if any, specified in the 2025 Senior Notes Indenture that will decrease over time, plus accrued and unpaid interest, if any, to the redemption date. In addition, prior to September 15, 2021, at its option, the Company may redeem up to 40% of the aggregate principal amount of the 2025 Senior Notes at a redemption price of 108.5% of the aggregate principal amount of 2025 Senior Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date, with the proceeds of certain equity offerings as described in the 2025 Senior Notes Indenture.

The 2025 Senior Notes and the related guarantees have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction, and may not be offered or sold in the United States without registration or an applicable exemption from the registration requirements of the Securities Act and applicable state securities or blue sky laws and foreign securities laws.

The Company used a portion of the net proceeds of the 2025 Senior Notes offering to retire \$295.0 million of the remaining outstanding 9.75% senior notes due 2021 (the "2021 Senior Notes"), to pay the related accrued interest, premiums, fees and expenses associated therewith. The remaining amount was used for general corporate purposes.

8.50% Senior Unsecured Notes Due 2024

On September 1, 2017, the Company issued and sold \$250.0 million in aggregate principal amount of 8.50% senior notes due 2024 (the "2024 Senior Notes"). The 2024 Senior Notes were sold to qualified institutional buyers in accordance with Rule 144A under the Securities Act and outside the United States pursuant to Regulation S under the Securities Act. The 2024 Senior Notes bear interest at a rate of 8.50% annually on the principal amount payable semi-annually in arrears on March 1 and September 1 of each year, beginning on March 1, 2018. The 2024 Senior Notes were sold at a price of 100%. The 2024 Senior Notes will mature on September 1, 2024. The 2024 Senior Notes are unsecured debt obligations of the Company, and are unconditionally guaranteed by certain of its domestic subsidiaries.

The 2024 Senior Notes are redeemable at the Company's option, in whole or in part, (i) at any time prior to September 1, 2020 at 100% of the aggregate principal amount of 2024 Senior Notes redeemed plus the applicable "make whole" premium specified in the indenture that governs the Company's 2024 Senior Notes (the "2024 Senior Notes Indenture"), plus accrued and unpaid interest, if any, to the redemption date and (ii) at any time on or after September 1, 2020 at the premium, if any, specified in the 2024 Senior Notes Indenture that will decrease over time, plus accrued and unpaid interest, if any, to the redemption date. In addition, prior to September 1, 2020, at its option, the Company may redeem up to 40% of the aggregate principal amount of the 2024 Senior Notes at a redemption price of 108.5% of the aggregate principal amount of 2024 Senior Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date, with the proceeds of certain equity offerings as described in the 2024 Senior Notes Indenture.

The 2024 Senior Notes and the related guarantees have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction, and may not be offered or sold in the United States without registration or an applicable exemption from the registration requirements of the Securities Act and applicable state securities or blue sky laws and foreign securities laws.

The Company used the net proceeds of the 2024 Senior Notes offering to retire a portion of its outstanding 2021 Senior Notes, to pay the related accrued interest, premiums, fees and expenses associated therewith and for general corporate purposes.

Loan Securitization Facilities

ODR 2021-1 Securitization Facility

On November 17, 2021 (the "ODR 2021-1 Closing Date"), the Company and several of its subsidiaries entered into a receivables securitization (the "ODR 2021-1 Securitization Facility") with the lenders party thereto from time to time and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent. The ODR 2021-1 Securitization Facility finances securitization receivables that have been and will be originated or acquired under the Company's OnDeck brand by several of the Company's subsidiaries and that meet

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

specified eligibility criteria. Under the ODR 2021-1 Securitization Facility, eligible securitization receivables are sold to a wholly-owned subsidiary of the Company (the “ODR 2021-1 Debtor”) and serviced by another subsidiary of the Company.

The ODR 2021-1 Debtor has issued a Class A revolving loan note with maximum loan balance of \$150.0 million, which is required to be secured by eligible securitization receivables. The ODR 2021-1 Securitization Facility is non-recourse to the Company and matures three years after the ODR 2021-1 Closing Date. As of December 31, 2021, there was no outstanding amount under the ODR 2021-1 Securitization Facility.

The ODR 2021-1 Securitization Facility is governed by a credit agreement, dated as of the ODR 2021-1 Closing Date, between the ODR 2021-1 Debtor, the administrative agent, the lenders, and the collateral agent. The ODR 2021-1 Securitization Facility bears interest at a rate per annum equal to a benchmark rate (currently the lender’s asset-backed commercial paper rate) plus an applicable margin, which has been 1.85% since the ODR 2021-1 Closing Date. Interest payments on the ODR 2021-1 Securitization Facility will be made monthly.

All amounts due under the ODR 2021-1 Securitization Facility are secured by all of the ODR 2021-1 Debtor’s assets, which include the eligible securitization receivables transferred to the ODR 2021-1 Debtor, related rights under the eligible securitization receivables, a bank account and certain other related collateral. The Company has issued a limited indemnity to the lenders for certain “bad acts,” and the Company has agreed for the benefit of the lenders to meet certain ongoing financial performance covenants.

The ODR 2021-1 Securitization Facility documents contain customary provisions for securitizations, including representations and warranties as to the eligibility of the eligible securitization receivables and other matters; indemnification for specified losses not including losses due to the inability of customers to repay their loans or lines of credit; covenants regarding special purpose entity matters; and default and termination provisions which provide for the acceleration of the ODR 2021-1 Securitization Facility in circumstances including, but not limited to, failure to make payments when due, certain insolvency events, breaches of representations, warranties or covenants, failure to maintain the security interest in the eligible securitization receivables, and defaults under other material indebtedness of the ODR 2021-1 Debtor.

ODAST III Securitization Notes

On May 5, 2021, OnDeck Asset Securitization Trust III LLC (“ODAST III”), a wholly-owned subsidiary of the Company, issued \$300 million initial principal amount of fixed-rate, asset-backed notes (the “ODAST III Securitization Notes”) in a securitization transaction (the “ODAST III Transaction” and such series, the “ODAST III Series”). The ODAST III Securitization Notes are the first series of notes ever issued by ODAST III. On May 5, 2021, the proceeds of the ODAST III Transaction were used to purchase small business loans from On Deck Capital, Inc. (“ODC”) and ODK Capital, LLC (“ODK”), each of which is a wholly-owned subsidiary of the Company, that will be pledged as collateral for the ODAST III Securitization Notes. The Company used substantially all the proceeds from ODAST III to purchase such small business loans from certain of its subsidiaries and for other general corporate purposes. As of December 31, 2021 the carrying amount of the ODAST III Securitization Notes was \$297.2 million, including an unamortized discount of \$1.6 million and unamortized issuance costs of \$1.2 million.

The ODAST III Securitization Notes were issued in four classes with a weighted average fixed interest coupon of 2.07% per annum. The revolving period during which a certain portion of collections received on the portfolio of loans held by ODAST III may be used to continue to purchase loans from ODC and ODK ends in April 2024. The ODAST III Securitization Notes have a final maturity in May 2027 with optional prepayment beginning in May 2023. The ODAST III Securitization Notes are, and future series of notes, if any, issued under the Base Indenture will be, secured by and payable from such series pro rata allocation of collections received on a revolving pool of small business loans transferred from time to time from the Company to ODAST III. At the time of issuance of the ODAST III Securitization Notes, the portfolio of loans held by ODAST III and pledged to secure the ODAST III Securitization Notes was approximately \$316 million.

2019-A Securitization Notes

On October 17, 2019 (the “2019-A Closing Date”), the Company issued \$138,888,000 Class A Asset Backed Notes (the “2019-A Class A Notes”), \$44,445,000 Class B Asset Backed Notes (the “2019-A Class B Notes”), and \$16,667,000 Class C Asset Backed Notes (the “2019-A Class C Notes” and, collectively with the 2019-A Class A Notes and the 2019-A Class B Notes, the “2019-A Securitization Notes”), through an indirect subsidiary. The 2019-A Class A Notes bear interest at 3.96%, the 2019-A Class B Notes bear interest at 6.17%, and the 2019-A Class C Notes bear interest at 7.62%. The 2019-A Securitization Notes are backed by a pool of unsecured consumer installment loans (“Securitization Receivables”) and represent obligations of the issuer only. The 2019-A Securitization Notes are not guaranteed by the Company. Under the 2019-A Notes, Securitization Receivables are sold to a wholly-owned subsidiary of the Company and serviced by another subsidiary of the Company. As of December 31, 2021 and 2020, the total outstanding amount of the 2019-A Securitization Notes was \$19.3 million and \$68.8 million, respectively.

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The net proceeds of the offering of the 2019-A Securitization Notes on the 2019-A Closing Date were used to acquire the Securitization Receivables from the Company, fund a reserve account and pay fees and expenses incurred in connection with the transaction. The amount of Securitization Receivables sold to the issuer on the 2019-A Closing Date was approximately \$200.0 million. Additional Securitization Receivables totaling approximately \$22.2 million were sold to the issuer prior to December 31, 2019.

The 2019-A Securitization Notes were offered only to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to certain persons outside of the United States in compliance with Regulation S under the Securities Act. The 2019-A Securitization Notes have not been registered under the Securities Act, or the securities laws of any state or other jurisdiction, and may not be offered or sold in the United States without registration or an applicable exemption from the Securities Act and applicable state securities or blue sky laws and foreign securities laws.

2019-1 Securitization Facility

On February 25, 2019 (the “2019-1 Closing Date”), the Company and several of its subsidiaries entered into a receivables securitization (the “2019-1 Securitization Facility”) with PCAM Credit II, LLC, as lender (the “2019-1 Lender”). The 2019-1 Lender is an affiliate of Park Cities Asset Management, LLC. The 2019-1 Securitization Facility finances Securitization Receivables that have been and will be originated or acquired under the Company’s NetCredit and CashNetUSA brands by several of the Company’s subsidiaries and that meet specified eligibility criteria. Under the 2019-1 Securitization Facility, eligible Securitization Receivables are sold to a wholly-owned subsidiary of the Company (the “2019-1 Debtor”) and serviced by another subsidiary of the Company.

The 2019-1 Debtor has issued a delayed draw term note with an initial maximum principal balance of \$30.0 million and a revolving note with an initial maximum principal balance of \$20.0 million for an aggregate initial maximum principal balance of \$50.0 million, which is required to be secured by eligible Securitization Receivables. The 2019-1 Securitization Facility has an accordion feature that, with the consent of the 2019-1 Lender, allows for the maximum principal balance of the delayed draw term note to increase to \$50.0 million and the maximum principal balance of the revolving note to increase to \$25.0 million, for an aggregate maximum principal balance of \$75.0 million. The 2019-1 Securitization Facility is non-recourse to the Company and matures three years after the 2019-1 Closing Date. On February 25, 2021, the 2019-1 Debtor repaid in full all outstanding indebtedness and terminated all commitments and obligations under the 2019-1 Securitization Facility. The 2019-1 Lender’s security interest in the 2019-1 Debtor’s assets was automatically released and terminated in connection with the repayment of the 2019-1 Securitization Facility. The Company did not incur any early termination penalties as a result of the repayment of the indebtedness under or termination of the 2019-1 Securitization Facility. As of December 31, 2020, the total outstanding amount of the 2019-1 Securitization Facility was \$30.0 million.

The 2019-1 Securitization Facility is governed by a loan and security agreement, dated as of the 2019-1 Closing Date, between the 2019-1 Lender and the 2019-1 Debtor. The 2019-1 Securitization Facility bears interest at a rate per annum equal to LIBOR (subject to a floor) plus an applicable margin, which applicable margin is initially 9.75%. In addition, the 2019-1 Debtor is required to pay certain customary upfront closing fees to the 2019-1 Lender. Interest payments on the 2019-1 Securitization Facility will be made monthly. Subject to certain exceptions, the 2019-1 Debtor is not permitted to prepay the delayed draw term note prior to two years after the 2019-1 Closing Date. Following such date, the 2019-1 Debtor is permitted to voluntarily prepay the 2019-1 Securitization Facility without penalty. The revolving note may be paid in whole or in part at any time after the delayed draw term note has been fully drawn.

All amounts due under the 2019-1 Securitization Facility are secured by all of the 2019-1 Debtor’s assets, which include the eligible Securitization Receivables transferred to the 2019-1 Debtor, related rights under the eligible Securitization Receivables, a bank account and certain other related collateral. The Company has issued a limited indemnity to the 2019-1 Lender for certain “bad acts,” and the Company has agreed for the benefit of the 2019-1 Lender to meet certain ongoing financial performance covenants.

The 2019-1 Securitization Facility documents contain customary provisions for securitizations, including representations and warranties as to the eligibility of the eligible Securitization Receivables and other matters; indemnification for specified losses not including losses due to the inability of consumers to repay their loans; covenants regarding special purpose entity matters; and default and termination provisions which provide for the acceleration of the 2019-1 Securitization Facility in circumstances including, but not limited to, failure to make payments when due, certain insolvency events, breaches of representations, warranties or covenants, failure to maintain the security interest in the eligible Securitization Receivables, defaults under other material indebtedness of the 2019-1 Debtor and a default by the Company under its financial performance covenants.

2018-A Securitization Notes

On October 31, 2018 (the “2018-A Closing Date”), the Company issued \$95,000,000 Class A Asset Backed Notes (the “2018-A Class A Notes”) and \$30,400,000 Class B Asset Backed Notes (the “2018-A Class B Notes” and, collectively with the Class A Notes, the “2018-A Securitization Notes”), through an indirect subsidiary. The Class A Notes bear interest at 4.20% and the Class B Notes bear interest at 7.37%. The 2018-A Securitization Notes are backed by a pool of Securitization Receivables and represent obligations of the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

issuer only. The 2018-A Securitization Notes are not guaranteed by the Company. Under the 2018-A Securitization Notes, Securitization Receivables are sold to a wholly-owned subsidiary of the Company and serviced by another subsidiary of the Company. As of December 31, 2021 and 2020, the total outstanding amount of the 2018-A Securitization Notes was \$0.6 and \$18.1 million, respectively.

The net proceeds of the offering of the 2018-A Securitization Notes on the 2018-A Closing Date were used to acquire the Securitization Receivables from the Company, fund a reserve account and pay fees and expenses incurred in connection with the transaction.

The 2018-A Securitization Notes were offered only to “qualified institutional buyers” pursuant to Rule 144A under the Securities Act and to certain persons outside of the United States in compliance with Regulation S under the Securities Act. The 2018-A Securitization Notes have not been registered under the Securities Act, or the securities laws of any state or other jurisdiction, and may not be offered or sold in the United States without registration or an applicable exemption from the Securities Act and applicable state securities or blue sky laws and foreign securities laws.

2018-2 Securitization Facility

On October 23, 2018, the Company and several of its subsidiaries entered into a receivables funding agreement (the “2018-2 Securitization Facility”) with Credit Suisse AG, New York Branch, as agent (the “2018-2 Agent”). The 2018-2 Securitization Facility collateralizes Securitization Receivables that have been and will be originated or acquired under the Company’s NetCredit brand by several of its subsidiaries and that meet specified eligibility criteria in exchange for a revolving note. Under the 2018-2 Securitization Facility, Securitization Receivables are sold to a wholly-owned subsidiary of the Company (the “2018-2 Debtor”) and serviced by another subsidiary of the Company.

The 2018-2 Debtor has issued a revolving note with an initial maximum principal balance of \$150.0 million, which was required to be secured by 1.25 times the drawn amount in eligible Securitization Receivables. On July 23, 2021, the 2018-2 Securitization Facility was amended to increase the advance rate to 90% and to reopen and extend the revolving period for two years to July 23, 2023. The amendment also made certain changes in the scope of eligibility criteria for acceptable collateral. As of December 31, 2021 and 2020, the outstanding amount of the 2018-2 Securitization Facility was \$75.0 million and \$49.5 million, respectively.

The 2018-2 Securitization Facility is governed by a loan and security agreement, dated as of October 23, 2018, and amended on July 23, 2021, between the 2018-2 Agent, the 2018-2 Debtor and certain other lenders and agent parties thereto. The 2018-2 Securitization Facility bears interest at a rate per annum equal to one-month LIBOR (subject to a floor) plus an applicable margin, which rate per annum is 3.75%. In addition, the 2018-2 Debtor paid certain customary upfront closing fees to the 2018-2 Agent. Interest payments on the 2018-2 Securitization Facility will be made monthly. The 2018-2 Debtor shall be permitted to prepay the 2018-2 Securitization Facility, subject to certain fees and conditions. Any remaining amounts outstanding will be payable no later than July 23, 2025, the final maturity date.

All amounts due under the 2018-2 Securitization Facility are secured by all of the 2018-2 Debtor’s assets, which include the Securitization Receivables transferred to the 2018-2 Debtor, related rights under the Securitization Receivables, a bank account and certain other related collateral.

The 2018-2 Securitization Facility documents contain customary provisions for securitizations, including: representations and warranties as to the eligibility of the Securitization Receivables and other matters; indemnification for specified losses not including losses due to the inability of consumers to repay their loans; covenants regarding special purpose entity matters; and default and termination provisions that provide for the acceleration of the 2018-2 Securitization Facility in circumstances including, but not limited to, failure to make payments when due, servicer defaults, certain insolvency events, breaches of representations, warranties or covenants, failure to maintain the security interest in the Securitization Receivables and defaults under other material indebtedness of the 2018-2 Debtor.

2018-1 Securitization Facility

On July 23, 2018, the Company and several of its subsidiaries entered into a receivables funding agreement (the “2018-1 Securitization Facility”) with Pacific Western Bank, as lender (the “2018-1 Lender”). The 2018-1 Securitization Facility collateralizes Securitization Receivables that have been and will be originated or acquired under the Company’s NetCredit brand by several of its subsidiaries and that meet specified eligibility criteria in exchange for a revolving note. Under the 2018-1 Securitization Facility, Securitization Receivables are sold to a wholly-owned subsidiary of the Company (the “2018-1 Debtor”) and serviced by another subsidiary of the Company.

The 2018-1 Debtor has issued a revolving note with an initial maximum principal balance of \$150.0 million, which was required to be secured by 1.25 times the drawn amount in eligible Securitization Receivables. On September 15, 2021, the 2018-1 Securitization Facility was amended to increase the advance rate 90% and to reopen and extend the revolving period to September 15, 2024 and the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

final maturity date to September 15, 2026. The amendment also increased the eligibility criteria around acceptable collateral and increased flexibility around certain financial covenants. The 2018-1 Securitization Facility is non-recourse to the Company and matures on September 15, 2026. As of December 31, 2021 and 2020, the outstanding amount of the 2018-1 Securitization Facility was \$72.7 million and \$39.9 million, respectively.

The 2018-1 Securitization Facility is governed by a loan and security agreement, dated as of July 23, 2018, between the 2018-1 Lender and the 2018-1 Debtor. The 2018-1 Securitization Facility bears interest at a rate per annum equal to LIBOR (subject to a floor) plus an applicable margin, which rate per annum is initially 4.00%. In addition, the 2018-1 Debtor paid certain customary upfront closing fees to the 2018-1 Lender. Interest payments on the 2018-1 Securitization Facility will be made monthly. The 2018-1 Debtor shall be permitted to prepay the 2018-1 Securitization Facility, subject to certain fees and conditions. In the event of prepayment for the purposes of securitizations, no fees shall apply. Any remaining amounts outstanding will be payable no later than September 15, 2026, the final maturity date.

All amounts due under the 2018-1 Securitization Facility are secured by all of the 2018-1 Debtor's assets, which include the Securitization Receivables transferred to the 2018-1 Debtor, related rights under the Securitization Receivables, a bank account and certain other related collateral.

The 2018-1 Facility documents contain customary provisions for securitizations, including: representations and warranties as to the eligibility of the Securitization Receivables and other matters; indemnification for specified losses not including losses due to the inability of consumers to repay their loans; covenants regarding special purpose entity matters; and default and termination provisions which provide for the acceleration of the 2018-1 Facility in circumstances including, but not limited to, failure to make payments when due, servicer defaults, certain insolvency events, breaches of representations, warranties or covenants, failure to maintain the security interest in the receivables and defaults under other material indebtedness of the 2018-1 Debtor.

ODART Securitization Facility

Assumed in the OnDeck acquisition, the loan securitization facility ("ODART Securitization Facility") for OnDeck Account Receivables Trust 2013-1 ("ODART"), a wholly-owned indirect subsidiary of the Company, collateralized certain eligible installment loans and line of credit accounts originated or purchased by OnDeck. The borrowing rate on the ODART Securitization Facility is 1-month LIBOR plus 1.75%. On the Acquisition Date an amortization event occurred and the revolving period for the ODART Securitization Facility was terminated. The ODART Securitization Facility was scheduled to mature on May 31, 2021. On February 19, 2021, the ODART Securitization Facility was repaid in full and terminated. As of December 31, 2020, the carrying amount of the ODART Securitization Facility was \$29.5 million, including an unamortized discount of \$0.2 million.

RAOD Securitization Facility

Assumed in the OnDeck acquisition, the loan securitization facility ("RAOD Securitization Facility") for Receivable Assets of OnDeck, LLC ("RAOD"), a wholly-owned indirect subsidiary of the Company, collateralizes certain eligible installment loans originated or purchased by OnDeck or certain other subsidiaries. The RAOD Securitization Facility was amended on December 24, 2020, which, amongst other changes, extended the revolving period from December 2020 to December 2022, extended the maturity date from September 2021 to December 2023, revised the advance rate to 76% and changed the borrowing rate from LIBOR plus 1.65% to LIBOR plus 2.5%. The commitment amount remained the same at \$100.0 million. On July 16, 2021, the RAOD Securitization Facility was further amended to increase the commitment from \$100.0 million to \$178.0 million and the advance rate from 76% to 90%. The scope of acceptable collateral was also expanded to include line of credit products from OnDeck in addition to installment loans. As of December 31, 2021 and 2020, the carrying amount of the RAOD Securitization Facility was \$101.0 million and \$22.7 million, respectively. The carrying amount as of December 31, 2020 includes an unamortized discount of \$0.2 million.

ODAF Securitization Facility

Assumed in the OnDeck acquisition, the loan securitization facility ("ODAF Securitization Facility") for OnDeck Asset Funding II LLC ("ODAF"), a wholly-owned indirect subsidiary of the Company, collateralizes certain eligible installment loans and line of credit accounts originated or purchased by OnDeck. The credit agreement for the ODAF Securitization Facility has a commitment amount of \$175.0 million, an advance rate of 70% and a borrowing rate of 1-month LIBOR plus 3.0%. The revolving period expires on August 6, 2021 and the final maturity date is August 8, 2022. On June 15, 2021, the ODAF Securitization Facility was repaid in full and terminated. As of December 31, 2020, the carrying amount of the ODAF Securitization Facility was \$52.5 million, including an unamortized discount of \$0.3 million.

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Revolving Credit Facility

On June 30, 2017, the Company and certain of its operating subsidiaries entered into a secured revolving credit agreement with a syndicate of banks including TBK Bank, SSB (“TBK”), as administrative agent and collateral agent, Jefferies Finance LLC and TBK as joint lead arrangers and joint lead bookrunners, and Veritex Community Bank (as successor in interest to Green Bank, N.A.), as lender (as amended the “Credit Agreement”). On April 13, 2018 and October 5, 2018, the Credit Agreement was amended to include Pacific Western Bank and Axos Bank, respectively, as lenders, in the syndicate of lenders. On July 1, 2019 the Credit Agreement was amended to, amongst other changes, extend the maturity date to June 30, 2022 from May 1, 2020 and increase the advance rate to 65% from 53%. On May 10, 2021 the Credit agreement was amended (the "Fifth Amendment") to, among other things, include Bank of Montreal, Synovus Bank and TAB Bank, respectively, as lenders, in the syndicate of lenders, increase the commitment amount to \$310.0 million, extend the maturity date to June 2025, increase the advance rate to 75.0% and decrease the interest on borrowings to the prime rate plus 0.75%. The Company had outstanding borrowings as of December 31, 2021 and 2020 of \$200.0 million and \$72.0 million, respectively, under the Credit Agreement.

In addition, the Credit Agreement provides for payment of a commitment fee calculated with respect to the unused portion of the line, and ranges from 0.15% per annum to 0.50% per annum depending on usage. A portion of the revolving credit facility, up to a maximum of \$20.0 million, is available for the issuance of letters of credit. The Company had outstanding letters of credit under the Credit Agreement of \$0.8 million and \$1.0 million as of December 31, 2021 and 2020, respectively. The Credit Agreement, as amended, provides for certain prepayment penalties if it is terminated on or before the first and second anniversaries of the Fifth Amendment, subject to certain exceptions, including early renewal or extension.

The Credit Agreement contains certain limitations on the incurrence of additional indebtedness, investments, the attachment of liens to the Company’s property, the amount of dividends and other distributions, fundamental changes to the Company or its business and certain other activities of the Company. The Credit Agreement contains standard financial covenants for a facility of this type based on a leverage ratio and a fixed charge coverage ratio. The Credit Agreement also provides for customary affirmative covenants, including financial reporting requirements, and certain events of default, including payment defaults, covenant defaults and other customary defaults.

As of December 31, 2021, required principal payments under the terms of the long-term debt for each of the five years after December 31, 2021 are as follows (in thousands):

Year	Amount
2022	\$ —
2023	—
2024	250,000
2025	575,000
2026	—
Thereafter	—
Securitization	568,589 ⁽¹⁾
Total	<u>\$ 1,393,589</u>

(1) The 2018-1 Securitization Facility matures in September 2026, the 2018-2 Securitization Facility matures in July 2025, the 2018-A Securitization Notes mature in May 2026, the 2019-A Securitization Notes mature in June 2026, the ODAST III Securitization Notes mature in May 2027 and the RAOD Securitization Facility matures in December 2023.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Income Taxes

The components of the Company's deferred tax assets and liabilities as of December 31, 2021 and 2020 were as follows (in thousands):

	As of December 31,	
	2021	2020
Deferred tax assets:		
Loans and finance receivables, net	\$ —	\$ 10,775
Compensation and benefits	9,362	7,914
Translation adjustments	2,657	2,132
Accrued rent and deferred finish out allowance	9,705	15,661
Foreign net operating loss carryforward	4,054	9,588
U.S. net operating loss carryforward	7,029	4,689
Other	7,663	3,212
Total deferred tax assets	<u>40,470</u>	<u>53,971</u>
Deferred tax liabilities:		
Amortizable intangible assets	66,664	62,286
Loans and finance receivables, net	27,839	—
Property and equipment	16,095	15,963
Operating lease right-of-use asset	5,470	9,057
Other	2,777	2,625
Total deferred tax liabilities	<u>118,845</u>	<u>89,931</u>
Net deferred tax liabilities before valuation allowance	(78,375)	(35,960)
Valuation allowance	(8,568)	(12,169)
Net deferred tax liabilities	<u>\$ (86,943)</u>	<u>\$ (48,129)</u>

The components of the provision for income taxes and the income to which it relates for the years ended December 31, 2021, 2020 and 2019 are shown below (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Income before income taxes:			
Domestic	\$ 335,809	\$ 435,420	\$ 170,069
International	1,346	—	—
Income before income taxes	<u>\$ 337,155</u>	<u>\$ 435,420</u>	<u>\$ 170,069</u>
Current provision:			
Federal	\$ 32,610	\$ 39,066	\$ 24,995
State and local	8,194	6,399	6,151
Total current provision	<u>\$ 40,804</u>	<u>\$ 45,465</u>	<u>\$ 31,146</u>
Deferred provision:			
Federal	\$ 35,982	\$ 8,467	\$ 7,626
State and local	3,301	3,259	3,281
Total deferred provision	<u>\$ 39,283</u>	<u>\$ 11,726</u>	<u>\$ 10,907</u>
Total provision for income taxes	<u>\$ 80,087</u>	<u>\$ 57,191</u>	<u>\$ 42,053</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The effective tax rate on income differs from the federal statutory rate of 21% for the years ended December 31, 2021, 2020 and 2019, for the following reasons (dollars in thousands):

	Year Ended December 31,		
	2021	2020	2019
Tax provision computed at the federal statutory income tax rate	\$ 70,802	\$ 91,438	\$ 35,714
State and local income taxes, net of federal tax benefits	9,687	8,422	5,254
Share-based compensation	(2,067)	(91)	(2,015)
Bargain purchase gain	—	(34,440)	—
162(m) limit on deductibility of executive compensation	1,772	1,834	742
State rate adjustment	(691)	1,245	2,210
Release of uncertain tax position	(659)	(11,604)	—
Other	1,243	387	148
Total provision	\$ 80,087	\$ 57,191	\$ 42,053
Effective tax rate	23.8%	13.1%	24.7%

The Company has gross federal net operating loss carryforwards of \$12.2 million as of December 31, 2021, mainly attributable to the Company's 2020 acquisitions. The Company has recorded a valuation allowance related to the federal net operating loss carryforwards as they are not more likely than not to be utilized as the losses will be limited to the Section 382 ownership changes. The Company has established a tax-effected valuation allowance of \$0.7 million as of December 31, 2021, against the net operating losses that will expire prior to their utilization. Following the acquisition of OnDeck, the Company is subject to a Section 382 limitation associated with the built-in losses and other attributes of the acquired OnDeck assets. The reversal of certain deferred tax assets acquired by Enova associated with OnDeck assets may be determined to be recognized built-in losses as defined in Section 382. As such, the losses may be limited to the annual Section 382 limitation of approximately \$1.0 million per year.

The Company has gross state net operating loss carryforwards of \$59.7 million, \$35.2 million and \$16.3 million as of December 31, 2021, 2020 and 2019, respectively, that, if unused, will expire between calendar years 2023 and 2038. The Company has recorded a valuation allowance of \$2.8 million as of December 31, 2021, related to the state net operating loss carryforward deferred tax assets as they are not more likely than not to be utilized due to the Section 382 ownership change limitation.

The Company has gross foreign net operating loss carryforwards from Brazilian operations of \$19.3 million, \$19.5 million and \$24.4 million as of December 31, 2021, 2020 and 2019, respectively. These net operating loss carryforwards are subject to annual limitations and have an unlimited carryforward period. The Company has recorded a full valuation allowance related to the Brazilian net operating loss carryforwards, as they are not more likely than not to be utilized. As discussed in Note 1 in the Notes to Consolidated Financial Statements, in December 2021, the Company had a partial disposition of its interest in OnDeck Australia, which resulted in a deconsolidation of the entity. In connection with the deconsolidation and resulting equity method treatment, the deferred taxes of OnDeck Australia and the related valuation allowance were removed from the Company's consolidated financial statements and replaced with appropriate equity method deferred tax assets and related valuation allowance. As of December 31, 2021, we currently have insignificant accumulated earnings in foreign jurisdictions. We intend to indefinitely reinvest these earnings and expect future U.S. cash generation to be sufficient to meet future U.S. cash needs.

The following table summarizes the valuation allowance activity for the years ended December 31, 2021, 2020 and 2019 (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Balance at beginning of period	\$ 12,169	\$ 5,377	\$ 5,130
Additions	2,674	6,792	247
Deductions	(6,275)	—	—
Balance at end of period	\$ 8,568	\$ 12,169	\$ 5,377

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A reconciliation of the activity related to unrecognized tax benefits follows for the years ended December 31, 2021, 2020 and 2019 (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Balance at beginning of period	\$ 39,037	\$ 53,613	\$ 40,340
Additions based on tax positions related to the current year	5,514	—	15,085
Reductions based on tax positions related to the current year	—	(4,114)	—
Additions for tax positions of prior years	2,242	2,033	—
Reductions for tax positions of prior years	(2,926)	(7,351)	(1,812)
Additions for opening tax positions of acquired entity	—	6,460	—
Reductions due to settlements with the taxing authorities	(1,843)	(11,604)	—
Balance at end of period	<u>\$ 42,024</u>	<u>\$ 39,037</u>	<u>\$ 53,613</u>

Included in the balances of unrecognized tax benefits at December 31, 2021, 2020 and 2019 are potential benefits of \$10.5 million, \$10.6 million and \$13.9 million, respectively, that, if recognized, would favorably affect the effective tax rate in the period of recognition. The balance of unrecognized tax benefits for temporary items as of December 31, 2021, 2020 and 2019 was \$33.6 million, \$28.4 million and \$39.7 million, respectively. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The liability for unrecognized tax benefits as of December 31, 2021 and 2020 includes \$3.5 million and \$1.7 million, respectively, for accrued interest and penalties related to unrecognized tax benefits. Within the tabular rollforward, the additions and reductions based on tax positions related to the current year, primarily relate to a temporary uncertainty that is expected to reverse in the immediately following tax period. The table includes the net increase or decrease associated with this position.

The Company believes it is reasonably possible that, within the next twelve months, unrecognized domestic tax benefits will change by a significant amount up to and including the full amount of the reserve. The Company's principal uncertainties are related to the timing of recognition of income and losses related to its loan and finance receivable portfolio. The Company successfully closed a Joint Committee on Taxation review of certain tax returns that were filed during 2018 in conjunction with the refunds claimed on those returns. Depending upon the outcome any future agreements or settlements with the relevant taxing authorities, the amount of the uncertainty, including amounts that would be recognized as a component of the effective tax rate, could change significantly. While the total amount of uncertainty to be resolved is not clear, it is reasonably possible that the uncertainties pertaining to the tax positions will be resolved in the next twelve months.

The Company's U.S. tax returns are subject to examination by federal and state taxing authorities. The statute of limitations related to the Company's consolidated Federal income tax returns is closed for all tax years up to and including 2017. However, the 2014 tax year is still open to the extent of the net operating loss that was carried back from the 2019 tax return. The years open to examination by state, local and foreign government authorities vary by jurisdiction, but the statute of limitation is generally three years from the date the tax return is filed. For jurisdictions that have generated net operating losses, carryovers may be subject to the statute of limitations applicable for the year those carryovers are utilized. In these cases, the period for which the losses may be adjusted will extend to conform with the statute of limitations for the year in which the losses are utilized. In most circumstances, this is expected to increase the length of time that the applicable taxing authority may examine the carryovers by one year or longer, in limited cases.

11. Commitments and Contingencies

Guarantees of Consumer Loans

In connection with its CSO programs, the Company guarantees consumer loan payment obligations to unrelated third-party lenders for consumer loans and is required to purchase any defaulted loans it has guaranteed. As of December 31, 2021 and 2020, the amount of consumer loans guaranteed by the Company had an estimated fair value of \$18.8 million and \$10.3 million, respectively, and an outstanding principal balance of \$11.8 million and \$8.8 million, respectively. As of December 31, 2021 and 2020, the amount of consumer loans, including principal, fees and interest, guaranteed by the Company were \$13.8 million and \$10.2 million, respectively. These loans are not included in the consolidated balance sheets as the Company does not own the loans prior to default.

Litigation

On April 23, 2018, the Commonwealth of Virginia, through Attorney General Mark R. Herring, filed a lawsuit in the Circuit Court for the County of Fairfax, Virginia against NC Financial Solutions of Utah, LLC ("NC Utah"), a subsidiary of the Company. The lawsuit alleges violations of the Virginia Consumer Protection Act ("VCPA") relating to NC Utah's communications with customers, collections of certain payments, its loan agreements, and the rates it charged to Virginia borrowers. The plaintiff is seeking to enjoin NC Utah from continuing its current lending practices in Virginia, restitution, civil penalties, and costs and expenses in connection with the same.

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Neither the likelihood of an unfavorable decision nor the ultimate liability, if any, with respect to this matter can be determined at this time, and the Company is currently unable to estimate a range of reasonably possible losses, as defined by ASC 450-20-20, Contingencies—Loss Contingencies—Glossary, for this litigation. The Company carefully considered applicable Virginia law before NC Utah began lending in Virginia and, as a result, believes that the Plaintiff’s claims in the complaint are without merit and intends to vigorously defend this lawsuit.

The Company is also involved in certain routine legal proceedings, claims and litigation matters encountered in the ordinary course of its business. Certain of these matters may be covered to an extent by insurance or by indemnification agreements with third parties. The Company has recorded accruals in its consolidated financial statements for those matters in which it is probable that it has incurred a loss and the amount of the loss, or range of loss, can be reasonably estimated. In the opinion of management, the resolution of these matters will not have a material adverse effect on the Company’s financial position, results of operations or liquidity.

12. Employee Benefit Plans

The Company sponsors the Enova International, Inc. 401(k) Savings Plan (the “Enova 401(k) Plan”), which is open to all U.S. employees of the Company and its subsidiaries, excluding OnDeck. For OnDeck employees, prior to being transitioned to the Enova 401(k) plan effective January 1, 2022, the Company sponsored the OnDeck 401(k) Plan which covered substantially all employees of OnDeck. The Company also offers the Enova International, Inc. Nonqualified Savings Plan (the “NQSP”) for certain members of Company management. For the Enova 401(k) Plan, new employees are automatically enrolled in this plan unless they elect not to participate. The Company makes matching contributions of 100% of the first 1% of pay and 50% of the next 5% of pay that each employee contributes to the Enova 401(k) Plan. The Company’s matching contributions fully vest after a participant’s second year of service with the Company. For the OnDeck 401(k) Plan, new OnDeck employees were automatically enrolled in this plan unless they elected not to participate. The Company made matching contributions of 50% of up to the first 6% of pay that each employee contributed to the OnDeck 401(k) Plan. The Company’s matching contributions fully vested after one year of service with the Company. The Company recorded compensation expense for combined contributions to these three plans of \$3.6 million, \$3.3 million and \$2.5 million for the years ended December 31, 2021, 2020 and 2019, respectively.

The Company also sponsors the Enova International, Inc. Supplemental Executive Retirement Plan (“SERP”) in which certain officers and certain other employees of the Company participate. Under this defined contribution plan, the Company makes an annual supplemental cash contribution to the SERP based on the terms of the plan as approved by the Company’s Management Development and Compensation Committee of the Board of Directors. The Company recorded compensation expense of \$0.7 million, \$0.6 million and \$0.5 million for SERP contributions for the years ended December 31, 2021, 2020 and 2019, respectively.

The NQSP and the SERP are non-qualified, unfunded, deferred compensation plans for which the Company holds securities in rabbi trusts to pay benefits. These securities are classified as trading securities, and the unrealized gains and losses on these securities are netted with the costs of the plans in “General and administrative expenses” in the consolidated statements of income.

Amounts included in the consolidated balance sheets relating to the NQSP and the SERP were as follows (in thousands):

	As of December 31,	
	2021	2020
Other receivables and prepaid expenses	\$ 5,561	\$ 3,972
Accounts payable and accrued expenses	\$ 6,238	\$ 4,543

13. Stock-Based Compensation

Under the Enova International, Inc. 2014 Third Amended and Restated Long-Term Incentive Plan (the “Enova LTIP”), the Company is authorized to issue 14,500,000 shares of Common Stock pursuant to “Awards” granted as incentive stock options (intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended), nonqualified stock options, restricted stock units (“RSUs”), restricted stock, performance shares, stock appreciation rights or other stock-based awards. Since 2014, nonqualified stock options and RSU awards have been the only stock-based awards granted under the Plan. As of December 31, 2021, there were 4,319,179 shares available for future grants under the Enova LTIP.

In connection with the acquisition of OnDeck on October 13, 2020, the Board of Directors authorized the issuance of 419,291 shares of Common Stock with respect to certain RSUs (including certain performance-based RSUs) outstanding under the On Deck Capital, Inc. 2014 Equity Incentive Plan that were assumed by Enova. The Board of Directors also authorized the issuance of 67,757 shares of Common Stock under certain inducement RSUs being granted in connection with the acquisition of OnDeck.

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During the year ended December 31, 2021, the Company received 153,645 shares of its common stock valued at approximately \$4.7 million as partial payment of taxes required to be withheld upon issuance of shares under RSUs.

Restricted Stock Units

During the years ended December 31, 2021, 2020 and 2019, the Company granted RSUs to Company officers, certain employees and to the non-management members of the Board of Directors under the Enova LTIP. Each vested RSU entitles the holder to receive a share of the common stock of the Company. For Company officers and certain employees, the shares are to be issued upon vesting of the RSUs generally over a period of four years. Shares for RSU awards granted to members of the Board of Directors vest and are issued twelve months after the grant date.

In accordance with ASC 718, the grant date fair value of RSUs is based on the Company's closing stock price on the day before the grant date and is amortized to expense over the vesting periods. The agreements relating to awards provide that the vesting and payment of awards would be accelerated if there is a change in control of the Company.

The following table summarizes the Company's RSU activity during 2021, 2020 and 2019:

	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2021		2020		2019	
	Units	Weighted Average Fair Value at Date of Grant	Units	Weighted Average Fair Value at Date of Grant	Units	Weighted Average Fair Value at Date of Grant
Outstanding at beginning of year	1,750,093	\$ 19.98	1,117,766	\$ 21.09	1,242,422	\$ 16.34
Units granted	1,055,746	29.81	1,294,509	18.89	616,010	24.14
Shares issued	(793,006)	18.87	(588,924)	19.61	(545,592)	14.23
Units forfeited	(267,352)	24.07	(73,258)	20.56	(195,074)	19.61
Outstanding at end of year	1,745,481	\$ 25.80	1,750,093	\$ 19.98	1,117,766	\$ 21.09

Compensation expense related to these RSUs totaling \$17.9 million (\$13.5 million net of related taxes), \$13.7 million (\$10.3 million net of related taxes) and \$8.4 million (\$6.4 million net of related taxes) was recognized for the years ended December 31, 2021, 2020 and 2019, respectively. Total unrecognized compensation cost related to these RSUs at December 31, 2021 was \$32.4 million, which will be recognized over a weighted average period of approximately 2.7 years. The outstanding RSUs had an aggregate intrinsic value of \$71.5 million at December 31, 2021.

Stock Options

During the years ended December 31, 2021, 2020 and 2019, the Company granted stock options to purchase Enova stock to Company officers and certain employees under the Enova LTIP. Stock options would allow the holder to purchase shares of the Company's common stock at a price not less than the fair market value of the shares as of the grant date, or the exercise price.

Stock options granted under the Enova LTIP generally become exercisable in equal increments on the first, second and third anniversaries of their date of grant, and expire on the seventh anniversary of their date of grant. Exercise prices of stock options granted in 2019 and 2020 are equal to the average of the closing stock price for the last 45 trading days preceding the grant date. Exercise prices of all other stock options granted are equal to the closing stock price on the day before the grant date. In accordance with ASC 718, compensation expense on stock options is based on the grant date fair value of the stock options and is amortized to expense over the vesting periods. For the year ended December 31, 2021, the Company estimated the fair value of the stock option grants using the Black-Scholes option-pricing model based on the following assumptions: risk-free interest rate of 0.8%, expected term (life) of options of 4.7 years, expected volatility of 57.7% and no expected dividends.

Determining the fair value of options awards at their respective grant dates requires considerable judgment, including estimating expected volatility and expected term (life). The Company based its expected volatility on a weighted average of the historical volatility of the Company. The Company calculated its expected term based on the simplified method, which is the mid-point between the weighted-average graded-vesting term and the contractual term. The simplified method was chosen as a means to determine expected term as the Company has limited historical option exercise experience as a public company. The Company derived the risk-free rate from a weighted-average yield for the three-and five-year zero-coupon U.S. Treasury Strips. The Company estimates forfeitures at the grant date based on its historical forfeiture rate and revises the estimate, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes the Company's stock option activity during 2021, 2020 and 2019:

	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2021		2020		2019	
	Units	Weighted Average Exercise Price	Units	Weighted Average Exercise Price	Units	Weighted Average Exercise Price
Outstanding at beginning of year	2,621,956	\$ 20.18	2,084,297	\$ 19.35	2,129,837	\$ 17.32
Options granted	175,839	33.90	576,223	22.81	513,583	21.34
Options exercised	(693,782)	22.27	(16,625)	11.40	(362,798)	9.80
Options forfeited	—	—	(21,939)	16.79	(196,325)	20.10
Outstanding at end of year	2,104,013	\$ 20.65	2,621,956	\$ 20.18	2,084,297	\$ 19.35
Exercisable options at end of year	1,402,261	18.32	1,641,133	18.95	1,279,794	18.73

The weighted average fair value of options granted in 2021 was \$16.21. Compensation expense related to stock options totaling \$3.2 million (\$2.4 million net of related taxes), \$4.3 million (\$3.2 million net of related taxes) and \$3.7 million (\$2.8 million net of related taxes) was recognized for the years ended December 31, 2021, 2020 and 2019, respectively. Total unrecognized compensation cost related to stock options at December 31, 2021 was \$4.7 million, which will be recognized over a period of approximately 2.2 years. At December 31, 2021, the intrinsic value of stock options outstanding was \$42.7 million, and the intrinsic value of stock options exercisable was \$31.7 million, respectively.

14. Related Party Transactions

With the acquisition of OnDeck, as discussed in Notes 1 and 2 in the Notes to Consolidated Financial Statements, the Company records its interest in OnDeck Canada under the equity method of accounting; as such, OnDeck Canada is deemed a related party. As of December 31, 2021 and 2020, the Company had a due from affiliate balance of \$1.2 million related to OnDeck Canada that is primarily the result of labor and software charges from people and technology assets at the OnDeck parent company.

On February 24, 2021 the Company contributed the platform-as-service business assumed in the OnDeck acquisition to Linear in exchange for ownership units in that entity. The Company records its interest in Linear under the equity method of accounting. As of December 31, 2021, the Company had a due from affiliate balance of \$2.9 million from Linear that is primarily comprised of reimbursable expenses paid by the Company on behalf of Linear and fees for services provided.

As discussed in Note 1 in the Notes to Consolidated Financial Statements, in December 2021, the Company divested a portion of its interest in OnDeck Australia and began recording its remaining interest utilizing the equity method of accounting. As of December 31, 2021, there were no outstanding balances between the Company and OnDeck Australia.

The Company believes that the transactions described above have been provided on terms no less favorable to the Company than could have been negotiated with non-affiliated third parties.

15. Variable Interest Entities

As part of the Company's overall funding strategy and as part of its efforts to support its liquidity from sources other than its traditional capital market sources, the Company has established a securitization program through its various securitization facilities. The Company transfers certain loan receivables to wholly owned, bankruptcy-remote special purpose subsidiaries ("VIEs"), which issue notes backed by the underlying loan receivables and are serviced by other wholly-owned subsidiaries of the Company. The cash flows from the loans held by the VIEs are used to repay obligations under the notes.

The Company is required to evaluate the VIEs for consolidation. The Company has the ability to direct the activities of the VIEs that most significantly impact the economic performance of the entities as the servicer of the securitized loan receivables. Additionally, the Company has the right to returns related to servicing fee revenue from the VIEs and to receive residual payments, which expose it to potentially significant losses and returns. Accordingly, the Company determined it is the primary beneficiary of the VIEs and is required to consolidate them. The assets and liabilities related to the VIEs are included in the Company's consolidated financial statements and are accounted for as secured borrowings.

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Supplemental Disclosures of Cash Flow Information

The following table sets forth certain cash and non-cash activities for the years ended December 31, 2021, 2020 and 2019 (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Cash paid during the year for:			
Interest	\$ 71,103	\$ 74,901	\$ 70,250
Income taxes paid (recovered)	89,270	27,479	(39,392)
Non-cash investing and financing activities:			
Loans and finance receivables renewed	\$ 220,106	\$ 95,080	\$ 146,039
Fair value of acquired assets	—	772,376	—
Liabilities assumed in acquisitions	—	487,458	—
Issuance of common stock related to the acquisition of OnDeck	—	(105,960)	—

17. Operating Segment Information

During the three years ended December 31, 2021, the Company provided online financial services to non-prime credit consumers and small businesses in the United States, Australia and Brazil. The Company has one reportable segment, which is composed of the Company's domestic and international operations and corporate services. The Company has aggregated all components of its business into a single operating segment based on the similarities of the economic characteristics, the nature of the products and services, the nature of the production and distribution methods, the shared technology platforms, the type of customer and the nature of the regulatory environment.

The following table presents the Company's revenue by geographic region for the years ended December 31, 2021, 2020 and 2019 (in thousands):

Revenue	Year Ended December 31,		
	2021	2020	2019
United States	\$ 1,184,599	\$ 1,071,694	\$ 1,153,308
Other international countries	23,333	12,016	21,449
Total revenue	\$ 1,207,932	\$ 1,083,710	\$ 1,174,757

The Company's long-lived assets, which consist of the Company's property and equipment, were \$78.4 million and \$79.4 million at December 31, 2021 and 2020, respectively. The operations for the Company's domestic and international businesses are primarily located within the United States, and the value of any long-lived assets located outside of the United States is immaterial.

18. Fair Value Measurements

Recurring Fair Value Measurements

The Company uses a hierarchical framework that prioritizes and ranks the market observability of inputs used in its fair value measurements. Market price observability is affected by a number of factors, including the type of asset or liability and the characteristics specific to the asset or liability being measured. Assets and liabilities with readily available, active, quoted market prices or for which fair value can be measured from actively quoted prices generally are deemed to have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. The Company classifies the inputs used to measure fair value into one of three levels as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and model-derived prices whose inputs are observable or whose significant value drivers are observable.
- Level 3: Unobservable inputs for the asset or liability measured.

Observable inputs are based on market data obtained from independent sources, while unobservable inputs are based on the Company's market assumptions. Unobservable inputs require significant management judgment or estimation. In some cases, the inputs used to measure an asset or liability may fall into different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement. Such determination requires significant management judgment.

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During the years ended December 31, 2021 and 2020, there were no transfers of assets or liabilities between Level 1, 2 or 3. It is the Company's policy to value any transfers between levels of the fair value hierarchy based on end of period values.

Effective January 1, 2020, the Company elected the fair value option to account for all loans and finance receivables.

The Company's financial assets that are measured at fair value on a recurring basis as of December 31, 2021 and 2020 are as follows (in thousands):

	December 31, 2021	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Financial assets				
Consumer loans and finance receivables ⁽¹⁾	\$ 890,144	\$ —	\$ —	\$ 890,144
Small business loans and finance receivables ⁽¹⁾	1,074,546	—	—	1,074,546
Non-qualified savings plan assets ⁽²⁾	5,561	5,561	—	—
Investment in trading security ⁽³⁾	16,062	16,062	—	—
Total	<u>\$ 1,986,313</u>	<u>\$ 21,623</u>	<u>\$ —</u>	<u>\$ 1,964,690</u>
	December 31, 2020	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Financial assets				
Consumer loans and finance receivables ⁽¹⁾	\$ 625,219	\$ —	\$ —	\$ 625,219
Small business loans and finance receivables ⁽¹⁾	616,287	—	—	616,287
Non-qualified savings plan assets ⁽²⁾	3,972	3,972	—	—
Investment in trading security ⁽³⁾	19,273	19,273	—	—
Total	<u>\$ 1,264,751</u>	<u>\$ 23,245</u>	<u>\$ —</u>	<u>\$ 1,241,506</u>

(1) Consumer loans and finance receivables and small business loans and finance receivables include \$274.5 million and \$470.8 million as of December 31, 2021, respectively, and \$277.6 million and \$251.3 million as of December 31, 2020, respectively in assets of consolidated VIEs.

(2) The non-qualified savings plan assets are included in "Other receivables and prepaid expenses" in the Company's consolidated balance sheets and have an offsetting liability of equal amount, which is included in "Accounts payable and accrued expenses" in the Company's consolidated balance sheets.

(3) Investment in trading security is included in "Other assets" in the Company's consolidated balance sheets.

The Company primarily estimates the fair value of its loan and finance receivables portfolio using discounted cash flow models that have been internally developed. The models use inputs, such as estimated losses, prepayments, utilization rates, servicing costs and discount rates, that are unobservable but reflect the Company's best estimates of the assumptions a market participant would use to calculate fair value. Certain unobservable inputs may, in isolation, have either a directionally consistent or opposite impact on the fair value of the financial instrument for a given change in that input. An increase to the net loss rate, prepayment rate, servicing cost, or discount rate would decrease the fair value of the Company's loans and finance receivables. When multiple inputs are used within the valuation techniques for loans, a change in one input in a certain direction may be offset by an opposite change from another input.

The fair value of the nonqualified savings plan assets was deemed Level 1 as they are publicly traded equity securities for which market prices of identical assets are readily observable.

The fair value of the investment in trading security was deemed Level 1 as it is a publicly traded fund with active market pricing that is readily available.

The Company had no liabilities measured at fair value on a recurring basis as of December 31, 2021 or 2020.

Fair Value Measurements on a Non-Recurring Basis

The Company measures non-financial assets and liabilities such as property and equipment and intangible assets at fair value on a nonrecurring basis or when events or circumstances indicate that the carrying amount of the assets may be impaired. At December 31, 2021 and 2020, there were no assets or liabilities recorded at fair value on a nonrecurring basis.

ENOVA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Financial Assets and Liabilities Not Measured at Fair Value

The Company's financial assets and liabilities as of December 31, 2021 and 2020 that are not measured at fair value in the consolidated balance sheets are as follows (in thousands):

	December 31, 2021	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Financial assets:				
Cash and cash equivalents	\$ 165,477	\$ 165,477	\$ —	\$ —
Restricted cash ⁽¹⁾	60,406	60,406	—	—
Investment in unconsolidated investee ⁽²⁾	6,918	—	—	6,918
Total	\$ 232,801	\$ 225,883	\$ —	\$ 6,918
Financial liabilities:				
Revolving line of credit	\$ 200,000	\$ —	\$ —	\$ 200,000
Securitization facilities	567,007	—	567,903	—
8.50% senior notes due 2024	250,000	—	254,693	—
8.50% senior notes due 2025	375,000	—	386,348	—
Total	\$ 1,392,007	\$ —	\$ 1,208,944	\$ 200,000
	December 31, 2020	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Financial assets:				
Cash and cash equivalents	\$ 297,273	\$ 297,273	\$ —	\$ —
Restricted cash ⁽¹⁾	71,927	71,927	—	—
Investment in unconsolidated investee ⁽²⁾	6,918	—	—	6,918
Total	\$ 376,118	\$ 369,200	\$ —	\$ 6,918
Financial liabilities:				
Securitization facilities	\$ 330,632	\$ —	\$ 333,532	\$ —
8.50% senior notes due 2024	250,000	—	247,680	—
8.50% senior notes due 2025	375,000	—	367,770	—
Total	\$ 955,632	\$ —	\$ 948,982	\$ —

(1) Restricted cash includes \$45.7 million and \$64.8 million in assets of consolidated VIEs as of December 31, 2021 and 2020, respectively.

(2) Investment in unconsolidated investee is included in "Other assets" in the consolidated balance sheets.

Cash and cash equivalents and restricted cash bear interest at market rates and have maturities of less than 90 days. The carrying amount of restricted cash and cash equivalents approximates fair value.

The Company measures the fair value of its investment in unconsolidated investee using Level 3 inputs. Because the unconsolidated investee is a private company and financial information is limited, the Company estimates the fair value based on the best available information at the measurement date.

The Company measures the fair value of its revolving line of credit using Level 3 inputs. The Company considered the fair value of its other long-term debt and the timing of expected payment(s).

The fair values of the Company's securitization facilities and senior notes are estimated based on quoted prices in markets that are not active, which are deemed Level 2 inputs.

19. Subsequent Events

Subsequent events have been reviewed through the date these financial statements were issued.

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

Refer to the Current Report on Form 8-K dated April 28, 2021, for discussion of the Company's change in certifying accountant.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, our management has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of December 31, 2021 (the "Evaluation Date"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective and provide reasonable assurance (i) that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms; and (ii) that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

Limitations on the Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent or detect all possible misstatements due to error and fraud. Our disclosure controls and procedures and internal control over financial reporting are, however, designed to provide reasonable assurance of achieving their objectives.

Report of Management on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

We conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control — Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in "Internal Control — Integrated Framework" (2013), management, with the participation of our Chief Executive Officer and Chief Financial Officer, concluded that our internal control over financial reporting was effective as of December 31, 2021.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which appears in this Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Effective February 21, 2022, the Management Development and Compensation Committee of the Board of Directors the Company approved amended forms of executive change-in-control severance and restrictive covenant agreements for the Company's chief executive officer and for other executive officers. The amended form agreements include changes to language regarding restrictive covenants, which consider changes to Illinois law. The amended form agreements also include expected changes to federal law in regards to arbitration.

The foregoing description of the amended forms of executive change-in-control severance and restrictive covenant agreements does not purport to be complete and is qualified in its entirety by reference to such forms, which are filed as Exhibit 10.12 and Exhibit 10.13, respectively, to this Form 10-K and are incorporated herein by reference.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The Company plans to file its Proxy Statement for the 2022 Annual Meeting of Stockholders, or the Proxy Statement, within 120 days after December 31, 2021. Information required by this Item 10 relating to our directors and nominees is included under the captions “Proposal 1: Proposal to Elect Directors—Directors to be Elected by our Stockholders” and “Stockholder Proposals and Communications with our Board—Director Nominations” of our Proxy Statement and is incorporated herein by reference.

The information required by this Item 10 regarding our Audit Committee is included under the caption “Structure and Functioning of the Board—Board Committees—Audit Committee” and is incorporated herein by reference.

Information concerning executive officers is contained in this report under “Item 1. Business—Operations—Management and Personnel—Executive Officers.”

Information required by this Item 10 regarding compliance with Section 16(a) of the Exchange Act of 1934 is included under the caption “Section 16(a) Beneficial Ownership Reporting Compliance” in our Proxy Statement and is incorporated herein by reference.

The Company has adopted a Code of Business Conduct and Ethics that applies to all of its directors, officers (including all of its executive officers) and employees. This Code of Business Conduct and Ethics is publicly available on the Company’s website at www.enova.com in the Investor Relations section under “Corporate Governance—Code of Conduct.” Amendments to the Code of Business Conduct and Ethics and any grant of a waiver from a provision of the Code of Business Conduct and Ethics requiring disclosure under applicable SEC rules will be disclosed on the Company’s website.

ITEM 11. EXECUTIVE COMPENSATION

Information contained under the caption “Executive Compensation”, “Director Compensation”, “Compensation Committee Interlocks and Insider Participation” and “Executive Compensation—Management Development and Compensation Committee Report” in the Proxy Statement is incorporated into this report by reference in response to this Item 11.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information contained under the caption “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement is incorporated into this report by reference in response to this Item 12.

Securities Authorized for Issuance Under Equity Compensation Plans

The table below sets forth information, as of December 31, 2021, with respect to shares of common stock of the Company that may be issued under the Company’s existing equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)		(b)
Equity compensation plans approved by security holders	3,849,494	\$ 11.28	4,319,179
Equity compensation plans not approved by security holders	—	—	—
Total	3,849,494	\$ 11.28	4,319,179

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

Information contained under the captions “Certain Relationships and Related Transactions”, “Structure and Functioning of the Board—Board Committees” and “Structure and Functioning of the Board—Director Independence” in the Proxy Statement is incorporated into this report by reference in response to this Item 13.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information contained under the caption “Audit and Non-Audit Fees” in the Proxy Statement is incorporated into this report by reference in response to this Item 14.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statements are filed in Item 8 of Part II of this report:

Financial Statements:

Report of Independent Registered Public Accounting Firm (Deloitte & Touche LLP; PCAOB ID No. 34) (PricewaterhouseCoopers LLP; PCAOB ID No. 238)	66
Consolidated Balance Sheets – December 31, 2020 and 2019.....	70
Consolidated Statements of Income – Years Ended December 31, 2020, 2019 and 2018.....	72
Consolidated Statements of Comprehensive Income – Years Ended December 31, 2020, 2019 and 2018.....	73
Consolidated Statements of Stockholders’ Equity – Years Ended December 31, 2020, 2019 and 2018.....	74
Consolidated Statements of Cash Flows – Years Ended December 31, 2020, 2019 and 2018.....	75
Notes to Consolidated Financial Statements.....	76

<u>Exhibit No.</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit</u>	<u>Filing Date</u>	<u>Filed Herewith</u>
2.1	Separation and Distribution Agreement between Cash America International, Inc. and Enova International, Inc.	8-K	001-35503	2.1	11/19/2014	
2.2	Agreement and Plan of Merger dated as of July 28, 2020, among Enova International, Inc., Energy Merger Sub, Inc. and On Deck Capital, Inc.	8-K	001-35503	2.1	12/28/2020	
3.1	Enova International, Inc. Amended and Restated Certificate of Incorporation	8-K	001-35503	3.2	11/17/2017	
3.2	Enova International, Inc. Amended and Restated Bylaws	8-K	001-35503	3.1	11/17/2017	
4.1	Specimen common stock certificate	10-12B	001-35503	4.1	10/2/2014	
4.2	Description of the Registrant’s Securities	10-K	001-35503	4.2	2/27/2020	
4.3	Indenture, dated as of September 1, 2017, by and among Enova International, Inc., each of the guarantors party thereto and Computershare Trust Company, N.A., as trustee and the Form of 8.500% Senior Note due 2024 (included as Exhibit A).	8-K	001-35503	4.1	9/8/2017	
4.4	Indenture, dated as of September 19, 2018, by and among Enova International, Inc., each of the guarantors party thereto and Computershare Trust Company, N.A., as trustee and the Form of 8.500% Senior Note due 2025	10-Q	001-35503	4.1	10/31/2018	
4.5	Base Indenture, dated as of May 5, 2021, by and among OnDeck Asset Securitization Trust III LLC as Issuer and Deutsche Bank Trust Company Americas, as Indenture Trustee of Asset Backed Notes (Issuable in Series of Notes)	10-Q	001-35503	4.1	8/2/2021	

4.6	Series 2021-1 Indenture Supplement dated as of May 5, 2021 to Base Indenture dated as of May 5, 2021, by and among OnDeck Asset Securitization Trust III LLC as Issuer and Deutsche Bank Trust Company Americas, as Indenture Trustee of up to \$500,000,000 of Asset Backed Notes	10-Q	001-35503	4.2	8/2/2021	
10.1	Tax Matters Agreement between Cash America International, Inc. and Enova International, Inc.	8-K	001-35503	10.1	11/19/2014	
10.2	Enova International, Inc. 2014 Long-Term Incentive Plan*	10-Q	001-35503	10.1	11/14/2014	
10.3	Enova International, Inc. First Amended and Restated 2014 Long-Term Incentive Plan*	DEF 14A	001-35503	Appendix A	4/7/2016	
10.4	Enova International, Inc. Senior Executive Bonus Plan*	DEF 14A	001-35503	Appendix B	4/7/2016	
10.5	Enova International, Inc. Amended and Restated Senior Executive Bonus Plan*	10-Q	001-35503	10.1	7/31/2019	
10.6	Enova International, Inc. Supplemental Executive Retirement Plan, as amended and restated effective September 13, 2017*	10-Q	001-35503	10.1	11/1/2017	
10.7	Enova International, Inc. Nonqualified Savings Plan*	10-12B	001-35503	10.6	7/31/2014	
10.8	Form of Enova International, Inc. Severance Pay Plan for Executives*	10-12B	001-35503	10.12	10/2/2014	
10.9	Form of Enova International, Inc. Senior Executive Bonus Plan*	10-12B	001-35503	10.13	10/2/2014	
10.10	Summary of 2014 Terms and Conditions of the Enova International, Inc. Short-Term Incentive Plan*	10-12B	001-35503	10.14	10/2/2014	
10.11	Enova International, Inc. Amended and Restated Annual Short Term Incentive Plan*	10-Q	001-35503	10.2	7/31/2019	
10.12	Form of Executive Change-in-Control Severance and Restrictive Covenant Agreement (Chief Executive Officer)*					X
10.13	Form of Executive Change-in-Control Severance and Restrictive Covenant Agreement (Executive Officers other than the CEO)*					X
10.14	Form of Enova International, Inc. 2014 Long-Term Incentive Plan Award Agreement for Special Grant of Restricted Stock Units for Directors*	10-12B	001-35503	10.17	10/17/2014	
10.15	Form of Enova International, Inc. 2014 Long-Term Incentive Plan Award Agreement for Grant of Restricted Stock Units (for Officers)*	10-12B	001-35503	10.18	10/17/2014	

10.16	Form of Enova International, Inc. 2014 Long-Term Incentive Plan Award Agreement for Special Grant of Nonqualified Stock Option with a Limited Stock Appreciation Right (for Officers)*	10-12B	001-35503	10.19	10/17/2014
10.17	Form of Enova International, Inc. 2014 Long-Term Incentive Plan Award Agreement for Grant of Restricted Stock Units*	10-Q	001-35503	10.2	8/11/2015
10.18	Form of Enova International, Inc. First Amended and Restated 2014 Long-Term Incentive Plan Award Agreement for Grant of Restricted Stock Units*	10-Q	001-35503	10.2	8/4/2016
10.19	Form of Enova International, Inc. 2014 Long-Term Incentive Plan Award Agreement for Special Grant of Nonqualified Stock Option with a Limited Stock Appreciation Right*	10-Q	001-35503	10.3	8/11/2015
10.20	Form of Enova International, Inc. Second Amended and Restated 2014 Long-Term Incentive Plan Award Agreement for Grant of Restricted Stock Units	10-Q	001-35503	10.1	7/29/2020
10.21	Form of Enova International, Inc. Second Amended and Restated 2014 Long-Term Incentive Plan Award Agreement for Special Grant of Nonqualified Stock Option with a Limited Stock Appreciation Right	10-Q	001-35503	10.2	7/29/2020
10.22	Offer letter dated May 19, 2016 between Enova Financial Holdings, LLC and Steven Cunningham*	10-Q	001-35503	10.1	8/4/2016
10.23	Director Appointment Agreement, dated March 30, 2016, by and among the Company, SAF Capital Management LLC and certain of its affiliates	8-K	001-35503	10.1	3/31/2016
10.24	Lease Agreement, dated July 25, 2014, between 175 Jackson L.L.C. and Enova International, Inc.	10-12B	001-35503	10.11	10/22/2014
10.25	Second Amendment to Lease Agreement, dated September 13, 2017, between 175 Jackson L.L.C. and Enova International, Inc.	10-Q	001-35503	10.2	11/1/2017
10.26	Credit Agreement among Enova International, Inc., as a Borrower and the Parent, certain restricted subsidiaries of the Parent from time to time party hereto, as Borrowers, certain restricted subsidiaries of the Parent from time to time party hereto, as Guarantors, the lenders party hereto, and TBK Bank, SSB, as Administrative Agent and Collateral Agent Dated as of June 30, 2017 ⁽³⁾	10-Q	001-35503	10.1	8/2/2017

10.27	First Amendment to Credit Agreement among Enova International, Inc., as a Borrower and the Parent, certain restricted subsidiaries of the Parent from time to time party hereto, as Borrowers, certain restricted subsidiaries of the Parent from time to time party hereto, as Guarantors, the lenders party hereto, and TBK Bank, SSB, as Administrative Agent and Collateral Agent dated as of April 13, 2018	10-Q	001-35503	10.1	8/01/2018
10.28	Second Amendment to Credit Agreement among Enova International, Inc., as a Borrower and the Parent, certain restricted subsidiaries of the Parent from time to time party hereto, as Borrowers, certain restricted subsidiaries of the Parent from time to time party hereto, as Guarantors, the lenders party hereto, and TBK Bank, SSB, as Administrative Agent and Collateral Agent dated as of October 5, 2018	10-K	001-35503	10.27	2/27/2019
10.29	Loan and Security Agreement, dated July 23, 2018, by and between Pacific Western Bank and EFR 2018-1, LLC	10-Q	001-35503	10.1	10/31/2018
10.30	Receivables Purchase Agreement, dated July 23, 2018 by and between EFR 2018-1, LLC, as purchaser, and NetCredit Funding, LLC, as seller	10-Q	001-35503	10.2	10/31/2018
10.31	Purchase Agreement by and among Enova International, Inc., the Guarantors party thereto and Credit Suisse Securities (USA) LLC, as Representative of the Initial Purchasers listed therein, dated September 14, 2018	10-Q	001-35503	10.3	10/31/2018
10.32	Loan and Security Agreement, dated October 23, 2018, by and between Credit Suisse AG and EFR 2018-2, LLC	10-K	001-35503	10.34	2/27/2019
10.33	Third Amendment to Credit Agreement among Enova International, Inc., as a Borrower and the Parent, certain restricted subsidiaries of the Parent from time to time party hereto, as Borrowers, certain restricted subsidiaries of the Parent from time to time party hereto, as Guarantors, the lenders party hereto, and TBK Bank, SSB, as Administrative Agent and Collateral Agent dated as of July 1, 2019	10-Q	001-35503	10.3	7/31/2019
10.34	Amendment No. 5 to Fourth Amended and Restated Credit Agreement, dated as of December 24, 2020, among Receivable Assets of OnDeck, LLC, as Borrower, the Lenders party thereto and Truist Bank, as Administrative Agent (Portions of this exhibit have been omitted pursuant to Item 601(b)(10) of Regulation S-K.)	10-K	001-35503	10.36	2/26/2021

10.35	Fifth Amendment, Consent and Joinder to Credit Agreement and Amendment to Security Agreement by and among Enova International, Inc., the other borrowers and guarantors party thereto, the lenders party hereto, and TBK Bank, SSB, as Administrative Agent and Collateral Agent, dated as of May 10, 2021	10-Q	001-35503	10.1	8/2/2021	
10.36	Amendment No. 6 to Fourth Amended and Restated Credit Agreement, dated as of July 16, 2021, among Receivable Assets of OnDeck, LLC, as Borrower, the Lenders party thereto and Truist Bank, as Administrative Agent	10-Q	001-35503	10.1	10/29/2021	
10.37	Amendment to Loan and Security Agreement, dated July 23, 2021, by and between Credit Suisse AG and EFR 2018 2, LLC	10-Q	001-35503	10.2	10/29/2021	
10.38	Amendment to Loan and Security Agreement, dated September 15, 2021, by and between Pacific Western Bank and EFR 2018 1, LLC	10-Q	001-35503	10.3	10/29/2021	
10.39	Credit agreement dated as of November 17, 2021 among OnDeck Receivables 2021, LLC, various lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent and Deutsche Bank Trust Company Americas, as Paying Agent					X
16.1	Letter of PricewaterhouseCoopers LLP to the SEC dated May 3, 2021	10-Q	001-35503	16.1	5/3/2021	
21.1	Subsidiaries of Enova International, Inc.					X
23.1	Consent of Deloitte & Touche LLP					X
23.2	Consent of PricewaterhouseCoopers LLP					X
31.1	Certification of Chief Executive Officer					X
31.2	Certification of Chief Financial Officer					X
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. ⁽¹⁾					X ⁽²⁾
101.SCH	Inline XBRL Taxonomy Extension Schema Document ⁽¹⁾					X ⁽²⁾
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document ⁽¹⁾					X ⁽²⁾

101.LAB	Inline XBRL Taxonomy Label Linkbase Document ⁽¹⁾	X ⁽²⁾
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document ⁽¹⁾	X ⁽²⁾
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document ⁽¹⁾	X ⁽²⁾
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	X ⁽²⁾

* Indicates management contract or compensatory plan, contract or arrangement.

(1) Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets at December 31, 2021 and December 31, 2020; (ii) Consolidated Statements of Income for the years ended December 31, 2021, December 31, 2020 and December 31, 2019; (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2021, December 31, 2020 and December 31, 2019; (iv) Consolidated Statements of Stockholders' Equity at December 31, 2021, December 31, 2020 and December 31, 2019; (v) Consolidated Statements of Cash Flows for the years ended December 31, 2021, December 31, 2020 and December 31, 2019; and (vi) Notes to Consolidated Financial Statements.

(2) Submitted electronically herewith.

(3) Portions of this document have been omitted pursuant to a confidential treatment request approved by the SEC.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENOVA INTERNATIONAL, INC.

Date: February 28, 2022

By: /s/ DAVID FISHER
David Fisher
Chief Executive Officer

Pursuant to the requirements of the Securities and Exchange Act of 1934, the report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ DAVID FISHER</u> David Fisher	Chairman of the Board of Directors, Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2022
<u>/s/ STEVEN CUNNINGHAM</u> Steven Cunningham	Chief Financial Officer (Principal Financial Officer)	February 28, 2022
<u>/s/ JAMES J. LEE</u> James J. Lee	Chief Accounting Officer (Principal Accounting Officer)	February 28, 2022
<u>/s/ ELLEN CARNAHAN</u> Ellen Carnahan	Director	February 28, 2022
<u>/s/ DANIEL R. FEEHAN</u> Daniel R. Feehan	Director	February 28, 2022
<u>/s/ WILLIAM M. GOODYEAR</u> William M. Goodyear	Director	February 28, 2022
<u>/s/ JAMES A. GRAY</u> James A. Gray	Director	February 28, 2022
<u>/s/ GREGG A. KAPLAN</u> Gregg A. Kaplan	Director	February 28, 2022
<u>/s/ MARK MCGOWAN</u> Mark McGowan	Director	February 28, 2022
<u>/s/ LINDA JOHNSON RICE</u> Linda Johnson Rice	Director	February 28, 2022
<u>/s/ MARK A. TEBBE</u> Mark A. Tebbe	Director	February 28, 2022

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CHICAGO, IL 60604**