World Acceptance Corporation

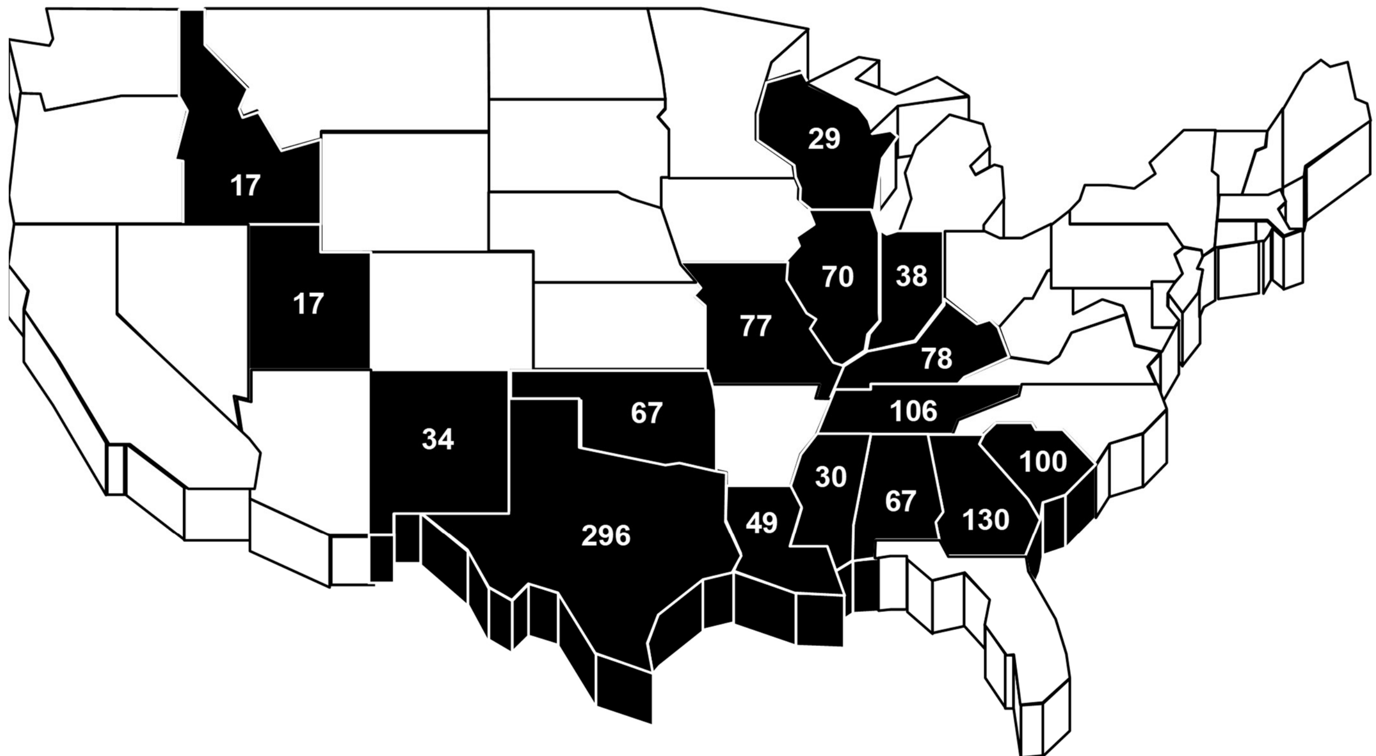
2021 Annual Report

COMPANY PROFILE

WORLD ACCEPTANCE CORPORATION (“World”), founded in 1962, is one of the largest small-loan consumer finance companies in the United States, helping over one million customers to unlock their “financial good” annually. Headquartered in Greenville, South Carolina, World offers the strength and technology of a national financial institution with the personal service of a local neighborhood branch.

World emphasizes quality customer service and the building of strong personal relationships with its customers. As a result, a substantial portion of World's new customers are from customer referrals. During fiscal 2021, World served 1.2 million customers and loaned $2.4 billion in 1.4 million transactions. World's loans are generally less than $4,000 with maturities of less than 42 months. World’s average gross loan, including refinances, made in fiscal 2021 was $1,696, and the average contractual maturity was approximately twelve months.

As of June 18, 2021, World operated 1,205 offices in Alabama, Georgia, Idaho, Illinois, Indiana, Kentucky, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, South Carolina, Tennessee, Texas, Utah, and Wisconsin.



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TO OUR SHAREHOLDERS

(Dollars in thousands, except per share and statistical data)

	Years Ended March 31,		
Select Statement of Operations Data:	**2021**	2020	Change (%)
Total revenues	**525,533**	590,029	-10.9%
Net income	**88,283**	28,157	213.5%
Diluted earnings per share	**13.23**	3.54	273.7%
Selected Balance Sheet Data:			
Gross loans receivable	**1,104,746**	1,209,871	-8.7%
Total assets	**954,269**	1,030,086	-7.4%
Total debt	**405,008**	451,100	-10.2%
Total shareholders' equity	**404,927**	411,963	-1.7%
Selected Ratios:			
Return on average assets	**9.1%**	2.7%	237.0%
Return on average shareholders' equity	**22.8%**	6.1%	273.8%
Shareholders' equity to assets	**42.4%**	40.0%	6.1%
Statistical Data:			
Number of customers at period end	**727,638**	895,949	-18.8%
Number of loans made	**1,395,932**	1,931,212	-27.7%
Number of offices	**1,205**	1,243	-3.1%

See our Consolidated Financial Statements and accompanying notes included herein.

Shareholders,

Last year, this letter shared thoughts on how the responsible stewardship of a company requires a long-term perspective with respect to short- and long-term cycles. This is the approach that we took into the year and, while the power of this outlook is not always obvious at a single point in time, committing to principles of responsible long-term stewardship and a flexible operating approach has served World Acceptance very well over the last year. It's positioned us for continued success in any operating environment as well as our new focus on expanded large loan offerings and customer financial wellness.

No one was left untouched by the trials and challenges experienced during the pandemic last year. For our customers, pandemic related restrictions and the unprecedented volume of federal stimulus significantly impacted loan demand. Our loan portfolio's 8.7% decrease during the year resulted from the combination of 1) a broad reduction in consumer loan demand, and 2) our proactive measures to safeguard the well-being of the Company during uncertain times. Specifically, we proactively tightened our centralized underwriting, refined marketing efforts, and identified several opportunities to meaningfully reduce operating expenses, permanently. Despite this difficult lending environment and the seemingly ever-changing operating requirements, through responsible risk and cost management, we achieved exceptional financial results. These results included net income of $88.3 million and diluted earnings per share of $13.23 while returning $102.5 million to our shareholders through our share buyback program. More importantly, we enter fiscal 2022 with a healthy loan portfolio, record low delinquency and a strong balance sheet positioned for growth.

Despite these financial accomplishments, what we are most proud of is how our team members were able to come together to accommodate the customers, each other, and the communities that we serve. The pandemic not only tested our resiliency, it also tested our ability to pivot and innovate. We developed technologies that made it easier for our customers to make payments from the safety of their homes and provided a remote approval and funding option. Other rapidly developed and implemented technologies permitted nearly all our branches to remain safely open to the public for the entire year. Some of these improvements were purely reactive while others were part of a broader multi-year plan that were expedited and rolled out in a matter of weeks to meet the changing needs of our customers and team members. Beyond technologies, we also approached our commitment to help in more practical ways, from donations and mask distribution to waiving insurance benefits waiting periods and offering payment deferrals.

But the pandemic isn't the only example of our resiliency and flexibility. In January 2021, we quickly adapted to changing lending requirements in Illinois, including dramatically adjusting underwriting and loan products in a matter of days to serve a higher credit quality customer. This exercise reinforced the importance of having nimble and intelligent teams capable of collaborating, then testing and implementing successful solutions. The positive early results have already fueled the expansion of larger loans into all 16 of our states, which will allow us to retain a small loan expertise while also providing competitive options as customers credit needs change, specifically the ability to continue to approve lower interest rates and higher borrowing limits. This expansion into larger loans can double our potential customer base and triple the potential portfolio of new customers in the expanded total addressable market.

Throughout this challenging year, our team members have been flexible, creative, enthusiastic, and steadfast. We're so proud of the numerous Top Workplace awards we've won in 2021 which demonstrate just how committed and family-oriented our team is - including being South Carolina's only Top Workplaces USA winner.

This brings me back to perspective. Many see us as a traditional installment loan company and while that is true, if you ask any of our over 3000 team members, you will quickly understand that we are so much more. World Acceptance and each of its over 1200 World Finance retail locations are members of the community and we provide essential financial services and assistance in cities and small towns across the country. We know every customer's name and are invested in their success. This is why we have so much to be excited about our rapidly evolving focus on holistic financial well-being and the additional partnerships, offerings and tools we are developing to help customers improve their financial health. In the last year, we've piloted several programs, made resource investments, and developed a framework for how to meaningfully improve the financial lives of our customers. Many of our new customers have been denied by other lenders and see us as the lender who gave them a chance and offered hope. Now, they also see us as a financial partner – one who helps set a budget, determines affordability, and can even help improve their credit history. We aim to use the personal relationships and large customer base that we have earned over decades of service to help our customers plan for the future and meet their financial goals. Our ultimate goal and the company's new mission is to help our customers unlock their "financial good."

Sincerely,

Chad Prashad
President & Chief Executive Officer

Introduction

World Acceptance Corporation, a South Carolina corporation, operates a small-loan consumer finance (installment loan) business in sixteen states as of March 31, 2021. As used herein, the "Company," "we," "our," "us," or similar formulations include World Acceptance Corporation and each of its subsidiaries, except as the context otherwise requires. All references in this report to "fiscal 2022" are to the Company's fiscal year ending March 31, 2022; all references in this report to "fiscal 2021" are to the Company's fiscal year ended March 31, 2021; all references to "fiscal 2020" are to the Company's fiscal year ended March 31, 2020; all references to "fiscal 2019" are to the Company's fiscal year ended March 31, 2019; all references to "fiscal 2018" are to the Company's fiscal year ended March 31, 2018; and all references to "fiscal 2015" are to the Company's fiscal year ended March 31, 2015.

PART I.

Item 1. Description of Business

General. The Company was incorporated under the laws of South Carolina on February 22, 1973 and is now one of the nation's largest small-loan consumer finance companies, offering short-term small installment loans, medium-term larger installment loans, related credit insurance and ancillary products and services to individuals. The Company offers standardized installment loans generally between $250 and $3,500, with the average loan being $1,112. The Company operates 1,205 branches in Alabama, Georgia, Idaho, Illinois, Indiana, Kentucky, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, South Carolina, Texas, Tennessee, Utah, and Wisconsin as of March 31, 2021. The Company generally serves individuals with limited access to other sources of consumer credit such as banks, credit unions, other consumer finance businesses and credit card lenders. The Company also offers income tax return preparation services to its loan customers and other individuals.

The small-loan consumer finance industry is a highly fragmented segment of the consumer lending industry. Small-loan consumer finance companies generally make loans to individuals of less than $2,000 with maturities of less than 18 months. These companies approve loans on the basis of the personal creditworthiness of their customers and maintain close contact with borrowers to encourage the repayment or, when appropriate to meet the borrower's needs, the refinancing of loans. By contrast, commercial banks, credit unions and other consumer finance businesses typically make loans of more than $5,000 with maturities of greater than one year. Those financial institutions generally approve consumer loans on the security of qualifying personal property pledged as collateral or impose more stringent credit requirements than those of small-loan consumer finance companies. As a result of their higher credit standards and specific collateral requirements, commercial banks, savings and loans and other consumer finance businesses typically charge lower interest rates and fees and experience lower delinquency and charge-off rates than do small-loan consumer finance companies. Small-loan consumer finance companies generally charge higher interest rates and fees to compensate for the greater risk of delinquencies and charge-offs and increased loan administration and collection costs.

The majority of the participants in the industry are independent operators with generally less than 100 branches. We believe that competition between small-loan consumer finance companies occurs primarily on the basis of the strength of customer relationships, customer service and reputation in the local community. We believe that our relatively large size affords us a competitive advantage over smaller companies by increasing our access to, and reducing our cost of, capital.

Small-loan consumer finance companies are subject to extensive regulation, supervision, and licensing under various federal and state statutes, ordinances, and regulations. Consumer loan offices are licensed under state laws which, in many states, establish maximum loan amounts and interest rates and the types and maximum amounts of fees and other charges. In addition, state laws govern other aspects of the operation of small-loan consumer finance companies. Periodically, constituencies within states seek to enact stricter regulations that would affect our business. Furthermore, the industry is subject to numerous federal laws and regulations that affect lending operations. These federal laws require companies to provide complete disclosure of the principal terms of each loan to the borrower in accordance with specified standards prior to the consummation of the loan transaction. Federal laws also prohibit misleading advertising, protect against discriminatory lending practices and prohibit unfair, deceptive, or abusive credit practices.

Impact of COVID-19. The World Health Organization declared the novel coronavirus and resulting COVID-19 disease (COVID-19) a global pandemic in March 2020. COVID-19 has continued to have a widespread and unprecedented global impact and the Company is closely tracking and reacting to the continued effects of the pandemic. While most locations have remained open throughout the pandemic, we have implemented enhanced safety measures in all of our branches. In each branch, steps have been taken to reduce the spread of the virus and ensure the safety of our employees and customers. Some of these measures include reducing store hours, providing additional leave for those directly impacted, closing lobbies and offering curbside service, and encouraging customers to apply for and service accounts digitally rather than in person. Branch team members have remained a positive and dedicated resource for customers during these uncertain times.

The Company has experienced declines in customer demand and disruptions to normal seasonality trends due to a combination of reduced marketing, federal economic stimulus and general reduction of customer mobility.

See Part I, Item 1A for a discussion of our risks related to COVID-19.

Branch Expansion and Consolidation. As of March 31, 2021, the Company has 1,205 branches in 16 states, with over 100 branches located in each of Texas, Georgia, Tennessee and South Carolina. During fiscal 2021, the Company did not purchase or otherwise open any new branches, but merged 38 branches into other existing branches due to their inability to generate sufficient returns or for efficiency reasons, in some cases as a result of the pandemic. In fiscal 2022, the Company may open or acquire new branches in its existing market areas or commence operations in new states where it believes demographic profiles and state regulations are attractive. The Company may merge other branches on a case-by-case basis based on profitability or other factors. The Company's ability to continue existing operations and expand its operations in existing or new states is dependent upon, among other things, laws and regulations that permit the Company to operate its business profitably and its ability to obtain necessary regulatory approvals and licenses. There can be no assurance that such laws and regulations will not change in ways that adversely affect the Company or that the Company will be able to obtain any such approvals or consents. See Part 1, Item 1A, “Risk Factors” for a further discussion of risks to our business and plans for expansion.

The Company's expansion is also dependent upon its ability to identify attractive locations for new branches and to hire suitable personnel to staff, manage, and supervise new branches. In evaluating a particular community, the Company examines several factors, including the demographic profile of the community, the existence of an established small-loan consumer finance market and the availability of suitable personnel.

Product Offerings

Installment Loans. We primarily offer pre-computed consumer installment loans that are standardized by amount and maturity. Consumer installment loans are our principal product and interest and fee income from such loans accounted for 85.8%, 86.2%, and 86.2% of our total revenues in fiscal years 2021, 2020, and 2019, respectively. Our loans are payable in fully-amortizing monthly installments with terms generally from 4 to 18 months and are pre-payable at any time without penalty.

The following table sets forth information about our loan products for fiscal 2021:

	Minimum Origination [1]	Maximum Origination [1]	Minimum Term (Months)	Maximum Term (Months)
Small loans	$ 250	$ 2,450	4	30
Large loans	$ 2,500	$ 21,400	12	48

[1] Gross loan net of finance charges.

Specific allowable interest, fees, and other charges vary by state. The finance charge is a combination of origination or acquisition fees, account maintenance fees, monthly account handling fees, interest and other charges permitted by the relevant state laws. As of March 31, 2021, we no longer offer loans with annual percentage rates, including interest, fees and other charges as calculated in accordance with the Federal Truth in Lending Act, above 100%. The average annual percentage rate of our portfolio was 51.8% as of March 31, 2021.

As of March 31, 2021, annual percentage rates applicable to our gross loans receivable as defined by the Truth in Lending Act were as follows:

Low	High	Amount	Percentage of total gross loans receivable
— %	36 %	$ 403,101,389	36.5
37 %	50 %	268,498,469	24.3
51 %	60 %	138,735,559	12.6
61 %	70 %	54,533,243	4.9
71 %	80 %	24,273,494	2.2
81 %	90 %	89,590,953	8.1
91 %	100 %	56,666,735	5.1
101 %	120 %	63,543,141	5.8
121 %	>121%	5,803,278	0.5
		1,104,746,261	100

Insurance Related Operations. The Company, as an agent for an unaffiliated insurance company, markets and sells credit life, credit accident and health, credit property and auto, unemployment, and accidental death and dismemberment insurance in connection with its loans in selected states where the sale of such insurance is permitted by law. Credit life insurance provides for the payment in full of the borrower's credit obligation to the lender in the event of death. The Company offers credit insurance for all loans originated in Georgia, Indiana, Kentucky, Louisiana, Mississippi, Missouri, and South Carolina, and on a more limited basis in Alabama, Oklahoma, Tennessee, and Texas. Customers in those states typically obtain such credit insurance through the Company. Charges for such credit insurance are made at filed, authorized rates and are stated separately in the Company's disclosure to customers, as required by the Truth in Lending Act and by various applicable state laws. In the sale of insurance policies, the Company, as an agent, writes policies only within limitations established by its agency contracts with the insurer. The Company does not sell credit insurance to non-borrowers. These insurance policies provide for the payment of the outstanding balance of the Company's loan upon the occurrence of an insured event. The Company earns a commission on the sale of such credit insurance, which, for most products, is directly impacted by the claims experience of the insurance company on policies sold on its behalf by the Company. In states where commissions on certain products are capped, the commission earned is not directly impacted by the claims experience.

The Company has a wholly-owned, captive insurance subsidiary that reinsures a portion of the credit insurance sold in connection with loans made by the Company. Certain coverages currently sold by the Company on behalf of the unaffiliated insurance carrier are ceded by the carrier to the captive insurance subsidiary, providing the Company with an additional source of income derived from the earned reinsurance premiums. In fiscal 2021, the captive insurance subsidiary reinsured approximately 10.8% of the credit insurance sold by the Company and contributed approximately $1.5 million to the Company's total revenue.

The table below shows the types of insurance and ancillary products the Company sells by state as of March 31, 2021:

	Credit Life	Credit Accident and Health	Credit Property and Auto	Unemployment	Accidental Death & Dismemberment	Non-file	Automobile Club Membership
Alabama [(1)]	X	X	X				X
Georgia	X	X	X		X	X	X
Idaho	X	X	X	X			X
Illinois							
Indiana	X	X	X	X	X	X	X
Kentucky	X	X	X	X		X	X
Louisiana	X	X	X		X	X	X
Mississippi	X	X	X				X
Missouri	X	X		X			X
New Mexico	X	X	X	X	X		X
Oklahoma [(1)]	X	X	X	X			X
South Carolina	X	X	X	X		X	X
Tennessee [(1)]	X	X	X	X			X
Texas [(1)]	X	X	X	X			X
Utah	X	X	X	X	X		X
Wisconsin							X

[(1)] Credit insurance is offered for certain loans.

Non-Filing Insurance. The Company typically does not perfect its security interest in collateral securing its smaller loans by filing UCC financing statements. Non-filing insurance premiums are equal in aggregate amount to the premiums paid by the Company to purchase non-filing insurance coverage from an unaffiliated insurance company. Under its non-filing insurance coverage, the Company is reimbursed for losses on loans resulting from its policy not to perfect its security interest in collateral securing the loans.

Automobile Club Memberships. The Company also offers automobile club memberships to its borrowers in Alabama, Georgia, Idaho, Indiana, Kentucky, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, Tennessee, Texas, South Carolina and Wisconsin, as an agent for an unaffiliated automobile club. Club memberships entitle members to automobile breakdown coverage, towing reimbursement and related services. The Company is paid a commission on each membership sold, but has no responsibility for administering the club, paying benefits or providing services to club members. The Company primarily sells automobile club memberships to borrowers.

Tax Preparation Services and Advances. Another service offered by the Company is income tax return preparation and electronic filing. This program is provided in all but a few of the Company's branches. The Company prepared approximately 77,000, 84,000 and 91,000 returns in fiscal years 2021, 2020, and 2019, respectively. Net revenue generated by the Company from this program during fiscal 2021, 2020, and 2019 amounted to approximately $18.1 million, $20.9 million, and $21.5 million, respectively. In addition, our tax customers are eligible to receive an interest and fee-free tax advance loan which is generally a percentage of the anticipated tax refund amount. The Company believes that this is a beneficial service for its existing customer base as well as non-loan customers, and it plans to continue to promote this program.

The following table sets forth information about our tax advance loan product for fiscal 2021:

	Minimum Origination	Maximum Origination	Minimum Term (Months)	Maximum Term (Months)
Tax advance loans	100	5,000	8	8

Loan Receivables. The following table sets forth the composition of the Company's gross loans receivable by state at March 31 of each year from 2012 through 2021:

	At March 31,									
State	**2021**	2020	2019	2018	2017	2016	2015	2014	2013	2012
Alabama	**6 %**	5 %	5 %	5 %	4 %	6 %	5 %	4 %	4 %	4 %
Georgia	**13**	13	13	14	15	13	13	13	14	14
Idaho [1]	**1**	1	1	—	—	—	—	—	—	—
Illinois	**8**	8	7	7	7	7	7	8	7	7
Indiana [2]	**2**	2	2	2	2	1	1	1	—	—
Kentucky	**7**	8	8	9	10	10	10	9	10	10
Louisiana	**3**	3	3	2	2	2	2	2	2	2
Mississippi [3]	**2**	1	1	1	1	—	—	—	—	—
Missouri	**8**	8	7	7	7	8	8	7	7	6
New Mexico	**2**	2	2	2	2	2	2	2	2	2
Oklahoma	**6**	6	7	7	7	8	8	7	7	6
South Carolina	**10**	10	9	10	11	10	11	12	12	13
Tennessee	**11**	11	12	13	13	13	13	13	14	15
Texas	**19**	19	21	19	18	19	19	21	20	20
Utah [4]	**1**	1	—	—	—	—	—	—	—	—
Wisconsin [5]	**1**	2	2	2	1	1	1	1	1	1
Total	**100 %**	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

[1] The Company commenced operations in Idaho in October 2014.

[2] The Company commenced operations in Indiana in September 2012.

[3] The Company commenced operations in Mississippi in September 2013.

[4] The Company commenced operations in Utah in October 2018.

[5] The Company commenced operations in Wisconsin in December 2010.

The following table sets forth the total number of loans, the average gross loan balance, and the gross loan balance by state at March 31, 2021:

	Total Number of Loans	Average Gross Loan Balance	Gross Loan Balance (thousands)
Alabama	50,001	$ 1,292	$ 64,580
Georgia	87,932	1,609	141,449
Idaho	7,460	1,213	9,050
Illinois	40,910	2,206	90,242
Indiana	19,490	1,239	24,147
Kentucky	46,507	1,770	82,339
Louisiana	30,567	1,236	37,781
Mississippi	20,968	1,003	21,027
Missouri	39,615	2,164	85,719
New Mexico	16,366	1,425	23,317
Oklahoma	47,299	1,491	70,528
South Carolina	68,143	1,569	106,928
Tennessee	71,699	1,621	116,241
Texas	179,261	1,158	207,672
Utah	5,084	1,482	7,532
Wisconsin	11,429	1,417	16,194
Total	742,731	$ 1,487	$ 1,104,746

Seasonality. The Company's highest loan demand occurs generally from October through December, its third fiscal quarter. Loan demand is generally lowest and loan repayment highest from January to March, its fourth fiscal quarter. Consequently, the Company experiences significant seasonal fluctuations in its operating results and cash needs. Operating results for the Company's third fiscal quarter are generally lower than in other quarters, and operating results for its fourth fiscal quarter are generally higher than in other quarters. However, the effects of COVID-19 and related economic stimulus has reduced demand and impacted our typical seasonal trends.

Operations

Lending Operations. The Company seeks to provide short-term consumer installment loans to the segment of the population that has limited access to other sources of credit. In evaluating the creditworthiness of potential customers, the Company primarily examines the individual's discretionary income, length of current employment and/or sources of income, duration of residence, and prior credit experience. Loans are made to individuals on the basis of their discretionary income and other factors and are limited to amounts we believe that customers can reasonably be expected to repay from that income given our assessment of their stability and ability and willingness to pay. The Company also generates a proprietary credit score in assisting loan decisions to potential new customers that evaluates key attributes such as payment history, outstanding debt, length of credit history, number of credit inquiries as well as credit mix. All loan applicants are required to complete standardized credit applications online, in person, or by telephone. Each of the Company's local branches are equipped to perform rapid background, employment, and credit bureau checks and approve loan applications promptly. The Company's employees verify the applicant's sources of income and credit history. Substantially all new customers are required to submit a listing of personal property that will serve as collateral to secure the loan, but the Company does not rely on the value of such collateral in the loan approval process and generally does not perfect its security interest in that collateral. Accordingly, if the customer were to default in the repayment of the loan, the Company may not be able to recover the outstanding loan balance by resorting to the sale of collateral.

New Loans to Current and Former Customers. The Company believes that development and continual reinforcement of personal relationships with customers improves the Company's ability to monitor their creditworthiness, reduce credit risk, and generate customer loyalty. It is not unusual for the Company to have made a number of loans to the same customer over the course of several years, many of which were refinanced with a new loan after the borrower had reduced the existing loan's outstanding balance by making multiple payments. In determining whether to refinance existing loans, the Company typically requires loans to be current on a recency basis, and repeat customers are generally required to complete a new credit application if they have not completed one within the prior two years.

A refinancing represents a new loan transaction with a present customer in which a portion of the new loan proceeds is used to repay the balance of an existing loan and the remaining portion is advanced to the customer. In many cases the existing customer's past performance and established creditworthiness with the Company qualifies that customer for a larger loan. For fiscal 2021, 2020, and 2019, the percentages of the Company's loan originations that were refinancings of existing loans were 69.2%, 66.9%, and 66.2%, respectively.

The Company allows refinancing of delinquent loans on a case-by-case basis for those customers who otherwise satisfy the Company's credit standards. Each such refinancing is carefully examined before approval in an effort to avoid increasing credit risk. A delinquent loan generally may be refinanced only if the customer has made payments that, together with any credits of insurance premiums or other charges to which the customer is entitled in connection with the refinancing, reduce the balance due on the loan to an amount equal to or less than the original cash advance made in connection with the loan. The Company does not allow the amount of the new loan to exceed the original amount of the existing loan. The Company believes that refinancing delinquent loans for certain customers who have made periodic payments allows the Company to increase its average loans outstanding and its interest, fees and other income without experiencing a significant increase in loan losses. These refinancings also provide a resolution to temporary financial setbacks for these borrowers and sustain their credit rating. Refinancings of delinquent loans represented 1.5%, 1.3%, and 1.1% of the Company's loan volume in fiscal 2021, 2020, and 2019, respectively.

Approximately 14.7%, 12.7%, and 12.5% of the Company's loans were generated through the origination of new loans to previous customers in fiscal 2021, 2020, and 2019, respectively.

Collection Operations. To reduce late payment risk, local branch staff encourage customers to inform the Company in advance of expected payment problems. Local branch staff also promptly contact delinquent customers following any payment due date and thereafter remain in close contact with such customers through phone calls or letters until payment is received or some other resolution is reached. The Company expanded their centralized collections in fiscal 2018, focusing on customers who have become more than 90 days past due on a recency basis. In Alabama, Georgia, Idaho, Indiana, Illinois, Kentucky, Louisiana, Missouri, New Mexico, Oklahoma, Tennessee, Utah, and Wisconsin, the Company is permitted under state laws to garnish customers' wages for repayment of loans, but the Company does not otherwise generally resort to litigation for collection purposes and rarely attempts to foreclose on collateral.

Monitoring and Supervision. Several levels of management monitor and supervise the operations of each of the Company's branches. Senior management has access to daily delinquency, loan volume, charge-off, and other statistical data on a consolidated, state and branch level. At least eight times per fiscal year district managers responsible for 8 to 12 branches in their geographic area communicate regularly with branch managers and examine the operations of each branch in their geographic area and submit standardized reports detailing their findings to the Company's senior management. Regional vice presidents monitor the performance of all branches within their states and communicate regularly with district managers. The Company takes a risk-based approach to determine internal audit frequency. At least once every 18 months each branch undergoes an audit by the Company's internal auditors. These audits include an examination of cash balances and compliance with Company loan approval, review and collection procedures, and compliance with federal and state laws and regulations.

Staff and Training. Local branches are staffed with a minimum of two employees. The branch manager supervises and administers operations of the branch and is responsible for approving all borrower loan applications and requests for increases in the amount of credit extended. Each branch generally has one or two account specialists who take loan applications, process loan applications, apply payments, and assist in the preparation of operational reports, collection efforts, and marketing activities. Larger branches may employ additional account specialists.

New employees are required to review detailed training materials that explain the Company's operating policies and procedures. The Company tests each employee on the training materials during the first year of employment. In addition, each branch associate completes an online training session once every week and attends periodic training sessions outside the branch. The Company utilizes an enhanced training tool, which provides continuous, real-time, online training to all locations. This allows for more training opportunities to be available to all employees throughout the course of their career with the Company.

Advertising. The Company actively advertises through direct mail, digital platforms and by email and SMS/text, targeting both its present and former customers and potential customers who have used other sources of consumer credit. In addition to the general promotion of its loans for last-minute needs, back-to-school needs and other uses, the Company advertises extensively during the October through December holiday season and in connection with new branch openings. The Company believes its advertising contributes significantly to its ability to compete effectively with other providers of small-loan consumer credit. Advertising expenses as a percent of revenue were approximately 3.3%, 4.1%, and 4.1% in fiscal 2021, 2020, and 2019, respectively.

Competition. The small-loan consumer finance industry is highly fragmented, with numerous competitors. The majority of the Company's competitors are independent operators with generally less than 100 branches. Competition from community banks and credit unions is limited because they typically do not make loans of less than $5,000. We believe that online lending could be affecting the consumer lending market within which we operate. While it currently appears online lenders are marketing to a different customer segment than that of our primary customers, some of our customers may overlap.

The Company believes that competition between small-loan consumer finance companies occurs primarily on the basis of the strength of customer relationships, customer service, and reputation in the local community. The Company believes that its relatively larger size affords it a competitive advantage over smaller companies by increasing its access to, and reducing its cost of, capital.

Several of the states in which the Company currently operates limit the size of loans made by small-loan consumer finance companies and prohibit the extension of more than one loan to a customer by any one company. As a result, many customers borrow from more than one finance company, which enables the Company, subject to the limitations of various consumer protection and privacy statutes, including, but not limited to, the Fair Credit Reporting Act and the Gramm-Leach-Bliley Act, to obtain information on the credit history of specific customers from other consumer finance companies.

Human Capital Resources

Our Mission. At World Acceptance Corporation, our employees (who we call our "Team Members") create possibilities by embracing our mission to partner with customers to unlock their financial good. Creating a culture of opportunity for our Team Members is key to supporting this mission.

Team Members. As a people-focused finance company, we value our Team Members by investing in competitive compensation and benefit packages and a vibrant, team-oriented environment centered on professional service and open communication. We strive to build and maintain a high-performing culture and believe in operating by strong values.

We value feedback from our team and participated in an annual engagement survey that resulted in being named by Energage as a 2021 Top Workplaces USA winner.

During fiscal 2021, our human capital efforts were focused on accelerating the transformation of our technology for workforce management through investments in upgraded systems and processes, and continuing to increase our agility to meet the quickly changing needs of the business. The Company maintains strong relations with its employees and seeks to hire people who will become long-term employees, and, as a result, the vast majority of our field leadership has been promoted from within.

As of March 31, 2021, we employed 3,175 full and part time employees across our sixteen-state footprint, approximately 225 of whom were corporate Team Members located in our main corporate office in Greenville, South Carolina and approximately 2,950 of whom were branch-based Team Members located in 16 states throughout the United States. None of our Team Members belong to a union or are party to any collective bargaining or similar agreement.

We strive toward having a powerful and diverse team of Team Members, knowing we are better together with our combined wisdom and intellect. With a commitment to equality, inclusion and workplace diversity, we focus on understanding, accepting, and valuing the differences between people.

As of March 31, 2021, our Team Members had the following gender, race and ethnicity demographics:

Gender - All Team Members	
Female	85.0%
Male	14.9%
Undeclared	0.1%

Race/Ethnicity - All Team Members	
White	58.1%
Hispanic or Latino	20.7%
Black or African American	16.2%
Other Race/Ethnicity	3.5%
Not provided	1.5%

Total Rewards. We provide a comprehensive suite of benefits designed to help Team Members and their families stay healthy, meet their financial goals, protect their income and help them balance their work and personal lives. We provide competitive pay, as well as a wide array of benefits including the following:

- Healthcare benefits, including medical, dental and vision, flexible spending accounts
- A 401(k) Plan (with an employer matching contribution)
- Company-paid basic life insurance and long-term and short- term disability
- Vacation, sick and holiday paid-time off, as well as volunteer paid time off and paid parental leave
- Time off donation program for Team Members experiencing medical emergencies
- Financial assistance program for Team Members impacted by natural disasters

Training and Development. We believe the development of our Team Members is key to our future success and are focused on delivering programs designed to increase our internal talent pools at all levels within the organization. Some examples of these programs include:

- BOLT – developing high performing and high potential Account Specialists to prepare them for Branch Manager roles
- Emerging Leaders – developing high performing and high potential Branch Managers to prepare them for District Manager roles

COVID Response. The impact of the global health crisis brought numerous changes, requiring everyone to embrace a spirit of flexibility, adaptability, and innovation. In addition to the adoption of virtual and remote technology for company communications, our corporate Team Members, branch managers, and auditors shifted to remote work as early as mid-March of 2020. Team Members who were directly impacted by COVID were given an additional five days of paid leave to allow them time to recover and not fully use all sick or vacation time. We added flexible branch hours to better accommodate the needs of essential workers and parents impacted by school closures, as well as a digital loan application and funding process and curbside service to support social distancing while maintaining customers access to our products.

Information about our Executive Officers. The names and ages, positions, terms of office and periods of service of each of the Company's executive officers (and other business experience for executive officers who have served as such for less than five years) are set forth below. The term of office for each executive officer expires upon the earlier of the appointment and qualification of a successor or such officer's death, resignation, retirement, or removal.

Name and Age	Position	Period of Service as Executive Officer and Pre-Executive Officer Experience (if an Executive Officer for Less Than Five Years)
R. Chad Prashad (40)	President and Chief Executive Officer	President and Chief Executive Officer since June 2018; Senior Vice President, Chief Strategy & Analytics Officer from February 2018 to June 2018; Vice President of Analytics from June 2014 to February 2018; Senior Director of Strategy Development for Resurgent Capital Services (a consumer debt managing and servicing company) from 2013 to June 2014; Director of Legal Strategy for Resurgent Capital Services from 2009 to 2013.
John L. Calmes Jr. (41)	Executive Vice President, Chief Financial and Strategy Officer, and Treasurer	Executive Vice President, Chief Financial and Strategy Officer and Treasurer since October 2018; Senior Vice President, Chief Financial Officer and Treasurer from November 2015 to October 2018; Vice President, Chief Financial Officer and Treasurer from December 2013 to November 2015; Director of Finance - Corporate and Investment Banking Division of Bank of Tokyo-Mitsubishi UFJ in 2013; Senior Manager of PricewaterhouseCoopers from 2011 to 2013; Manager of PricewaterhouseCoopers from 2008 to 2011.
D. Clinton Dyer (48)	Executive Vice President and Chief Branch Operations Officer	Executive Vice President and Chief Branch Operations Officer since February 2018; Executive Vice President of Branch Operations from September 2016 to February 2018; Senior Vice President, Southeastern Division from November 2015 to September 2016; Senior Vice President, Central Division from June 2005 to November 2015; Vice President, Operations – Tennessee and Kentucky from April 2002 to June 2005.
Luke J. Umstetter (41)	Senior Vice President, Secretary, and General Counsel	Senior Vice President, Secretary and General Counsel since August 2018; General Counsel and Chief Compliance Officer for Shellpoint Mortgage Servicing, a residential mortgage servicing company from December 2015 to August 2018; General Counsel for Global Lending Services from May 2015 to December 2015; Managing Counsel for Resurgent Capital Services, June 2009 to May 2015.
A. Lindsay Caulder (45)	Senior Vice President, Human Resources	Senior Vice President, Human Resources since October 2018; Vice President, Human Resources from February 2016 to October 2018; Divisional Vice President - Human Resources of Family Dollar Corporation, a nationwide variety retail chain, from 2012 to 2016; Director - Learning and Talent Acquisition of Family Dollar Corporation from 2009-2012.
Jason E. Childers (46)	Senior Vice President, Information Technology	Senior Vice President, Information Technology since October 2018; Vice President of IT Strategic Solutions from April 2016 to October 2018, Partner and Head of IT at Sabal Financial Group, LP from March 2009 until April 2016.
Scott McIntyre (44)	Senior Vice President, Accounting	Senior Vice President of Accounting since October 2018; Vice President of Accounting-US from June 2013 to October 2018; Controller-US from June 2011 to June 2013.

Government Regulation.

Small-loan consumer finance companies are subject to extensive regulation, supervision, and licensing under various federal and state statutes, ordinances, and regulations. See Part I, Item 1A, Risk Factors, for a discussion of the risks related to our extensive regulation.

State Regulations and Legislation. The Company is subject to numerous state laws and regulations that affect our lending activities. Many of these regulations impose detailed and complex constraints on the terms of our loans, lending forms and operations. Further, there is a trend of increased state regulation on loan origination, servicing, and collection procedures, as well as more detailed reporting and examinations, and coordination of examinations among the states. Failure to comply with applicable laws and regulations could subject us to regulatory enforcement action that could result in the assessment against us of civil, monetary, or other penalties. Generally, state regulations also establish minimum capital requirements for each local branch. Accordingly, the ability of the Company to expand by acquiring existing branches and opening new branches will depend in part on obtaining the necessary regulatory approvals.

For example, Texas regulation requires the approval of the Texas Consumer Credit Commissioner for the acquisition, directly or indirectly, of more than 10% of the voting or common stock of a consumer finance company. A Louisiana statute prohibits any person from acquiring control of 50% or more of the shares of stock of a licensed consumer lender, such as the Company, without first obtaining a license as a consumer lender. The overall effect of these laws, and similar laws in other states, is to make it more difficult to acquire a consumer finance company than it might be to acquire control of an unregulated company.

All of the Company's branches are licensed under the laws of the state in which the branch is located. Licenses in these states are subject to renewal every year and may be revoked for failure to comply with applicable state and federal laws and regulations. In the states in which the Company currently operates, licenses may be revoked only after an administrative hearing.

The Company and its operations are regulated by a variety of state agencies in the jurisdictions in which the Company has branches, including those related to banking, finance, financial institutions and consumer credit. These state regulatory agencies audit the Company's local branches from time to time, and most state agencies perform an annual compliance audit of the Company's operations in that state.

Insurance Regulations. The Company is also subject to state regulations governing insurance agents in the states in which it sells credit insurance. State insurance regulations require that insurance agents be licensed, govern the commissions that may be paid to agents in connection with the sale of credit insurance and limit the premium amount charged for such insurance. The Company's captive insurance subsidiary is regulated by the insurance authorities of the Turks and Caicos Islands of the British West Indies, where the subsidiary is organized and domiciled.

In addition, state authorities regulate and supervise our insurance operations. The extent of such regulation varies by product and by state, but relate primarily to the following: licensing; conduct of business, including marketing and sales practices; periodic financial and market conduct examination of the affairs of insurers; form and content of required financial reports; standards of solvency; limitations on the payment of dividends and other affiliate transactions; types of products offered; approval of policy forms and premium rates; formulas used to calculate any unearned premium refund due to an insured customer; permissible investments; deposits of securities for the benefit of policyholders; reserve requirements for unearned premiums, losses, and other purposes; and claims processing.

Consumer finance companies are affected by changes in state and federal statutes and regulations. The Company actively participates in trade associations and in lobbying efforts in the states in which it operates and at the federal level. There have been, and the Company expects that there will continue to be, media attention, initiatives, discussions, proposals, and legislation regarding the entire consumer credit industry, as well as our particular installment loan business, and possible significant changes to the laws and regulations that govern our business, or the authority exercised pursuant to those laws and regulations. In some cases, proposed or pending legislative or regulatory changes have been introduced that would, if enacted, have a material adverse effect on, or possibly even eliminate, our ability to continue our current business. We can give no assurance that the laws and regulations that govern our business, or the interpretation or administration of those laws and regulations, will remain unchanged or that any such future changes will not materially and adversely affect, or in the worst case, eliminate, the Company's lending practices, operations, profitability, or prospects. See "State legislation" and "Federal legislation" below and Part I, Item 1A, "Risk Factors," for a further discussion of the potential impact of regulatory changes on our business.

Federal legislation. In addition to state and local laws and regulations, we are subject to numerous federal laws and regulations that affect our lending operations. These laws include the Truth in Lending Act, the Equal Credit Opportunity Act, the Military Lending Act, the Fair Credit Reporting Act, and the regulations thereunder, and the Federal Trade Commission's Credit Practices

Rule. These laws require the Company to provide complete disclosure of the principal terms of each loan to the borrower prior to the consummation of the loan transaction, prohibit misleading advertising, protect against discriminatory lending practices, and prohibit unfair, deceptive, or abusive credit practices. Violations of these statutes and regulations may result in actions for damages, claims for refund of payments made, certain fines and penalties, injunctions against certain practices, and the potential forfeiture of rights to repayment of loans.

Although these laws and regulations remained substantially unchanged for many years, over the last several years the laws and regulations directly affecting our lending activities have been under review and are subject to change as a result of various developments and changes in economic conditions, the make-up of the executive and legislative branches of government, and the political and media focus on issues of consumer and borrower protection. See Part I, Item 1A, “Risk Factors"

Various legislative proposals addressing consumer credit transactions have been passed in recent years or are currently pending in the U.S. Congress. Congressional members continue to receive pressure from consumer activists and other industry opposition groups to adopt legislation to address various aspects of consumer credit transactions. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) established the Consumer Financial Protection Bureau (commonly referred to as the CFPB), which has sweeping regulatory, supervisory, and enforcement powers over providers of consumer financial products and services, including explicit supervisory authority to examine and require registration of non-depository lenders and to promulgate rules that can affect the practices and activities of lenders. The CFPB continues to actively engage in the announcement and implementation of various plans and initiatives in the area of consumer financial transactions generally. Some of these CFPB announced plans and initiatives, if implemented, would directly affect certain loan products we currently offer and subject us to the CFPB’s supervisory authority. See Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Regulatory Matters,” for more information regarding the CFPB's regulatory initiatives.

In addition to the grant of certain regulatory powers to the CFPB, the Dodd-Frank Act gives the CFPB authority to pursue administrative proceedings or litigation for violations of federal consumer financial laws. In these proceedings, the CFPB can obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief) and monetary penalties. Also, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations thereunder, the Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions to remedy violations of state law.

Although the Dodd-Frank Act prohibits the CFPB from setting interest rates on consumer loans, efforts to create a federal usury cap, applicable to all consumer credit transactions and substantially below rates at which the Company could continue to operate profitably, are still ongoing. Any federal legislative or regulatory action that severely restricts or prohibits the provision of small-loan consumer credit and similar services on terms substantially similar to those we currently provide would, if enacted, have a material, adverse impact on our business, prospects, results of operations and financial condition. Any federal law that would impose a national 36% or similar annualized credit rate cap on our services would, if enacted, almost certainly eliminate our ability to continue our current operations. See Part I, Item 1A, “Risk Factors - Federal legislative or regulatory proposals, initiatives, actions or changes that are adverse to our operations or result in adverse regulatory proceedings, or our failure to comply with existing or future federal laws and regulations, could force us to modify, suspend, or cease part or all of our nationwide operations,” for further information regarding the potential impact of adverse legislative and regulatory changes.

Mexico Exit. On August 3, 2018 the Company and its affiliates completed the sale of the Company's Mexico operating segment in its entirety. The Company sold all of the issued and outstanding capital stock and equity interest of WAC de Mexico and SWAC to the Purchasers, effective as of July 1, 2018, for a purchase price of approximately $44.36 million. The Company has not and will not have any other involvement with the Mexico operating segment subsequent to the sale's effective date. The Company and its subsidiaries no longer operate in Mexico. Information about the Mexico operating segment is presented as discontinued operations in this annual report on Form 10-K.

Available Information. The Company maintains an Internet website, “www.LoansByWorld.com,” where interested persons will be able to access free of charge, among other information, the Company’s annual reports on Form 10-K, its quarterly reports on Form 10-Q, and its current reports on Form 8-K as well as amendments to these filings via a link to a third-party website. These documents are available for access as soon as reasonably practicable after we electronically file these documents with the SEC. The Company files these reports with the SEC via the SEC’s EDGAR filing system, and such reports also may be accessed via the SEC’s EDGAR database at www.sec.gov. Information included on or linked to our website is not incorporated by reference into this annual report.

Item 1A. Risk Factors

Forward-Looking Statements

This annual report contains various “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on management’s beliefs and assumptions, as well as information currently available to management. Statements other than those of historical fact, as well as those identified by the use of words such as “anticipate,” “estimate,” “intend,” “plan,” “expect,” “believe,” “may,” “will,” “should,” “would,” “could,” and any variations of the foregoing and similar expressions, are forward-looking statements. Although we believe that the expectations reflected in any such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Any such statements are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual financial results, performance or financial condition may vary materially from those anticipated, estimated, expected or implied by any forward-looking statements. Therefore, you should not rely on any of these forward-looking statements.

Investors should consider the risk factors described in this annual report, in addition to the other information presented in this annual report and the other reports and registration statements the Company files with or furnishes to the SEC from time to time, in evaluating us, our business, and an investment in our securities. Any of the risk factors described in this annual report, as well as other risks, uncertainties, and possibly inaccurate assumptions underlying our plans and expectations, could result in harm to our business, results of operations and financial condition and cause the value of our securities to decline, which in turn could cause investors to lose all or part of their investment in our Company. These factors, among others, could also cause actual results to differ materially from those we have experienced in the past or those we may express or imply from time to time in any forward-looking statements we make. Investors are advised that it is impossible to identify or predict all risks, and those risks not currently known to us or those we currently deem immaterial also could affect us in the future. The following risks should not be construed as exclusive and should be read with the other cautionary statements that are in this Annual Report on Form 10-K. The Company does not undertake any obligation to update forward-looking statements, except as may be required by law, whether as a result of new information, future developments, or otherwise.

Risks Related to Our Business

The coronavirus (COVID-19) pandemic has and is expected to continue adversely affecting our business, liquidity, results of operations and financial position.

The COVID-19 pandemic has resulted in widespread volatility and deterioration in household, business, economic, and market conditions. The ultimate extent of the impact of the COVID-19 global pandemic on our capital, liquidity, and other financial positions and on our business, results of operations, and prospects will depend on a number of evolving factors, including the duration, response, effect on customers, employees and service providers, and the effect on markets and economies.

We are unable to estimate the full impact of COVID-19 on our business and operations at this time. However, we experienced and may continue to experience reduced demand for our products and services. We expect to continue experiencing adverse effects related to the pandemic, any of which could have a material adverse effect on our financial position, results of operations, and prospects. Sustained adverse effects may also prevent us from satisfying our minimum capital ratios and other requirements under our revolving credit facility.

Given the unprecedented nature of the crisis, our financial and economic models may be unable to accurately predict and respond to the impact of the economic contraction or lasting changes to customer behaviors, which in turn may limit our ability to manage credit risk and avoid higher charge-off rates. Additionally, our credit and economic models may not be able to adequately predict or forecast credit losses, loan receivables or other financial metrics during and after the crisis, which could result in our reserves being too large or insufficient. We do not yet know the full extent of the impacts on our business, our operations or the global economy as a whole. Additionally, many of the other risk factors described herein are heightened by the effects of the COVID-19 pandemic and related economic conditions, which in turn could materially adversely affect our business, financial condition, results of operations, access to financing and liquidity.

Media and public characterization of consumer installment loans as being predatory or abusive could have a materially adverse effect on our business, prospects, results of operations and financial condition.

Consumer activist groups and various other media sources continue to advocate for governmental and regulatory action to prohibit or severely restrict our products and services. These critics frequently characterize our products and services as predatory or abusive toward consumers. If this negative characterization of the consumer installment loans we make and/or ancillary services we provide becomes widely accepted by government policy makers or is embodied in legislative, regulatory, policy or litigation developments that adversely affect our ability to continue offering our products and services or the profitability of these products and services, our business, results of operations and financial condition would be materially and adversely affected. Furthermore, our industry is highly regulated, and announcements regarding new or expected governmental and regulatory action regarding

consumer lending may adversely impact perceptions of our business even if such actions are not targeted at our operations and do not directly impact us.

Employee misconduct or misconduct by third parties acting on our behalf could harm us by subjecting us to monetary loss, significant legal liability, regulatory scrutiny, and reputational harm.

There is a risk that our employees or third-party contractors could engage in misconduct that adversely affects our business. For example, if an employee or a third-party contractor were to engage in, or be accused of engaging in, illegal or suspicious activities including fraud or theft, we could suffer direct losses from the activity. Additionally, we could be subject to regulatory sanctions and suffer serious harm to our reputation, financial condition, customer relationships and ability to attract future customers. Employee or third-party misconduct could prompt regulators to allege or to determine based upon such misconduct that we have not established adequate supervisory systems and procedures to inform employees of applicable rules or to detect violations of such rules. Our branches have experienced employee fraud from time to time, and it is not always possible to deter employee or third-party misconduct. The precautions that we take to detect and prevent misconduct may not be effective in all cases. Misconduct by our employees or third-party contractors, or even unsubstantiated allegations of misconduct, could result in a material adverse effect on our reputation and our business.

Our risk management efforts may not be effective.

We could incur substantial losses and our business operations could be disrupted if we are unable to effectively identify, manage, monitor, and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk, and other market-related risks, as well as regulatory and operational risks related to our business, assets, and liabilities. Our risk management policies, procedures, and techniques may not be sufficient to identify all of the risks we are exposed to, mitigate the risks we have identified, or identify additional risks to which we may become subject in the future.

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

Our profitability may be directly affected by the level of and fluctuations in interest rates, whether caused by changes in economic conditions or other factors that affect our borrowing costs. Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Federal Reserve Board. Changes in monetary policy, including changes in interest rates, could influence the amount of interest we pay on our revolving credit facility or any other floating interest rate obligations we may incur. Our profitability and liquidity could be materially adversely affected during any period of higher interest rates. See Part II, Item 7A, “Quantitative and Qualitative Disclosure About Market Risk” for additional information regarding our interest rate risk.

We are exposed to credit risk in our lending activities.

Our ability to collect on loans to individuals, our single largest asset group, depends on the ability and willingness of our borrowers to repay such loans. Any material adverse change in the ability or willingness of a significant portion of our borrowers to meet their obligations to us, whether due to changes in economic conditions, unemployment rates, the cost of consumer goods (particularly, but not limited to, food and energy costs), disposable income, interest rates, health crises, natural disasters, acts of war or terrorism, political or social conditions, divorce, death, or other causes over which we have no control, would have a material adverse impact on our earnings and financial condition. Although new customers are required to submit a listing of personal property that will serve as collateral to secure their loans, the Company does not rely on the value of such collateral in the loan approval process and generally does not perfect its security interest in that collateral. Additional information regarding our credit risk is included in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operation-Credit Quality.”

Our insurance operations are subject to a number of risks and uncertainties, including claims, catastrophic events, underwriting risks and dependence on a primary distribution channel.

Insurance claims and policyholder liabilities are difficult to predict and may exceed the related reserves set aside for claims (losses) and associated expenses for claims adjudication (loss adjustment expenses). Additionally, events such as cyber security breaches and other types of catastrophes, and prolonged economic downturns, could adversely affect our financial condition and results of operations. Other risks relating to our insurance operations include changes to laws and regulations applicable to us, as well as changes to the regulatory environment, such as: changes to laws or regulations affecting capital and reserve requirements; frequency and type of regulatory monitoring and reporting; consumer privacy, use of customer data and data security; benefits or loss ratio requirements; insurance producer licensing or appointment requirements; required disclosures to consumers; and

collateral protection insurance (i.e., insurance some of our lender companies purchase, at the customer's expense, on that customer's loan collateral for the periods of time the customer fails to adequately, as required by his loan, insure his collateral).

If our estimates of credit losses are not adequate to absorb actual losses, our provision for credit losses would increase, which would adversely affect our results of operations.

To estimate the appropriate level of allowance for credit losses, we consider known and relevant internal and external factors that affect loan collectability, including the total amount of loan receivables outstanding, historical loan receivable charge-offs, our current collection patterns, and economic trends. Our methodology for establishing our allowance for credit losses is based on the guidance in ASC 326, and, in part, on our historic loss experience. If customer behavior changes as a result of economic, political, social, or other conditions, or if we are unable to predict how these conditions may affect our allowance for credit losses, our allowance for credit losses may be inadequate. Our allowance for credit losses is an estimate, and if actual credit losses are materially greater than our allowance for credit losses, our provision for credit losses would increase, which would result in a decline in our future earnings, and thus our results of operations could be adversely affected. Neither state regulators nor federal regulators regulate our allowance for credit losses. Additional information regarding our allowance for credit losses is included in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations-Credit Quality."

In June of 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (CECL). This ASU significantly changed the way that entities are required to measure credit losses. This standard requires that the estimated credit loss be based upon an "expected credit loss" approach rather than the "incurred loss" approach previously required. The new approach requires entities to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable forecasts of collectability. As such, the expected credit loss model requires earlier recognition of credit losses than the incurred loss approach. CECL became effective for the Company April 1, 2020. Our financial results may be negatively affected as weak or deteriorating economic conditions are forecasted and alter our expectations for credit losses. In addition, due to the expansion of the time horizon over which we are required to estimate future credit losses under CECL, we may experience increased volatility in our future provisions for credit losses.

The concentration of our revenues in certain states could adversely affect us.

We currently operate consumer installment loan branches in sixteen states in the United States. Any adverse legislative or regulatory change in any one of our states, but particularly in any of our larger states could have a material adverse effect on our business, prospects, and results of operation or financial condition. See Part I, Item 1, "Description of Business" for information regarding the size of our business in the various states in which we operate.

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

Our financial position, liquidity, and results of operations depend on management's ability to execute our business strategy. Key factors involved in the execution of our business strategy include achieving our desired loan volume and pricing strategies, the use of effective credit risk management techniques, marketing and servicing strategies, continued investment in technology to support operating efficiency, and continued access to funding and liquidity sources. Although our pricing strategy is intended to maximize the amount of economic profit we generate, within the confines of capital and infrastructure constraints, there can be no assurance that this strategy will have its intended effect. Our failure or inability to execute any element of our business strategy could materially adversely affect our financial position, liquidity, and results of operations.

Our ability to execute our growth strategy may be adversely affected.

Our growth strategy includes opening and acquiring branches in existing and new markets and is subject to significant risks, some of which are beyond our control, including:

- the prevailing laws and regulatory environment of each state in which we operate or seek to operate, and, to the extent applicable, federal laws and regulations, which are subject to change at any time;
- our ability to obtain and maintain any regulatory approvals, government permits, or licenses that may be required;
- the degree of competition in new markets and its effect on our ability to attract new customers;
- our ability to obtain adequate financing for our expansion plans; and
- our ability to attract, train, and retain qualified personnel to staff our new operations.

We currently lack product and business diversification; as a result, our revenues and earnings may be disproportionately negatively impacted by external factors and may be more susceptible to fluctuations than more diversified companies.

Our primary business activity is offering small consumer installment loans together with, in some states in which we operate, related ancillary products. Thus, any developments, whether regulatory, economic or otherwise, that would hinder, reduce the profitability of, or limit our ability to operate our small consumer installment loan business on the terms currently conducted would have a direct and adverse impact on our business, profitability, and perhaps even our viability. Our current lack of product and business diversification could inhibit our opportunities for growth, reduce our revenues and profits, and make us more susceptible to earnings fluctuations than many other financial institutions whose operations are more diversified.

A reduction in demand for our products and a failure by us to adapt to such reduction could adversely affect our business and results of operations.

The demand for the products we offer may be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences or financial condition, regulatory restrictions that decrease customer access to particular products, or the availability of competing products, including through alternative or competing marketing channels. For example, we are highly dependent upon selecting and maintaining attractive branch locations. These locations are subject to local market conditions, including the employment available in the area, housing costs, traffic patterns, crime, and other demographic influences, any of which may quickly change, thereby negatively impacting demand for our products in the area. Should we fail to adapt to significant changes in our customers' demand for, or access to, our products, our revenues could decrease significantly and our operations could be harmed. Even if we do make changes to existing products or introduce new products and channels to fulfill customer demand, customers may resist or may reject such products. Moreover, 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, and by that time it may be too late to make further modifications to such product without causing further harm to our business, results of operations, and financial condition.

We operate in a highly competitive market, and we cannot ensure that the competitive pressures we face will not have a material adverse effect on our results of operations, financial condition and liquidity.

The consumer lending industry is highly competitive. We compete with other consumer finance companies as well as other types of financial institutions that offer similar consumer financial products and services. Some of these competitors may have greater financial, technical, and marketing resources than we possess. Some competitors may also have a lower cost of funds and access to funding sources that may not be available to us. While banks and credit card companies have decreased their lending to non-prime customers in recent years, there is no assurance that such lenders will not resume those lending activities. Further, because of increased regulatory pressure on payday lenders, many of those lenders are starting to make more traditional installment consumer loans in order to reduce regulatory scrutiny of their practices, which could increase competition in markets in which we operate. We cannot be sure that the competitive pressures we face will not have a material adverse effect on our results of operations, financial condition, and liquidity.

We depend on secure information technology, and a breach of those systems or those of third-party vendors could result in significant losses, unauthorized disclosure of confidential customer information, and reputational damage, which could materially adversely affect our business, financial condition and/or results of operations, and could lead to significant financial and legal exposure.

Our operations rely heavily on the secure collection, processing, storage, and transmission of personal, confidential, and other information about us, our customers and third parties with which we do business. We process a significant number of customer transactions on a continuous basis through our computer systems and networks and are subject to increasingly more risk related to security systems as we enhance our mobile payment technologies and otherwise attempt to keep pace with rapid technological changes in the financial services industry.

While we commit resources to the design, implementation, maintenance, and monitoring of our networks and systems, we may be required to expend significant additional resources in the future to modify and enhance our security controls in response to new or more sophisticated threats, new regulations related to cybersecurity and other developments. Additionally, there is no guarantee that our security controls can provide absolute security.

Despite the measures we implement to protect our systems and data, we may not be able to anticipate, identify, prevent or detect cyber-attacks, particularly because the techniques used by attackers change frequently or are not recognized until launched, and because cyber-attacks can originate from a wide variety of sources, including third parties who are or may be involved in organized crime or linked to terrorist organizations or hostile foreign governments. Such third parties may seek to gain unauthorized access to our systems directly, by fraudulently inducing employees, customers, or other users of our systems, or by using equipment or security passwords belonging to employees, customers, third-party service providers, or other users of our systems. Or, they may seek to disrupt or disable our services through attacks such as denial-of-service attacks and ransomware attacks. In addition, we may be unable to identify, or may be significantly delayed in identifying, cyber-attacks and incidents due

to the increasing use of techniques and tools that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic artifacts. As a result, our computer systems, software and networks, as well as those of third-party vendors we utilize, may be vulnerable to unauthorized access, computer viruses, malicious attacks and other events that could have a security impact beyond our control. Our staff, technologies, systems, networks, and those of third-parties we utilize also may become the target of cyber-attacks, unauthorized access, malicious code, computer viruses, denial of service attacks, ransomware, and physical attacks that could result in information security breaches, the unauthorized release, gathering, monitoring, misuse, loss or destruction of our or our customers' confidential, proprietary and other information, or otherwise disrupt our or our customers' operations. We also routinely transmit and receive personal, confidential and proprietary information through third parties, which may be vulnerable to interception, misuse, or mishandling.

If one or more of such events occur, personal, confidential, and other information processed and stored in, and transmitted through our computer systems and networks, or those of third-party vendors, could be compromised or could cause interruptions or malfunctions in our operations that could result in significant losses, loss of confidence by and business from customers, customer dissatisfaction, significant litigation, regulatory exposures, and harm to our reputation and brand.

In the event personal, confidential, or other information is threatened, intercepted, misused, mishandled, or compromised, we may be required to expend significant additional resources to modify our protective measures, to investigate the circumstances surrounding the event, and implement mitigation and remediation measures. We also may be subject to fines, penalties, litigation (including securities fraud class action lawsuits), and regulatory investigation costs and settlements and financial losses that are either not insured against or not fully covered through any insurance maintained by us. If one or more of such events occur, our business, financial condition and/or results of operations could be significantly and adversely affected.

Any interruption of our information systems could adversely affect us.

Our business and reputation may be materially impacted by information system failures or network disruptions. We rely heavily on communications and information systems to conduct our business. Each branch is part of an information network that is designed to permit us to maintain adequate cash inventory, reconcile cash balances on a daily basis, and report revenues and expenses to our headquarters. Any failure or interruption of these systems, including any failure of our back-up systems, network outages, slow performance, breaches, unauthorized access, misuse, computer viruses, or other failures or disruptions could result in disruption to our business or the loss or theft of confidential information, including customer information. A disruption could impair our ability to offer and process our loans, provide customer service, perform collections or other necessary business activities, which could result in a loss of customer confidence or business, subject us to additional regulatory scrutiny or negative publicity, or expose us to civil litigation and possible financial liability, or otherwise materially adversely affect our financial condition and operating results. Furthermore, we may not be able to detect immediately any such breach, which may increase the losses that we would suffer. In addition, our existing insurance policies may not reimburse us for all of the damages that we might incur as a result of a breach or other information system failure or network disruption.

We may not be able to make technological improvements as quickly as some of our competitors, which could harm our ability to compete with our competitors and adversely affect our results of operations, financial condition, and liquidity.

The financial services industry is undergoing rapid technological changes, with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial and lending institutions to better serve customers and reduce costs. Our future success and, in particular, the success of our centralized operations, will depend, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience, as well as to create additional efficiencies in our operations. We may not be able to effectively implement new technology-driven products and services as quickly as some of our competitors or be successful in marketing these products and services to our existing and new customers. Failure to successfully keep pace with technological change affecting the financial services industry could harm our ability to compete with our competitors and adversely affect our results of operations, financial condition, and liquidity.

We are subject to data privacy laws, which may significantly increase our compliance and technology costs resulting in a material adverse effect on our results of operations and financial condition.

We are subject to various federal and state privacy, data protection, and information security laws and regulations, including requirements concerning security breach notification. Moreover, various federal and state regulatory agencies require us to notify customers in the event of a security breach. Federal and state legislators are increasingly considering and implementing new guidance, laws, and regulations. Compliance with current or future privacy, data protection and information security laws affecting customer or employee data to which we are subject could result in higher compliance and technology costs and could materially and adversely affect our profitability. Our failure to comply with privacy, data protection and information security laws

may require us to change our business practices or operational structure, and could subject us to potentially significant regulatory and/or governmental investigations and/or actions, litigation, fines, sanctions, and damage to our reputation.

We are also subject to the theft or misuse of physical customer and employee records at our facilities.

Our branch offices and centralized headquarters have physical and electronic customer records necessary for day-to-day operations that contain extensive confidential information about our customers. We also retain physical records in various storage locations. The loss or theft of customer information and data from our branch offices, headquarters, or other storage locations could subject us to additional regulatory scrutiny and penalties and could expose us to civil litigation and possible financial liability, which could have a material adverse effect on our results of operations, financial condition and liquidity. In addition, if we cannot locate original documents (or copies, in some cases) for certain finance receivables, we may not be able to collect on those finance receivables.

Our off-site data center and centralized IT functions are susceptible to disruption by catastrophic events, which could have a material adverse effect on our business, results of operations, and financial condition.

Our information systems, and administrative and management processes could be disrupted if a catastrophic event, such as severe weather, natural disaster, power outage, act of terror or similar event, destroyed or severely damaged our infrastructure. Any such catastrophic event or other unexpected disruption of our headquarters functions or off-site data center could have a material adverse effect on our business, results of operations, and financial condition.

A small number of our shareholders have the ability to significantly influence matters requiring shareholder approval and such shareholders have interests which may conflict with the interests of our other security holders.

As of March 31, 2021, based on filings made with the SEC and other information made available to us, Prescott General Partners, LLC and its affiliates beneficially owned approximately 40.1% of our common stock. As a result, these shareholders are able to significantly influence matters presented to shareholders, including the election and removal of directors, the approval of significant corporate transactions, such as any reclassification, reorganization, merger, consolidation or sale of all or substantially all of our assets, and the control of our management and affairs, including executive compensation arrangements. Their interests may conflict with the interests of our other security holders.

Initiating and processing potential acquisitions may be unsuccessful or difficult, leading to losses and increased delinquencies, which could have a material adverse effect on our results of operations.

We have previously acquired, and in the future may acquire, assets or businesses, including large portfolios of finance receivables, either through the direct purchase of such assets or the purchase of the equity of a company with such a portfolio. Since we will not have originated or serviced the loans we acquire, we may not be aware of legal or other deficiencies related to origination or servicing, and our due diligence efforts of the acquisition prior to purchase may not uncover those deficiencies. Further, we may have limited recourse against the seller of the portfolio.

In pursuing these transactions, we may experience, among other things:

- overvaluing potential targets;
- difficulties in integrating any acquired companies or branches into our existing business, including integration of account data into our information systems;
- inability to realize the benefits we anticipate in a timely fashion, or at all;
- unexpected losses due to the acquisition of loan portfolios with loans originated using less stringent underwriting criteria;
- significant costs, charges, or write-downs; or
- unforeseen operating difficulties that require significant financial and managerial resources that would otherwise be available for the ongoing development and expansion of our existing operations.

Risks Related to our Indebtedness

We depend to a substantial extent on borrowings under our revolving credit agreement to fund our liquidity needs.

Our revolving credit agreement allows us to borrow up to $685.0 million through June 7, 2024. Pursuant to the terms of our revolving credit agreement, we are required to comply with a number of covenants and conditions, including a minimum borrowing base calculation. If our existing sources of liquidity become insufficient to satisfy our financial needs or our access to these sources becomes unexpectedly restricted, we may need to try to raise additional capital in the future. If such an event were

to occur, we can give no assurance that such alternate sources of liquidity would be available to us at all or on favorable terms. Additional information regarding our liquidity risk is included in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources."

Our current debt and any additional debt we may incur in the future could negatively impact our business, prevent us from satisfying our debt obligations and adversely affect our financial condition.

We may incur a substantial amount of debt in the future. As of March 31, 2021, we had approximately $405.0 million of total debt outstanding and a total debt-to-equity ratio of approximately 1.0 to 1. The amount of debt we may incur in the future could have important consequences, including the following:

- our ability to obtain additional financing for working capital, debt refinancing, share repurchases or other purposes could be impaired;
- a substantial portion of our cash flows from operations will be dedicated to paying principal and interest on our debt, reducing funds available for other purposes;
- we may be vulnerable to interest rate increases, as borrowings under our revolving credit agreement bear interest at variable rates, as may any future debt that we incur;
- we may be at a competitive disadvantage to competitors that are not as highly leveraged;
- we could be more vulnerable to adverse developments in our industry or in general economic conditions;
- we may be restricted from taking advantage of business opportunities or making strategic acquisitions;
- we may be limited in our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- we may have difficulty satisfying our obligations under the debt if accelerated upon the occurrence of an event of default; and
- we may be more vulnerable to periods of negative or slow growth in the general economy or in our business.

In addition, meeting our anticipated liquidity requirements is contingent upon our continued compliance with our revolving credit agreement. An acceleration of our debt would have a material adverse effect on our liquidity and our ability to continue as a going concern. If our debt obligations increase, whether due to the increased cost of existing indebtedness or the incurrence of additional indebtedness, the consequences described above could be magnified.

Although the terms of our revolving credit agreement contain restrictions on our ability to incur additional debt, as well as any future debt that we incur, these restrictions are subject, or likely to be subject, in the case of any future debt, to exceptions that could permit us to incur a substantial amount of additional debt. In addition, our existing and future debt agreements will not prevent us from incurring certain liabilities that do not constitute indebtedness as defined for purposes of those debt agreements. If new debt or other liabilities are added to our current debt levels, the risks associated with our having substantial debt could intensify. As of March 31, 2021, we had $181.4 million available for borrowing under our revolving credit agreement, subject to borrowing base limitations and other specified terms and conditions.

We may not be able to generate sufficient cash flows to service our outstanding debt and fund operations and may be forced to take other actions to satisfy our obligations under such debt.

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

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

Our revolving credit agreement contains covenants that restrict our ability to, among other things:

- incur and guarantee debt;
- pay dividends or make other distributions on or redeem or repurchase our stock;
- make investments or acquisitions;
- create liens on our assets;
- sell assets;

- merge with or into other companies;
- enter into transactions with shareholders and other affiliates; and
- make capital expenditures.

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

A breach of any of the covenants in our revolving credit agreement would result in an event of default thereunder. Any event of default would permit the creditors to accelerate the related debt, which could also result in the acceleration of any other or future debt containing a cross-acceleration or cross-default provision. In addition, an event of default under our revolving credit agreement would permit the lenders thereunder to terminate all commitments to extend further credit under the revolving credit agreement. Furthermore, if we were unable to repay the amounts due and payable under the revolving credit agreement or any other secured debt we may incur, the lenders thereunder could cause the collateral agent to proceed against the collateral securing that debt. In the event our creditors accelerate the repayment of our debt, there can be no assurance that we would have sufficient assets to repay that debt, and our financial condition, liquidity and results of operations would suffer. Additional information regarding our revolving credit facility is included in Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources.”

The conditions of the U.S. and international capital markets may adversely affect lenders with which we have relationships, causing us to incur additional costs and reducing our sources of liquidity, which may adversely affect our financial position, liquidity and results of operations.

Turbulence in the global capital markets can result in disruptions in the financial sector and affect lenders with which we have relationships, including members of the syndicate of banks that are lenders under our revolving credit agreement. Disruptions in the financial sector may increase our exposure to credit risk and adversely affect the ability of lenders to perform under the terms of their lending arrangements with us. Failure by our lenders to perform under the terms of our lending arrangements could cause us to incur additional costs that may adversely affect our liquidity, financial condition, and results of operations. There can be no assurance that future disruptions in the financial sector will not occur that could have adverse effects on our business. Additional information regarding our liquidity and related risks is included in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources.”

Risks Related to Legal Proceedings and Regulation

Federal legislative or regulatory proposals, initiatives, actions, or changes that are adverse to our operations or result in adverse regulatory proceedings, or our failure to comply with existing or future federal laws and regulations, could force us to modify, suspend, or cease part or all of our nationwide operations.

We are subject to numerous federal laws and regulations that affect our lending operations. Although these laws and regulations have remained substantially unchanged for many years, the laws and regulations directly affecting our lending activities have been under review and subject to change in recent years as a result of various developments and changes in economic conditions, the make-up of the executive and legislative branches of government, and the political and media focus on issues of consumer and borrower protection. Any changes in such laws and regulations could force us to modify, suspend, or cease part or, in the worst case, all of our existing operations. It is also possible that the scope of federal regulations could change or expand in such a way as to preempt what has traditionally been state law regulation of our business activities.

In July 2010 the Dodd-Frank Act was enacted. The Dodd-Frank Act restructured and enhanced the regulation and supervision of the financial services industry and created the CFPB, an agency with sweeping regulatory and enforcement authority over consumer financial transactions. The CFPB’s rulemaking and enforcement authority extends to certain non-depository institutions, including us. The CFPB is specifically authorized, among other things, to take actions to prevent companies providing consumer financial products or services and their service providers from engaging in unfair, deceptive or abusive acts or practices in connection with consumer financial products and services, and to issue rules requiring enhanced disclosures for consumer financial products or services. The CFPB also has authority to interpret, enforce, and issue regulations implementing enumerated consumer laws, including certain laws that apply to our business. Further, the CFPB has authority to designate non-depository

“larger participants” in certain markets for consumer financial services and products for purposes of the CFPB’s supervisory authority under the Dodd-Frank Act. Such designated “larger participants” are subject to reporting and on-site compliance examinations by the CFPB, which may result in increased compliance costs and potentially greater enforcement risks based on these supervisory activities. Although the CFPB has not yet developed a “larger participant” rule that directly covers the Company’s installment lending business, in June 2016 the CFPB stated that it expects to conduct separate rulemaking to identify larger participants in the installment lending market for purposes of its supervision program. Though the timing of any such rulemaking is uncertain, the Company believes that the implementation of such rules would likely bring the Company’s business under the CFPB’s direct supervisory authority.

Although the Dodd-Frank Act prohibits the CFPB from setting interest rates on consumer loans, efforts to create a federal usury cap, applicable to all consumer credit transactions and substantially below rates at which the Company could continue to operate profitably, are still ongoing. Any federal legislative or regulatory action that severely restricts or prohibits the provision of small-loan consumer credit and similar services on terms substantially similar to those we currently provide would, if enacted, have a material adverse impact on our business, prospects, results of operations, and financial condition. Any federal law that would impose a maximum annualized credit rate cap in the range of 36% on our products would, if enacted, almost certainly eliminate our ability to continue our current operations. Given the uncertainty associated with the manner in which various expected provisions of the Dodd-Frank Act have been and are expected to continue to be implemented by the various regulatory agencies and through regulations, the full extent of the impact such requirements will have on our operations remains unclear; however, these regulations have increased and are expected to further increase our cost of doing business and time spent by management on regulatory matters, which may have a material adverse effect on the Company’s operations and results.

In 2017, the CFPB issued a final rule under its unfair, deceptive and abusive acts and practices rulemaking authority relating to payday, vehicle title, and similar loans. The final rule requires lenders originating short-term loans and longer-term balloon payment loans to first make a good-faith reasonable determination that the consumer has the ability to repay the covered loan along with current obligations and expenses (“ability to repay requirements”). The final rule also curtails repeated unsuccessful attempts to debit consumers’ accounts for short-term loans, balloon payment loans, and installment loans that involve a payment authorization and an Annual Percentage Rate over 36% (“payment requirements”). Although the Company does not make loans with terms of 45 days or less or obtain access to a customer’s bank account or paycheck for repayment of any of its loans, it does make some vehicle-secured loans with an Annual Percentage Rate within the scope of the final rule. The final rule has significant differences from the CFPB’s proposed rules announced on June 2, 2016. Any regulatory changes could have effects beyond those currently contemplated that could further materially and adversely impact our business and operations.

In addition to the specific matters described above, other aspects of our business may be the subject of future CFPB rule-making. The enactment of one or more of such regulatory changes, or the exercise of broad regulatory authority by regulators, including but not limited to, the CFPB, having jurisdiction over the Company’s business or discretionary consumer financial transactions generically, could materially and adversely affect our business, results of operations and prospects. See Part I, Item 1, “Business-Government Regulation” for more information regarding legislation we are subject to and related risks.

Litigation and regulatory actions, including challenges to the arbitration clauses in our customer agreements, could subject us to significant class actions, fines, penalties, judgments and requirements resulting in increased expenses and potential material adverse effects on our business, results of operations and financial condition.

In the normal course of business, from time to time, we have been involved in various legal actions, including arbitration, class actions and other litigation, arising in connection with our business activities. All such legal proceedings are inherently unpredictable and, regardless or the merits of the claims, litigation is often expensive, time consuming, disruptive to our operations and resources, and distracting to management. If resolved against us, such legal proceedings could result in excessive verdicts and judgments, injunctive relief, equitable relief, and other adverse consequences that may affect our financial condition and how we operate our business. Similarly, if we settle such legal proceedings, it may affect our financial condition and how we operate our business. Future court decisions, alternative dispute resolution awards, business expansion or legislative activity may increase our exposure to litigation and regulatory investigations. In some cases, substantial non-economic remedies or punitive damages may be sought.

Although we maintain liability insurance coverage, there can be no assurance that such coverage will cover any particular verdict, judgment, or settlement that may be entered against us, that such coverage will prove to be adequate, or that such coverage will continue to remain available on acceptable terms, if at all. If in any legal proceeding we incur liability or defense costs that exceed our insurance coverage or that are not within the scope of our insurance coverage, it could have a material adverse effect on our business, financial condition, and results of operation.

Certain legal actions include claims for substantial compensatory and punitive damages, or claims for indeterminate amounts of damages. While the arbitration provisions in our customer agreements historically have limited our exposure to consumer class action litigation, there can be no assurance that we will be successful in enforcing our arbitration clause in the future. There may also be legislative, administrative or regulatory efforts to directly or indirectly prohibit the use of pre-dispute arbitration clauses, or we may be compelled as a result of competitive pressure or reputational concerns to voluntarily eliminate pre-dispute arbitration clauses.

Unfavorable state legislation, executive orders, or regulatory actions, adverse outcomes in litigation or regulatory proceedings or failure to comply with existing laws and regulations could force us to cease, suspend or modify our operations in a state, potentially resulting in a material adverse effect on our business, results of operations and financial condition.

In addition to federal laws and regulations, we are subject to numerous state laws and regulations that affect our lending activities. Many of these regulations impose detailed and complex constraints on the terms of our loans, lending forms and operations. Failure to comply with applicable laws and regulations could subject us to regulatory enforcement action that could result in the assessment against us of civil, monetary, or other penalties, including the suspension or revocation of our licenses to lend in one or more jurisdictions.

As discussed elsewhere in this report, the Company's operations are subject to extensive state and federal laws and regulations, and changes in those laws or regulations or their application could have a material adverse effect on the Company's business, results of operations, prospects or ability to continue operations in the jurisdictions affected by these changes. See Part I, Item 1, "Business-Government Regulation-State Legislation" and "Federal Legislation," for more information regarding this legislation and related risks.

Passage of adverse legislation, such as rate caps on financial lending products or similar initiatives, in any of the states in which we operate could have a material adverse effect on the Company's business, results of operations, prospects, or ability to continue operations in the jurisdictions affected by such changes. We can give no assurance that the laws and regulations that govern our business, or the interpretation or administration of those laws and regulations, will remain unchanged or that any such future changes will not materially and adversely affect or in the worst case, eliminate the Company's lending practices, operations, profitability, or prospects.

In addition, any adverse change in existing laws or regulations, or any adverse interpretation or litigation relating to existing laws and regulations in any state in which we operate, could subject us to liability for prior operating activities or could lower or eliminate the profitability of our operations going forward by, among other things, reducing the amount of interest and fees we can charge in connection with our loans. If these or other factors lead us to close our branches in a state, then in addition to the loss of net revenues attributable to that closing, we would also incur closing costs such as lease cancellation payments and we would have to write off assets that we could no longer use. If we were to suspend rather than permanently cease our operations in a state, we may also have continuing costs associated with maintaining our branches and our employees in that state, with little or no revenues to offset those costs.

Changes in local laws and regulations or interpretations of local laws and regulations could negatively impact our business, results of operations, and financial condition.

In addition to state and federal laws and regulations, our business is subject to various local laws and regulations, such as local zoning regulations. Local zoning boards and other local governing bodies have been increasingly restricting the permitted locations of consumer finance companies. Any future actions taken to require special use permits for or impose other restrictions on our ability to provide products could adversely affect our ability to expand our operations or force us to attempt to relocate existing branches. If we were forced to relocate any of our branches, in addition to the costs associated with the relocation, we may be required to hire new employees in the new areas, which may adversely impact the operations of those branches. Relocation of an existing branch may also hinder our collection abilities, as our business model relies in part on the locations of our branches being close to where our customers live in order to successfully collect on outstanding loans.

We may be exposed to liabilities under the FCPA, and any determination that the Company or any of its subsidiaries has violated the FCPA could have a material adverse effect on our business and liquidity.

We are subject to the FCPA and various other anti-corruption and anti-bribery laws. We face significant risks and liability if we fail to comply with these laws, which generally prohibit companies and their employees and third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to foreign government officials, political parties or candidates, employees of public international organizations, or private-sector recipients for the corrupt purpose of obtaining or retaining business, directing business to any person, or securing any advantage. As previously disclosed, we retained outside counsel and forensic accountants to conduct an investigation of certain transactions and payments in Mexico that potentially implicate the Company in violations of the FCPA, including the books and records provisions of the FCPA. In addition,

we voluntarily contacted the SEC and the DOJ in June 2017 to advise both agencies that an internal investigation was underway and that the Company intended to cooperate with both agencies. On August 6, 2020, the Company announced that it has reached resolution with both the SEC and the DOJ with respect to the matter. Pursuant to the terms of the SEC Order, the Company consented to 1) cease and desist from committing or causing any violations and any future violations of Sections 30A, 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act of 1934, and 2) pay disgorgement, prejudgment interest and civil penalties totaling $21,726,000 to the SEC. The Company also agreed to the terms contained in a Declination Letter with the DOJ, dated August 5, 2020.

The Company could be subject to fines, civil and criminal penalties, equitable remedies, including profit disgorgement and related interest, and injunctive relief for any violations of the FCPA. In addition, any disposition of these matters could adversely impact the Company's access to debt financing and capital funding and result in further modifications to our business practices and compliance programs. Any disposition of any future violations could also potentially require that a monitor be appointed to review future business practices with the goal of ensuring compliance with the FCPA and other applicable laws. The Company is currently facing a shareholder derivative complaint that was filed on behalf of the Company against certain of its current and former directors in relation to WAC de Mexico, which the Company is contesting, and could also face additional third-party claims by shareholders and/or other stakeholders of the Company. In addition, disclosure of the investigation or its ultimate disposition could adversely affect the Company's reputation and its ability to obtain new business or retain existing business from its current customers and potential customers, to attract and retain employees, and to access the capital markets.

Detecting, investigating, and resolving these matters is expensive and consumes significant time and attention of the Company's senior management. We may incur substantial expenses responding to such actions. Any future FCPA violation, or a settlement thereof, may give rise to an event of default under the agreement governing our revolving credit facility, which could have a material adverse effect on our liquidity. See Part I, Item 1A, "Risk Factors- We depend to a substantial extent on borrowings under our revolving credit agreement to fund our liquidity needs" and "-The terms of our debt limit how we conduct our business."

Our use of third-party vendors is subject to regulatory review.

The CFPB and other regulators have issued regulatory guidance focusing on the need for financial institutions to perform due diligence and ongoing monitoring of third-party vendor relationships, which increases the scope of management involvement and decreases the benefit that we receive from using third-party vendors. Moreover, if our regulators conclude that we have not met the standards for oversight of our third-party vendors, we could be subject to enforcement actions, civil monetary penalties, supervisory orders to cease and desist or other remedial actions, which could have a materially adverse effect on our business, reputation, financial condition and operating results. Further, federal and state regulators have been scrutinizing the practices of lead aggregators and providers recently. If regulators place restrictions on certain practices by lead aggregators or providers, our ability to use them as a source for applicants could be affected.

General Risk Factor*s*

We may experience significant turnover in our senior management, and our business may be adversely affected by the transitions in our senior management team.

Executive leadership transitions can be inherently difficult to manage and may cause disruption to our business. In addition, management transition inherently causes some loss of institutional knowledge, which can negatively affect strategy and execution, and our results of operations and financial condition could be negative impacted as a result. The loss of services of one or more other members of senior management, or the inability to attract qualified permanent replacements, could have a material adverse effect on our business. If we fail to successfully attract and appoint permanent replacements with the appropriate expertise, we could experience increased employee turnover and harm to our business, results of operations, cash flow and financial condition. The search for permanent replacements could also result in significant recruiting and relocation costs.

The departure, transition, or replacement of key personnel could significantly impact the results of our operations. If we cannot continue to hire and retain high-quality employees, our business and financial results may be negatively affected.

Our future success significantly depends on the continued service and performance of our key management personnel. Competition for these employees is intense. Our operating results could be adversely affected by higher employee turnover or increased salary and benefit costs. Like most businesses, our employees are important to our success and we are dependent in part on our ability to retain the services of our key management, operational, compliance, finance, and administrative personnel. We have built our business on a set of core values, and we attempt to hire employees who are committed to these values. We want to hire and retain employees who will fit our culture of compliance and of providing exceptional service to our customers. In order to compete and to continue to grow, we must attract, retain, and motivate employees, including those in executive, senior

management, and operational positions. As our employees gain experience and develop their knowledge and skills, they become highly desired by other businesses. Therefore, to retain our employees, we must provide a satisfying work environment and competitive compensation and benefits. If costs to retain our skilled employees increase, then our business and financial results may be negatively affected.

Changes in federal, state and local tax law, interpretations of existing tax law, or adverse determinations by tax authorities, could increase our tax burden or otherwise adversely affect our financial condition or results of operations.

We are subject to taxation at the federal, state and local levels. Furthermore, we are subject to regular review and audit by tax authorities. While we believe our tax positions will be sustained, the final outcome of tax audits and related litigation may differ materially from the tax amounts recorded in our Consolidated Financial Statements, which could adversely impact our cash flows and financial results.

Damage to our reputation could negatively impact our business.

Maintaining a strong reputation is critical to our ability to attract and retain customers, investors, and employees. Harm to our reputation can arise from many sources, including employee misconduct, misconduct by third-party service providers or other vendors, litigation or regulatory actions, failure by us to meet minimum standards of service and quality, inadequate protection of customer information, and compliance failures. Negative publicity regarding our Company (or others engaged in a similar business or similar activities), whether or not accurate, may damage our reputation, which could have a material adverse effect on our business, results of operations, and financial condition.

We have goodwill, which is subject to periodic review and testing for impairment.

At March 31, 2021 our total assets contained $7.4 million of goodwill. Under GAAP, goodwill is subject to periodic review and testing to determine if it is impaired. Unfavorable trends in our industry and unfavorable events or disruptions to our operations resulting from adverse legislative or regulatory actions or from other unpredictable causes could result in goodwill impairment charges.

If we fail to maintain appropriate controls and procedures, we may not be able to accurately report our financial results, which could have a material adverse effect on our operations, financial condition, and the trading price of our common stock.

We are required to maintain disclosure controls and procedures and internal control over financial reporting. Section 404(a) of the Sarbanes Oxley Act requires us to include in our annual reports on Form 10-K an assessment by management of the effectiveness of our internal control over financial reporting. Section 404(b) of the Sarbanes Oxley Act requires us to engage our independent registered public accounting firm to attest to the effectiveness of our internal control over financial reporting. We expect to incur significant expenses and to devote resources to Section 404 compliance on an ongoing basis. It is difficult for us to predict how long it will take or costly it will be to complete the assessment of the effectiveness of our internal control over financial reporting for each year and to remediate any deficiencies in our internal control over financial reporting.

If we identify a material weakness in our controls and procedures, our ability to record, process, summarize, and report financial information accurately and within the time periods specified in the rules and forms of the SEC could be adversely affected. In addition, remediation of a material weakness would require our management to devote significant time and incur significant expense. A material weakness is a deficiency, or a combination of deficiencies, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. If we are unable to maintain effective controls and procedures we could lose investor confidence in the accuracy and completeness of our financial reports, and we may be subject to investigation or sanctions by the SEC. Any such consequence or other negative effect could adversely affect our operations, financial condition, and the trading price of our common stock.

Regular turnover among our managers and other employees at our branches makes it more difficult for us to operate our branches and increases our costs of operations, which could have an adverse effect on our business, results of operations and financial condition.

The annual turnover as of March 31, 2021 among our branch employees was approximately 32.2%. This turnover increases our cost of operations and makes it more difficult to operate our branches. If we are unable to keep our employee turnover rates consistent with historical levels or if unanticipated problems arise from our high employee turnover, our business, results of operations, and financial condition could be adversely affected.

Absence of dividends could reduce our attractiveness to investors.

Since 1989, we have not declared or paid cash dividends on our common stock and may not pay cash dividends in the foreseeable future. As a result, our common stock may be less attractive to certain investors than the stock of dividend-paying companies. Investors may need to rely on sales of their common stock after price appreciation, which may not occur, as the only way to realize future gains on their investment.

Various provisions of our charter documents and applicable laws could delay or prevent a change of control that shareholders may favor.

Provisions of our articles of incorporation, South Carolina law, and the laws in several of the states in which our operating subsidiaries are incorporated could delay or prevent a change of control that the holders of our common stock may favor or may impede the ability of our shareholders to change our management. In particular, our articles of incorporation and South Carolina law, among other things, authorize our board of directors to issue preferred stock in one or more series, without shareholder approval, and will require the affirmative vote of holders of two-thirds of our outstanding shares of voting stock, to approve our merger or consolidation with another corporation. Additional information regarding the similar effect of laws in certain states in which we operate is described in Part 1, Item 1, "Description of Business - Government Regulation."

Overall stock market volatility may materially and adversely affect the market price of our common stock.

The Company's common stock price has been and is likely to continue to be subject to significant volatility. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market, or political conditions, could reduce the market price of shares of our common stock in spite of our operating performance. Additionally, a variety of factors could cause the price of the common stock to fluctuate, perhaps substantially, including: general market fluctuations resulting from factors not directly related to the Company's operations or the inherent value of its common stock; state or federal legislative or regulatory proposals, initiatives, actions or changes that are, or are perceived to be, adverse to our operations or the broader consumer finance industry in general; announcements of developments related to our business; fluctuations in our operating results and the provision for loan losses; low trading volume in our common stock; decreased availability of our common stock resulting from stock repurchases and concentrations of ownership by large or institutional investors; general conditions in the financial service industry, the domestic or global economy or the domestic or global credit or capital markets; changes in financial estimates by securities analysts; our failure to meet the expectations of securities analysts or investors; negative commentary regarding our Company and corresponding short-selling market behavior; adverse developments in our relationships with our customers; investigations or legal proceedings brought against the Company or its officers; or significant changes in our senior management team.

Changes to accounting rules, regulations or interpretations could significantly affect our financial results.

New accounting rules or regulations, changes to existing accounting rules or regulations, and changing interpretations of existing rules and regulations have been issued or occurred and may continue to be issued or occur in the future. Our methodology for valuing our receivables and otherwise accounting for our business is subject to change depending upon the changes in, and interpretation of, accounting rules, regulations, or interpretations. Any such changes to accounting rules, regulations, or interpretations could negatively affect our reported results of operations and could negatively affect our financial condition through increased cost of compliance.

If assumptions or estimates we use in preparing our financial statements are incorrect or are required to change, our reported results of operations and financial condition may be adversely affected.

We are required to use certain assumptions and estimates in preparing our financial statements under GAAP, including in determining allowances for credit losses, the fair value of financial instruments, asset impairment, reserves related to litigation and other legal matters, the fair value of share-based compensation, valuation of income, and other taxes and regulatory exposures. In addition, significant assumptions and estimates are involved in determining certain disclosures required under GAAP, including those involving the fair value of our financial instruments. If the assumptions or estimates underlying our financial statements are incorrect, the actual amounts realized on transactions and balances subject to those estimates will be different, and this could have a material adverse effect on our results of operations and financial condition.

In addition, the FASB is currently reviewing or proposing changes to several financial accounting and reporting standards that govern key aspects of our financial statements, including areas where assumptions or estimates are required. As a result of changes to financial accounting or reporting standards, whether promulgated or required by the FASB or other regulators, we could be required to change certain of the assumptions or estimates we previously used in preparing our financial statements, which could negatively impact how we record and report our results of operations and financial condition generally.

The future issuance of additional shares of our common stock in connection with potential acquisitions or otherwise will dilute all other shareholders.

Except in certain circumstances, we are not restricted from issuing additional shares of common stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. The market price of shares of our common stock could decline as a result of sales of a large number of shares of common stock in the market or the perception that such sales could occur. We intend to continue to evaluate acquisition opportunities and may issue shares of common stock in connection with these acquisitions. Any shares of common stock issued in connection with acquisitions, the exercise of outstanding stock options, or otherwise would dilute the percentage ownership held by our existing shareholders.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

In the fourth quarter of fiscal 2020 the Company moved its corporate headquarters from properties it owned outright in Greenville, South Carolina to leased office space in downtown Greenville, South Carolina. The Company leases approximately 45,000 square feet at this location. This lease expires on November 30, 2029 and includes two five-year options. The Company’s previous corporate headquarters, which consisted of approximately 42,000 square feet in Greenville, South Carolina, was classified as held for sale as of March 31, 2020. During the second quarter of fiscal 2021 the Company completed the sale of two of the three buildings. The third building remains held for sale as of March 31, 2021.

The Company owns all of the furniture, fixtures and computer terminals located in each of its branches. As of March 31, 2021, the Company had 1,205 branches, all of which are leased and most of which are leased pursuant to three- to five-year operating leases. During the fiscal year ended March 31, 2021, total lease expense was approximately $27.7 million, or an average of approximately $22.5 thousand per branch. The Company's leases generally provide for an initial three- to five-year term with renewal options. The Company's branches are typically located in shopping centers, malls and the first floors of downtown buildings. Branches have an average size of 1,600 square feet.

Item 3. Legal Proceedings

Mexico Investigation

As previously disclosed, World Acceptance Corporation (the "Company") voluntarily contacted the U.S. Securities and Exchange Commission (“SEC”) and the U.S. Department of Justice (“DOJ”) in June 2017 to advise both agencies that an internal investigation of its operations in Mexico was underway. The Company has fully cooperated with both agencies.

On August 6, 2020, the Company announced that it reached resolution with both the SEC and the DOJ regarding allegations primarily involving the Company’s former subsidiary in Mexico.

In connection with the resolution of the investigations, the Company agreed to the terms contained in a Declination Letter with the DOJ, dated August 5, 2020 (the “Declination Letter”). Pursuant to the terms of the Declination Letter, the DOJ declined to prosecute the Company and closed its investigation into the Company citing as the bases for this decision, among other things, the following: prompt, voluntary self-disclosure of the misconduct; full and proactive cooperation in this matter (including its provision of all known relevant facts about the misconduct); and full remediation, including the additional FCPA training added to the Company’s compliance program, separation from executives under whom the misconduct took place; and discontinuing relationships with third parties in Mexico involved in the misconduct.

The SEC approved the Offer of Settlement on August 6, 2020 and issued an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (the “SEC Order”). Pursuant to the terms of the SEC Order, the Company consented to 1) cease and desist from committing or causing any violations and any future violations of Sections 30A, 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act of 1934, and 2) pay disgorgement, prejudgment interest and civil penalties totaling $21,726,000 to the SEC.

General

In addition, from time to time the Company is involved in litigation matters relating to claims arising out of its operations in the normal course of business.

Estimating an amount or range of possible losses resulting from litigation, government actions, and other legal proceedings is inherently difficult and requires an extensive degree of judgment, particularly where the matters involve indeterminate claims for monetary damages, may involve fines, penalties, or damages that are discretionary in amount, involve a large number of claimants or significant discretion by regulatory authorities, represent a change in regulatory policy or interpretation, present novel legal theories, are in the early stages of the proceedings, are subject to appeal or could result in a change in business practices. In addition, because most legal proceedings are resolved over extended periods of time, potential losses are subject to change due to, among other things, new developments, changes in legal strategy, the outcome of intermediate procedural and substantive rulings and other parties' settlement posture and their evaluation of the strength or weakness of their case against us. For these reasons, we are currently unable to predict the ultimate timing or outcome of, or reasonably estimate the possible losses or a range of possible losses resulting from, the matters described above. Based on information currently available, the Company does not believe that any reasonably possible losses arising from currently pending legal matters will be material to the Company's results of operations or financial conditions. However, in light of the inherent uncertainties involved in such matters, an adverse outcome in one or more of these matters could materially and adversely affect the Company's financial condition, results of operations or cash flows in any particular reporting period.

Item 4. Mine Safety Disclosures

None.

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Since November 26, 1991, the Company's common stock has traded on NASDAQ and is currently listed on the NASDAQ Global Select Market ("NASDAQ") under the symbol WRLD.

Holders

As of May 20, 2021, there were 25 holders of record of our common stock and a significant number of persons or entities who hold their stock in nominee or "street" names through various brokerage firms.

Dividends

Since April 1989, the Company has not declared or paid any cash dividends on its common stock. Its policy has been to retain earnings for use in its business and selectively use cash to repurchase its common stock on the open market. In addition, the Company's credit agreements contain certain restrictions on the payment of cash dividends on its capital stock. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources." In the future, the Company's Board of Directors may determine whether to pay cash dividends based on conditions then existing, including the Company's earnings, financial condition, capital requirements and other relevant factors.

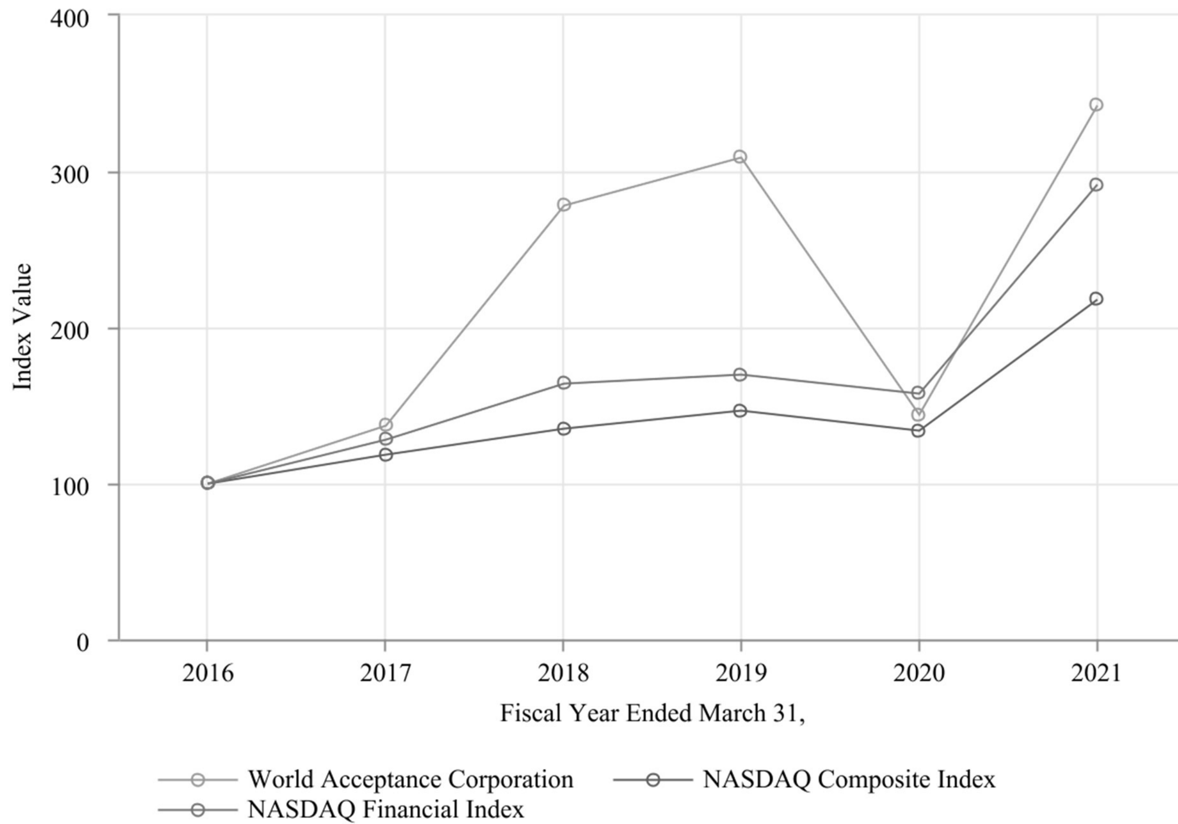
Issuer Purchases of Equity Securities

On January 26, 2021, the Board of Directors authorized the Company to repurchase up to $25.0 million of the Company's outstanding common stock, inclusive of the amount that remains available for repurchase under prior repurchase authorizations. As of March 31, 2021, the Company had $21.4 million in aggregate remaining repurchase capacity. The timing and actual number of shares repurchased will depend on a variety of factors, including the stock price, corporate and regulatory requirements, available funds, alternative uses of capital, restrictions under the revolving credit agreement, and other market and economic conditions. The Company's stock repurchase program may be suspended or discontinued at any time.

The repurchase authorization does not have a stated expiration date. The following table details purchases of the Company's common stock, if any, made by the Company during the three months ended March 31, 2021:

	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Approximate dollar value of shares that may yet be purchased under the plans or programs
January 1 through January 31, 2021	79,040	$ 126.49	79,040	$ 25,000,000
February 1 through February 28, 2021	—	—	—	25,000,000
March 1 through March 31, 2021	25,965	138.77	25,965	21,396,732
Total for the quarter	**105,005**	**$ 129.53**	**105,005**	

Stock Performance Graph



Item 6. Selected Financial Data

None.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

The Company's financial performance continues to be dependent in large part upon the growth in its outstanding loans receivable, the maintenance of loan quality and acceptable levels of operating expenses. Since March 31, 2017, gross loans receivable have increased at a 4.03% annual compounded rate from $943.3 million to $1.10 billion at March 31, 2021. We believe we were able to improve our gross loans receivable growth rates through acquisitions, improved marketing processes, and analytics. During the four-year period beginning March 31, 2017, the Company has expanded in size from 1,169 branches to 1,205 branches as of March 31, 2021. The Company plans to enter into new markets through opening new branches and acquisitions as opportunities arise.

The Company offers an income tax return preparation and electronic filing program in all but a few of its branches. The Company prepared approximately 77,000, 84,000, and 91,000 returns in each of the fiscal years 2021, 2020, and 2019, respectively. Revenues from the Company's tax preparation business amounted to approximately $18.1 million, a 13.6% decrease over the $20.9 million earned during fiscal 2020.

The following table sets forth certain information derived from the Company's consolidated statements of operations and balance sheets, as well as operating data and ratios, for the periods indicated:

	Years Ended March 31,		
	2021	2020	2019
	(Dollars in thousands)		
Gross loans receivable	**$ 1,104,746**	$ 1,209,871	$ 1,127,957
Average gross loans receivable [1]	**$ 1,143,186**	$ 1,256,389	$ 1,120,112
Net loans receivable [2]	**$ 825,382**	$ 900,891	$ 837,144
Average net loans receivable [3]	**$ 848,732**	$ 928,408	$ 824,763
Expenses as a percentage of total revenue:			
Provision for credit losses	**16.4 %**	30.8 %	27.3 %
General and administrative	**57.5 %**	58.9 %	52.9 %
Interest expense	**4.9 %**	4.4 %	3.3 %
Operating income as a % of total revenue [4]	**26.1 %**	10.3 %	19.8 %
Loan volume	**$ 2,371,981**	2,929,265	2,720,351
Net charge-offs as percent of average net loans receivable	**14.1 %**	18.0 %	16.1 %
Return on average assets (trailing 12 months)	**9.1 %**	2.7 %	8.8 %
Return on average equity (trailing 12 months)	**22.8 %**	6.1 %	13.6 %
Branches opened or acquired (merged or closed), net	**(38)**	50	16
Branches open (at period end)	**1,205**	1,243	1,193

[1] Average gross loans receivable have been determined by averaging month-end gross loans receivable over the indicated period, excluding tax advances.
[2] Net loans receivable is defined as gross loans receivable less unearned interest and deferred fees.
[3] Average net loans receivable have been determined by averaging month-end gross loans receivable less unearned interest and deferred fees over the indicated period, excluding tax advances.
[4] Operating income is computed as total revenue less provision for credit losses and general and administrative expenses.

COVID-19 Pandemic Response and Impact

The COVID-19 pandemic has caused significant economic disruption in the United States as many state and local governments, including all of the states in which the Company operates, have ordered non-essential businesses to close and residents to shelter in place at home at one point in time or another. For the majority of states in which we operate, we have been considered an essential business and thus nearly all of our branches have remained open to date. However, the impact of COVID-19 is rapidly evolving, its future effects are uncertain, and it may be difficult to assess or predict the extent of the impacts of the pandemic on us as many factors are beyond our control and knowledge.

In response to the spread of COVID-19, we have modified our business practices in order to reduce personal interactions and provide additional support to our associates and customers. Some of these measures include reducing branch hours, limiting employee travel, implementing work-from-home initiatives for employees when possible, cancelling physical participation in meetings and training sessions, providing additional leave for those directly impacted, closing lobbies and offering curbside service, and encouraging customers to service accounts digitally rather than in person. As a result, the Company has seen significant increases in online and phone activity related to account access, payments, and refinances. The Company has expedited projects related to its digital presence and online lending and is currently piloting remote applications, signatures, and funding for select customers.

As non-essential businesses and schools began to close, we proactively halted marketing efforts and updated our underwriting criteria in light of the tremendous uncertainty, rapid increases in unemployment, and federal stimulus packages. The Company is experiencing expected declines in customer demand due to a combination of reduced marketing and stay-at-home orders reducing customer mobility. To assist customers impacted by COVID-19, the Company's typical 30-day wait period for unemployment insurance claims has been waived and payment deferrals are being offered to impacted customers.

We believe we have sufficient liquidity to support the fundamental operations of our business throughout the COVID-19 pandemic. However, we are unable to estimate the long-term impact of COVID-19 on our business and will continue to assess our liquidity needs as the situation evolves. If we experience sustained adverse effects, we may fail to satisfy our minimum capital ratios and other requirements under our revolving credit facility.

The extent to which the pandemic will ultimately impact our business and financial condition will depend on future events that are impossible to predict, including, but not limited to, the duration and severity of the pandemic, the success of actions taken to contain, treat, and prevent the spread of the virus, the effectiveness of our borrower assistance initiatives and government economic stimulus measures, and the speed at which normal economic and operating conditions return.

See Part I, Item 1A, "Risk Factors" for additional information.

Comparison of Fiscal 2021 Versus Fiscal 2020

Net income for fiscal 2021 was $88.3 million, a 213.5% increase from the $28.2 million earned during fiscal 2020. The increase in net income from continuing operations was primarily due to a $95.5 million decrease in the provision for credit losses partially offset by a $64.5 million decrease in revenue and a $21.7 million accrual in the prior year related to the investigation into our former Mexican business.

Operating income (revenues less provision for credit losses and general and administrative expenses) from continuing operations increased $76.3 million.

Total revenues from continuing operations decreased $64.5 million, or 10.9%, to $525.5 million in fiscal 2021, from $590.0 million in fiscal 2020. Revenues from continuing operations from the 1,152 branches open throughout both fiscal years decreased by 13.1%. At March 31, 2021, the Company had 1,205 branches in operation, an decrease of 38 branches from March 31, 2020.

Interest and fee income from continuing operations during fiscal 2021 decreased by $57.2 million, or 11.3%, from fiscal 2020. The decrease was primarily due to a corresponding decrease in average earning loans. Net loans receivable outstanding at March 31, 2021 decreased 8.4% compared to March 31, 2020, and average net loans receivable outstanding decreased 8.6% during fiscal 2021 compared to fiscal 2020. Interest and fee income was also impacted by decreasing yields as the portfolio mix shifted to larger lower rate loans during the year. We expect the portfolio to continue to shift towards larger lower rate loans in the near term which should continue to decrease interest and fee yields in the future.

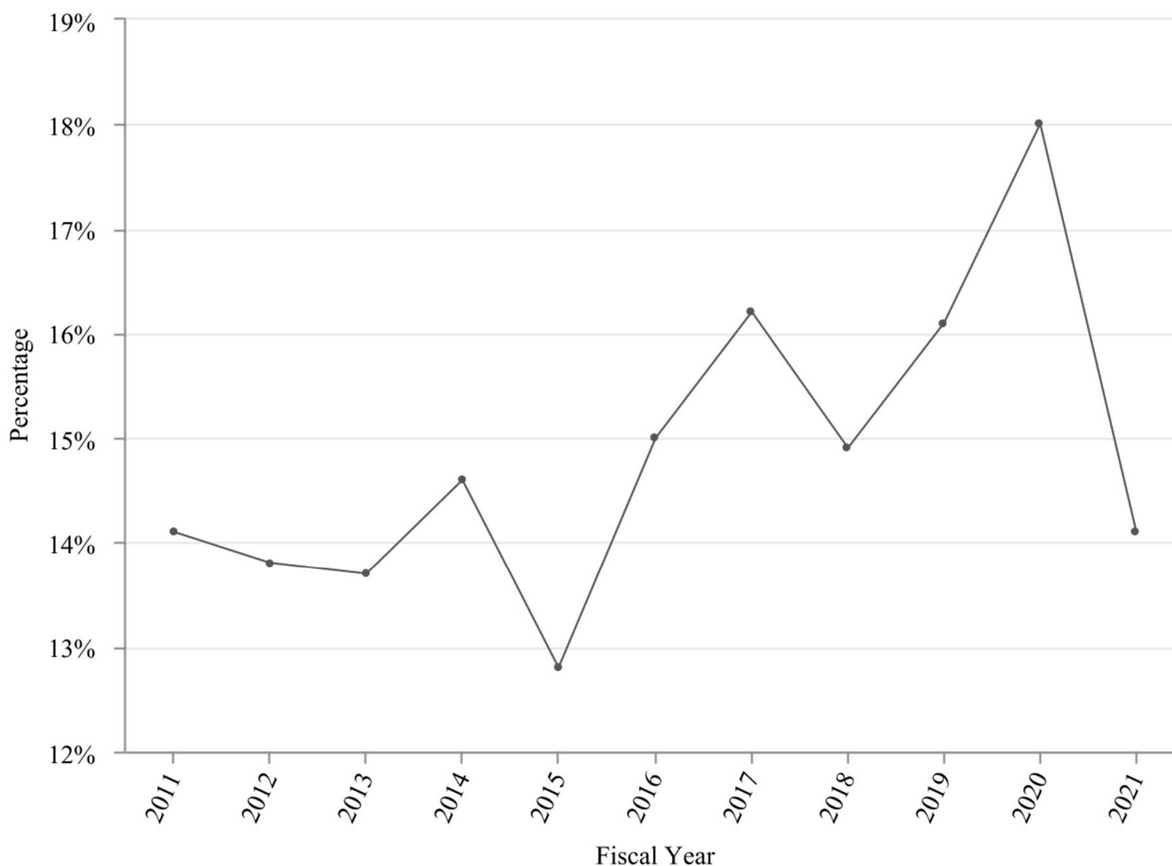
Insurance commissions and other income from continuing operations decreased by $7.3 million, or 8.9%, from fiscal 2020 to fiscal 2021. Insurance commissions from continuing operations decreased by $6.1 million, or 12.2%, from fiscal 2020 to fiscal

2021 due to a decrease in loan volume in states where we offer our insurance products. Other income from continuing operations decreased by $1.1 million, or 3.6%, from fiscal 2020 to fiscal 2021 primarily due to a reduction in tax preparation income of $2.8 million, partially off-set by an increase in revenue from in the Company's motor club product of $1.6 million.

The provision for losses from continuing operations during fiscal 2021 decreased by $95.5 million, or 52.5%, from the previous year. This increase can mostly be attributed to a decrease in charge-off and delinquency rates during the year. Accounts that were 91 days or more past due represented 3.1% and 4.2% of our loan portfolio on a recency basis at March 31, 2021 and March 31, 2020, respectively. The Company's year-over-year charge-off ratio (net charge-offs as a percentage of average net loans receivable) decreased from 18.0% for the year ended March 31, 2020 to 14.1% for the year ended March 31, 2021.

Customers who are new borrowers to the Company (less than two years since their first origination at the time of their current loan) as a percentage of the year-end portfolio have decreased a relative 10.2% year over year. These "new to World" customers now account for 31.0% of the portfolio, a decrease from 34.5% last year, however still an increase from an average of 29.2% in the prior four fiscal years (2016-2019). This decreased weighting of new borrowers, our riskiest customer type, in the portfolio contributed to the decrease in delinquency and charge-off rates of the overall portfolio. In addition to the decrease in portfolio weighting towards less tenured customers during the last 12 months, we have also seen a decrease in charge-off rates when comparing the less tenured customer segment to prior years, largely driven by stronger performance from COVID-19 stimulus and unemployment benefits, as well as improved underwriting practices on new borrowers.

Charge-off ratios for the past ten fiscal years averaged 14.9%, with a high of 18.0% (fiscal 2020) and a low of 12.8% (fiscal 2015). In fiscal 2021 the charge-off ratio was 14.1%. The following table presents the Company's charge-off ratios since 2011.



[2015] In fiscal 2015 the Company's net charge-off rate decreased to 12.8%. The net charge-off rate benefited from a change in branch level incentives during the year, which allows managers to continue collection efforts on accounts that are 91 days or more past due without having their monthly bonus negatively impacted. As expected, the change resulted in an increase in accounts 91 days or more past due and fewer charge-offs during fiscal 2015. We estimate the net charge-off rate would have been approximately 14.0% for fiscal 2015 excluding the impact of the change.

General and administrative expenses from continuing operations during fiscal 2021 decreased by $45.3 million, or 13.0%, over the previous fiscal year. General and administrative expenses from continuing operations, when divided by average open branches, decreased 13.4% from fiscal 2020 to fiscal 2021 and, overall, general and administrative expenses from continuing operations as a percent of total revenues from continuing operations decreased to 57.5% in fiscal 2021 from 58.9% in fiscal 2020. The change in general and administrative expense from continuing operations is explained in greater detail below.

Personnel expense from continuing operations totaled $184.6 million for fiscal 2021, a $19.2 million, or (9.4)%, decrease over fiscal 2020. The decrease was largely due to a $9.7 million decrease in share-based compensation driven by the long-term incentive plan and director equity awards granted during the FY2019. Regular payroll expense decreased $7.5 million year over year primarily due to decreases in headcount and benefit expense decreased $4.1 million, mostly due to decrease in insurance claims. The Company deferred $5.7 million less in payroll related origination costs under ASC 310, when comparing period over period, due to lower originations during the year, which partially offset the decrease in personnel expense.

Occupancy and equipment expense from continuing operations totaled $56.2 million for fiscal 2021, a $1.9 million, or 3.5%, increase over fiscal 2020. Occupancy and equipment expense is generally a function of the number of branches the Company has open throughout the year. In fiscal 2021 the expense per average open branch increased to $45.5 thousand, up from $44.2 thousand in fiscal 2020. Occupancy and equipment expense was negatively impacted by a $2.9 million write down of signage as a result of rebranding our branch offices during fiscal 2021.

Advertising expense from continuing operations totaled $17.2 million for fiscal 2021, a $7.1 million, or (29.3)%, decrease over fiscal 2020. The decrease was primarily due to decreased spending in our direct mail and digital campaigns.

Amortization of intangible assets from continuing operations totaled $5.5 million for fiscal 2021, a $0.5 million, or 9.3%, increase over fiscal 2020, which primarily relates to a corresponding increase in total intangible assets during the comparative periods due to acquisition activity during the current and prior year.

Other expense from continuing operations totaled $38.7 million for fiscal 2021, a $21.4 million, or 35.6%, decrease over fiscal 2020. The decrease was primarily due to a $21.7 million reduction in non-deductible penalties related to the Company's Mexico investigation in the prior year.

Interest expense from continuing operations decreased by $0.2 million, or 0.8%, during fiscal 2021 when compared to the previous fiscal year as a result of an decrease in average debt outstanding of 1.0%. For fiscal 2020 and 2021 the effective interest rate stayed the same at 5.8%.

Income tax expense from continuing operations increased $16.4 million, or 242.4% for fiscal 2021 compared to the prior fiscal year. The effective tax rate increased to 20.8% for fiscal 2021 compared to 19.3% for fiscal 2020. The increase was primarily due to the recognition of net Federal and state tax credits of $8.1 million in fiscal year 2020 compared to $1.2 million in the current fiscal year which was partially offset by the recognition of non-deductible penalties totaling $21.7 million in the prior fiscal year.

Comparison of Fiscal 2020 Versus Fiscal 2019

For a comparison of our results of operations for the years ended March 31, 2019 and March 31, 2020, see Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended March 31, 2020 (which was filed with the SEC on May 29, 2020), which comparison is incorporated herein by reference.

Mexico Exit

As previously disclosed, the Company sold all of the issued and outstanding capital stock and equity interest of its two Mexico subsidiaries, WAC de Mexico and SWAC, for a purchase price of MXN $826,795,050, effective as of July 1, 2018. The Company subsequently converted the purchase price into approximately USD $44.36 million using applicable exchange rates. The Company and its subsidiaries no longer operate in Mexico. Thus, the Company expects its revenues and gross loans receivables to be negatively impacted in future years compared to historical levels.

Regulatory Matters

Mexico Investigation

As previously disclosed, the Company voluntarily contacted the SEC and DOJ in June 2017 to advise both agencies that an internal investigation of its operations in Mexico was underway. The Company has fully cooperated with both agencies.

On August 6, 2020, the Company announced that it reached resolution with both the SEC and the DOJ regarding allegations primarily involving the Company's former subsidiary in Mexico.

In connection with the resolution of the investigations, the Company agreed to the terms contained in a Declination Letter with the DOJ, dated August 5, 2020 (the "Declination Letter"). Pursuant to the terms of the Declination Letter, the DOJ declined to prosecute the Company and closed its investigation into the Company citing as the bases for this decision, among other things, the following: prompt, voluntary self-disclosure of the misconduct; full and proactive cooperation in this matter (including its provision of all known relevant facts about the misconduct); and full remediation, including the additional FCPA training added to the Company's compliance program, separation from executives under whom the misconduct took place; and discontinuing relationships with third parties in Mexico involved in the misconduct.

The SEC approved the Offer of Settlement on August 6, 2020 and issued an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (the "SEC Order"). Pursuant to the terms of the SEC Order, the Company consented to 1) cease and desist from committing or causing any violations and any future violations of Sections 30A, 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act of 1934, and 2) pay disgorgement, prejudgment interest and civil penalties totaling $21,726,000 to the SEC.

CFPB Rulemaking Initiative

On October 5, 2017, the CFPB issued a final rule (the "Rule") imposing limitations on (i) short-term consumer loans, (ii) longer-term consumer installment loans with balloon payments, and (iii) higher-rate consumer installment loans repayable by a payment authorization. The Rule requires lenders originating short-term loans and longer-term balloon payment loans to evaluate whether each consumer has the ability to repay the loan along with current obligations and expenses ("ability to repay requirements"). The Rule also curtails repeated unsuccessful attempts to debit consumers' accounts for short-term loans, balloon payment loans, and installment loans that involve a payment authorization and an Annual Percentage Rate over 36% ("payment requirements"). The Company does not believe that the Rule will have a material impact on the Company's existing lending procedures, because the Company currently does not make short-term consumer loans or longer-term consumer installment loans with balloon payments that would subject the Company to the Rule's ability to repay requirements. The Company also currently underwrites all its loans (including those secured by a vehicle title that would fall within the scope of these proposals) by reviewing the customer's ability to repay based on the Company's standards. However, implementation of the Rule's payment requirements may require changes to the Company's practices and procedures for such loans, which could materially and adversely affect the Company's ability to make such loans, the cost of making such loans, the Company's ability to, or frequency with which it could, refinance any such loans, and the profitability of such loans.

Further, on June 6, 2019, the CFPB amended the Rule to delay the August 19, 2019 compliance date for part of the Rule's provisions, including the ability to repay requirements. The new compliance date for the ability to repay requirements is November 19, 2020. In addition, on February 6, 2019, the CFPB issued a notice of proposed rulemaking proposing to rescind provisions of the Rule governing the ability to repay requirements. The comment period for this proposed rulemaking closed in May 2019. According to the CFPB's Fall 2019 rulemaking agenda, the CFPB is reviewing the approximately 190,000 comments it received and expected to take final action in April 2020 with respect to this proposal. However, no final action has been taken as of yet. Any regulatory changes could have effects beyond those currently contemplated that could further materially and adversely impact our business and operations. Unless rescinded or otherwise amended, the Company will have to comply with the Rule's payment requirements if it continues to allow consumers to set up future recurring payments online for certain covered loans such that it meets the definition of having a "leveraged payment mechanism" under the Rule. If the payment provisions of the Rule apply, the Company will have to modify its loan payment procedures to comply with the required notices and mandated timeframes set forth in the final rule.

The CFPB also has stated that it expects to conduct separate rulemaking to identify larger participants in the installment lending market for purposes of its supervision program. This initiative was classified as "inactive" on the CFPB's Spring 2018 rulemaking agenda and has remained inactive since, but the CFPB indicated that such action was not a decision on the merits. Though the likelihood and timing of any such rulemaking is uncertain, the Company believes that the implementation of such rules would likely bring the Company's business under the CFPB's supervisory authority which, among other things, would subject the Company to reporting obligations to, and on-site compliance examinations by, the CFPB. See Part I, Item 1, "Business - Government Regulation - Federal legislation," for a further discussion of these matters and the federal regulations to which the Company's operations are subject and Part I, Item 1A, "Risk Factors," for more information regarding these regulatory and related risks.

Critical Accounting Policies

The Company’s accounting and reporting policies are in accordance with GAAP and conform to general practices within the finance company industry. The significant accounting policies used in the preparation of the Consolidated Financial Statements are discussed in Note 1 to the Consolidated Financial Statements. Certain critical accounting policies involve significant judgment by the Company’s management, including the use of estimates and assumptions which affect the reported amounts of assets, liabilities, revenues, and expenses. As a result, changes in these estimates and assumptions could significantly affect the Company’s financial position and results of operations. The Company considers its policies regarding the allowance for credit losses, share-based compensation, and income taxes to be its most critical accounting policies due to the significant degree of management judgment involved.

Allowance for Credit Losses

Accounting policies related to the allowance for credit losses are considered to be critical as these policies involve considerable subjective judgement and estimation by management. As discussed in Note 5 – Summary of Significant Policies, to our Consolidated Financial Statements included in this report, our policies related to the allowances for credit losses changed on April 1, 2020 in connection with the adoption of a new accounting standard update as codified in ASC 326. In the case of loans, the allowance for credit losses is a contra-asset valuation account, calculated in accordance with ASC 326 that is deducted from the amortized cost basis of loans to present the net amount expected to be collected. The amount of the allowance account represents management’s best estimate of current expected credit losses on these financial instruments considering available information, from internal and external sources, relevant to assessing exposure to credit loss over the contractual term of the instrument. Relevant available information includes historical credit loss experience, current conditions, and reasonable and supportable forecasts.

Share-Based Compensation

The Company measures compensation cost for share-based awards at fair value and recognizes compensation over the service period for awards expected to vest. The fair value of restricted stock is based on the number of shares granted and the quoted price of our common stock at the time of grant, and the fair value of stock options is determined using the Black-Scholes valuation model. The Black-Scholes model requires the input of highly subjective assumptions, including expected volatility, risk-free interest rate and expected life, changes to which can materially affect the fair value estimate. Actual results, and future changes in estimates, may differ substantially from our current estimates.

Income Taxes

Management uses certain assumptions and estimates in determining income taxes payable or refundable, deferred income tax liabilities and assets for events recognized differently in its financial statements and income tax returns, and income tax expense. Determining these amounts requires analysis of certain transactions and interpretation of tax laws and regulations. Management exercises considerable judgment in evaluating the amount and timing of recognition of the resulting income tax liabilities and assets. These judgments and estimates are re-evaluated on a periodic basis as regulatory and business factors change.

No assurance can be given that either the tax returns submitted by management or the income tax reported on the Consolidated Financial Statements will not be adjusted by either adverse rulings, changes in the tax code, or assessments made by the Internal Revenue Service or by state or foreign taxing authorities. The Company is subject to potential adverse adjustments including, but not limited to: an increase in the statutory federal or state income tax rates, the permanent non-deductibility of amounts currently considered deductible either now or in future periods, and the dependency on the generation of future taxable income in order to ultimately realize deferred income tax assets.

Under FASB ASC 740, the Company includes the current and deferred tax impact of its tax positions in the financial statements when it is more likely than not (likelihood of greater than 50%) that such positions will be sustained by taxing authorities, with full knowledge of relevant information, based on the technical merits of the tax position. While the Company supports its tax positions by unambiguous tax law, prior experience with the taxing authority, and analysis that considers all relevant facts, circumstances and regulations, management must still rely on assumptions and estimates to determine the overall likelihood of success and proper quantification of a given tax position.

Quarterly Information and Seasonality

The Company's loan volume and corresponding loans receivable follow seasonal trends. The Company's highest loan demand typically occurs from October through December, its third fiscal quarter. Loan demand has generally been the lowest and loan

repayment highest from January to March, its fourth fiscal quarter. Loan volume and average balances typically remain relatively level during the remainder of the year. This seasonal trend affects quarterly operating performance through corresponding fluctuations in interest and fee income and insurance commissions earned and the provision for loan losses recorded, as well as fluctuations in the Company's cash needs. Consequently, operating results for the Company's third fiscal quarter generally are significantly lower than in other quarters and operating results for its fourth fiscal quarter are significantly higher than in other quarters. However, the effects of COVID-19 and related economic stimulus has reduced demand and impacted our typical seasonal trends.

The following table sets forth, on a quarterly basis, certain items included in the Company's unaudited Consolidated Financial Statements and shows the number of branches open during fiscal years 2021 and 2020.

	At or for the Three Months Ended							
	2021				2020			
	June 30,	**September 30,**	**December 31,**	**March 31,**	June 30,	September 30,	December 31,	March 31,
	(Dollars in thousands)							
Total revenues	**$ 123,867**	**$ 124,441**	**$ 130,946**	**$ 146,280**	$ 138,441	$ 141,573	$ 146,996	$ 163,018
Provision for loan losses	**$ 25,661**	**$ 26,090**	**$ 28,857**	**$ 5,636**	$ 41,291	$ 52,968	$ 55,219	$ 32,252
General and administrative expenses	**$ 71,608**	**$ 75,293**	**$ 77,875**	**$ 77,411**	$ 81,776	$ 78,452	$ 90,558	$ 96,707
Net income (loss)	**$ 15,509**	**$ 13,398**	**$ 14,491**	**$ 44,884**	$ 8,608	$ 2,513	$ (6,267)	$ 23,303
Gross loans receivable	**$1,067,877**	**$1,109,366**	**$1,264,530**	**$1,104,746**	$1,222,696	$1,274,147	$1,372,769	$1,209,871
Number of branches open	**1,240**	**1,232**	**1,230**	**1,205**	1,218	1,234	1,240	1,243

Recently Issued Accounting Pronouncements

See Part II, Item 8, Financial Statements and Supplementary Data and Note 1—Summary of Significant Accounting Policies in the Consolidated Financial Statements for the impact of new accounting pronouncements.

Liquidity and Capital Resources

The Company has financed and continues to finance its operations, acquisitions and branch expansion through a combination of cash flows from operations and borrowings from its institutional lenders. The Company has generally applied its cash flows from operations to fund its loan volume, fund acquisitions, repay long-term indebtedness and repurchase its common stock. As the Company's gross loans receivable increased from $1,004.2 million at March 31, 2018 to $1,104.7 million at March 31, 2021, net cash provided by operating activities for fiscal years 2021, 2020, and 2019 was $199.6 million, $257.4 million, and $244.7 million, respectively.

The Company continues to believe stock repurchases are a viable component of the Company’s long-term financial strategy and an excellent use of excess cash when the opportunity arises. However, our revolving credit facility limits share repurchases to 50% of consolidated adjusted net income in any fiscal year commencing with the fiscal year ending March 31, 2017. The Company can repurchase additional amounts of shares with prior written consent from lenders.

The Company did not acquire any branches during fiscal 2021. The Company believes that attractive opportunities to acquire new branches or receivables from its competitors or to acquire branches in communities not currently served by the Company will continue to become available as conditions in local economies and the financial circumstances of owners change.

The Company has a revolving credit facility with a syndicate of banks. The revolving credit facility provides for revolving borrowings of up to the lesser of (a) the aggregate commitments under the facility and (b) a borrowing base, and it includes a $300,000 letter of credit under a $1.5 million subfacility. In March of 2021, the credit facility was amended and restated to, among other things, (i) reduced the Applicable Margin to 3.50% rather than adjusting it from 3.50% to 4.50% based on the Company's EBITDA ratio; (ii) permit the Company to purchase its equity securities or make other distributions in respect of its equity securities in the amount of $90 million through June 30, 2022 plus up to 50% of consolidated adjusted net income for the period commencing on January 1, 2019, subject to certain restrictions; and (iii) extend the maturity date of the amended and restated revolving credit agreement to June 7, 2024.

Subject to a borrowing base formula, the Company may borrow at the rate of LIBOR plus 3.5% with a minimum rate of 4.5%. The Company’s amended and restated revolving credit agreement provides procedures for determining a replacement or alternative rate in the event LIBOR is unavailable or discontinued or if the administrative agent elects to replace LIBOR prior to its discontinuation. There can be no assurances as to whether such replacement or alternative rate will be more or less favorable than LIBOR. We intend to monitor the developments with respect to the potential phasing out of LIBOR and will work to limit any negative impacts that could result during any transition away from LIBOR. At March 31, 2021, the aggregate commitments under the revolving credit facility were $685.0 million. The $300,000 letter of credit outstanding under the subfacility expires on December 31, 2021; however, it automatically extends for one year on the expiration date. The borrowing base limitation is equal to the product of (a) the Company’s eligible finance receivables, less unearned finance charges, insurance premiums and insurance commissions, and (b) an advance rate percentage that ranges from 74% to 80% based on a collateral performance indicator, as more completely described below. Further, under the amended and restated revolving credit agreement, the administrative agent has the right to set aside reasonable reserves against the available borrowing base in such amounts as it may deem appropriate, including, without limitation, reserves with respect to certain regulatory events or any increased operational, legal, or regulatory risk of the Company and its subsidiaries.

For the year ended March 31, 2021, the effective interest rate, including the commitment fee, on borrowings under the revolving credit facility was 5.8%. The Company pays a commitment fee equal to 0.50% per annum of the daily unused portion of the commitments. On March 31, 2021 $405.0 million was outstanding under this facility, and there was $181.4 million of unused borrowing availability under the borrowing base limitations.

The Company’s obligations under the revolving credit facility, together with treasury management and hedging obligations owing to any lender under the revolving credit facility or any affiliate of any such lender, are required to be guaranteed by each of the Company’s wholly-owned domestic subsidiaries. The obligations of the Company and the subsidiary guarantors under the revolving credit facility, together with such treasury management and hedging obligations, are secured by a first-priority security interest in substantially all assets of the Company and the subsidiary guarantors.

The agreement governing the Company’s revolving credit facility contains affirmative and negative covenants, including covenants that restrict the ability of the Company and its subsidiaries to, among other things, incur or guarantee indebtedness, incur liens, pay dividends and repurchase or redeem capital stock, dispose of assets, engage in mergers and consolidations, make acquisitions or other investments, redeem or prepay subordinated debt, amend subordinated debt documents, make changes in the nature of its business, and engage in transactions with affiliates. The agreement also contains financial covenants, including (i) a minimum consolidated net worth of $325.0 million on and after December 31, 2020; (ii) a minimum fixed charge coverage ratio of (a) 2.25 to 1.0 for the fiscal quarters ending March 31, 2020, June 30, 2020 and September 30, 2020 and (b) 2.75 to 1.0 for each fiscal quarter thereafter; (iii) a maximum ratio of total debt to consolidated adjusted net worth of 2.0 to 1.0; and (iv) a maximum collateral performance indicator of 24% as of the end of each calendar month. The agreement allows the Company to incur subordinated debt that matures after the termination date for the revolving credit facility and that contains specified subordination terms, subject to limitations on amount imposed by the financial covenants under the agreement.

The collateral performance indicator is equal to the sum of (a) a three-month rolling average rate of receivables at least sixty days past due and (b) an eight-month rolling average net charge-off rate. The Company was in compliance with these covenants at March 31, 2021 and does not believe that these covenants will materially limit its business and expansion strategy.

The agreement contains events of default including, without limitation, nonpayment of principal, interest or other obligations, violation of covenants, misrepresentation, cross-default to other debt, bankruptcy and other insolvency events, judgments, certain ERISA events, actual or asserted invalidity of loan documentation, invalidity of subordination provisions of subordinated debt, certain changes of control of the Company, and the occurrence of certain regulatory events (including the entry of any stay, order, judgment, ruling or similar event related to the Company’s or any of its subsidiaries’ originating, holding, pledging, collecting or enforcing its eligible finance receivables that is material to the Company or any subsidiary) which remains unvacated, undischarged, unbonded or unstayed by appeal or otherwise for a period of 60 days from the date of its entry and is reasonably likely to cause a material adverse change.

The Company believes that cash flow from operations and borrowings under its revolving credit facility or other sources will be adequate to fund the expected cost of opening or acquiring new branches, including funding initial operating losses of new branches and funding loans receivable originated by those branches and the Company's other branches (for the next 12 months and for the foreseeable future beyond that). Except as otherwise discussed in this report including, but not limited to, any discussions in Part 1, Item 1A, "Risk Factors" (as supplemented by any subsequent disclosures in information the Company files with or furnishes to the SEC from time to time), management is not currently aware of any trends, demands, commitments, events or uncertainties that it believes will or could result in, or are or could be reasonably likely to result in, any material adverse effect on the Company’s liquidity.

The following table summarizes the Company’s contractual obligations by period:

	Payments Due by Period				
Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt obligations	$ 463,100,765	$ 18,225,338	$ 36,450,676	$ 408,424,751	$ —
Capital lease obligations	—	—	—	—	—
Operating lease obligations	117,121,294	25,697,140	38,629,359	21,482,911	31,311,884
Purchase obligations	—	—	—	—	—
Other long-term liabilities reflected on the balance sheet under GAAP	—	—	—	—	—
Total	$ 580,222,059	$ 43,922,478	$ 75,080,035	$ 429,907,662	$ 31,311,884

Share Repurchase Program

On January 26, 2021, the Board of Directors authorized the Company to repurchase up to $25.0 million of the Company’s outstanding common stock, inclusive of the amount that remains available for repurchase under prior repurchase authorizations. As of March 31, 2021, the Company had $21.4 million in aggregate remaining repurchase capacity. The timing and actual number of shares of common stock repurchased will depend on a variety of factors, including the stock price, corporate and regulatory requirements, restrictions under the revolving credit facility and other market and economic conditions.

The Company continues to believe stock repurchases are a viable component of the Company’s long-term financial strategy and an excellent use of excess cash when the opportunity arises. However, our revolving credit facility limits share repurchases to $90 million through June 30, 2022 plus up to 50% of consolidated adjusted net income for the period commencing on January 1, 2019, subject to certain restrictions. Our first priority is to ensure we have enough capital to fund loan growth. To the extent we have excess capital, we may repurchase stock, if appropriate and as authorized by our Board of Directors. As of March 31, 2021, the Company's debt outstanding was $405.0 million and its shareholders' equity was $404.9 million resulting in a debt-to-equity ratio of 1.0:1.0. Management will continue to monitor the Company's debt-to-equity ratio and is committed to maintaining a debt level that will allow the Company to continue to execute its business objectives, while not putting undue stress on its consolidated balance sheet.

Inflation

The Company does not believe that inflation, within reasonably anticipated rates, will have a materially adverse effect on its financial condition. Although inflation would increase the Company’s operating costs in absolute terms, the Company expects that the same decrease in the value of money would result in an increase in the size of loans demanded by its customer base. It is reasonable to anticipate that such a change in customer preference would result in an increase in total loan receivables and an increase in absolute revenues to be generated from that larger amount of loans receivable. The Company believes that this increase in absolute revenues should offset any increase in operating costs. In addition, because the Company’s loans have a relatively short contractual term and average life, it is unlikely that loans made at any given point in time will be repaid with significantly inflated dollars.

Legal Matters

From time to time the Company is involved in litigation relating to claims arising out of its operations in the normal course of business. See Part I, Item 3, “Legal Proceedings” and Note 16 to our audited Consolidated Financial Statements for further discussion of legal matters.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

As of March 31, 2021, the Company’s financial instruments consisted of the following: cash and cash equivalents, loans receivable, and senior notes payable. Fair value approximates carrying value for all of these instruments. Loans receivable are originated at prevailing market rates and have an average life of approximately 8 months. Given the short-term nature of these loans, they are continually repriced at current market rates. The Company’s outstanding debt under its revolving credit facility was $405.0 million at March 31, 2021. Interest on borrowings under this facility is based on the rate of LIBOR plus an applicable margin of 3.5%.

Based on the outstanding balance under the Company's revolving credit facility at March 31, 2021, a change of 1% in the LIBOR interest rate would cause a change in interest expense of approximately $4.1 million on an annual basis.

Part II

Item 8. Financial Statements and Supplementary Data

CONSOLIDATED BALANCE SHEETS

	March 31,	
	2021	2020
ASSETS		
Cash and cash equivalents	**$ 15,746,454**	$ 11,618,922
Gross loans receivable	**1,104,746,261**	1,209,871,366
Less:		
Unearned interest, insurance and fees	**(279,364,584)**	(308,980,724)
Allowance for credit losses	**(91,722,288)**	(96,487,856)
Loans receivable, net	**733,659,389**	804,402,786
Right-of-use asset	**90,055,572**	101,686,918
Property and equipment, net	**26,340,037**	24,761,108
Deferred income taxes, net	**24,992,742**	23,257,985
Other assets, net	**31,423,134**	28,547,950
Goodwill	**7,370,791**	7,370,791
Intangible assets, net	**23,537,517**	24,448,477
Assets held for sale (Note 17)	**1,143,528**	3,991,498
Total assets	**$ 954,269,164**	$1,030,086,435
LIABILITIES & SHAREHOLDERS' EQUITY		
Liabilities:		
Senior notes payable	**$ 405,007,500**	$ 451,100,000
Income taxes payable	**11,575,861**	4,965,302
Lease liability	**91,718,075**	102,759,386
Accounts payable and accrued expenses	**41,040,287**	59,298,680
Total liabilities	**549,341,723**	618,123,368
Commitments and contingencies (Notes 9 and 16)		
Shareholders' equity:		
Preferred stock, no par value Authorized 5,000,000, no shares issued or outstanding	**—**	—
Common stock, no par value Authorized 95,000,000 shares; issued and outstanding 6,805,294 and 7,807,834 shares at March 31, 2021 and March 31, 2020, respectively	**—**	—
Additional paid-in capital	**255,590,674**	227,214,577
Retained earnings	**149,336,767**	184,748,490
Total shareholders' equity	**404,927,441**	411,963,067
Total liabilities and shareholders' equity	**$ 954,269,164**	$1,030,086,435

See accompanying notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended March 31,		
	2021	2020	2019
Continuing operations			
Revenues:			
Interest and fee income	**$ 451,113,502**	$ 508,326,771	$ 469,154,277
Insurance income, net and other income	**74,419,765**	81,702,244	75,388,648
Total revenues	**525,533,267**	590,029,015	544,542,925
Expenses:			
Provision for credit losses	**86,244,714**	181,730,182	148,426,578
General and administrative expenses:			
Personnel	**184,620,515**	203,774,574	180,561,501
Occupancy and equipment	**56,160,268**	54,237,835	48,751,691
Advertising	**17,190,676**	24,304,023	22,482,553
Amortization of intangible assets	**5,474,240**	5,010,626	1,527,656
Other	**38,740,591**	60,166,202	34,980,314
Total general and administrative expenses	**302,186,290**	347,493,260	288,303,715
Interest expense	**25,698,836**	25,896,130	17,934,060
Total expenses	**414,129,840**	555,119,572	454,664,353
Income from continuing operations before income taxes	**111,403,427**	34,909,443	89,878,572
Income taxes	**23,120,599**	6,751,965	15,981,057
Income from continuing operations	**88,282,828**	28,157,478	73,897,515
Discontinued operations (Note 18)			
Income from discontinued operations before disposal of discontinued operations and income taxes	**—**	—	2,341,825
Loss on disposal of discontinued operations	**—**	—	(38,377,623)
Income taxes (benefit)	**—**	—	626,583
Income (loss) from discontinued operations	**—**	—	(36,662,381)
Net income	**$ 88,282,828**	$ 28,157,478	$ 37,235,134
Net income per common share from continuing operations:			
Basic	**$ 13.59**	$ 3.66	$ 8.22
Diluted	**$ 13.23**	$ 3.54	$ 8.03
Net income (loss) per common share from discontinued operations:			
Basic	**$ —**	$ —	$ (4.08)
Diluted	**$ —**	$ —	$ (3.98)
Net income per common share:			
Basic	**$ 13.59**	$ 3.66	$ 4.14
Diluted	**$ 13.23**	$ 3.54	$ 4.05
Weighted average common shares outstanding:			
Basic	**6,493,898**	7,688,242	8,994,036
Diluted	**6,672,110**	7,952,900	9,204,377

See accompanying notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended March 31,		
	2021	2020	2019
Net income	**$ 88,282,828**	28,157,478	37,235,134
Foreign currency translation adjustments	**—**	—	(5,235,838)
Reclassification of cumulative foreign currency translation adjustments due to sale of Mexico business	**—**	—	31,290,918
Comprehensive income	**$ 88,282,828**	28,157,478	63,290,214

See accompanying notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Year ended March 31, 2021				
	Common Stock				
	Shares	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss, net**	**Total Shareholders' Equity**
Balances at March 31, 2020	**7,807,834**	**$227,214,577**	**184,748,490**	**—**	**411,963,067**
Proceeds from exercise of stock options	**165,237**	**12,268,554**	**—**	**—**	**12,268,554**
Common stock repurchases	**(1,129,875)**	**—**	**(102,452,302)**	**—**	**(102,452,302)**
Restricted common stock expense under stock option plan, net of cancellations ($3,173,735)	**(37,902)**	**12,302,869**	**—**	**—**	**12,302,869**
Stock option expense	**—**	**3,804,674**	**—**	**—**	**3,804,674**
Cumulative effect of adoption of ASC 326	**—**	**—**	**(21,242,249)**	**—**	**(21,242,249)**
Net income	**—**	**—**	**88,282,828**	**—**	**88,282,828**
Balances at March 31, 2021	**6,805,294**	**$255,590,674**	**149,336,767**	**—**	**404,927,441**

	Year ended March 31, 2020				
	Common Stock				
	Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss, net	Total Shareholders' Equity
Balances at March 31, 2019	9,284,118	$198,125,649	353,990,976	—	552,116,625
Proceeds from exercise of stock options	69,481	4,612,926	—	—	4,612,926
Common stock repurchases	(1,520,679)	—	(197,399,964)	—	(197,399,964)
Restricted common stock expense under stock option plan, net of cancellations ($4,476,159)	(25,086)	18,953,119	—	—	18,953,119
Stock option expense	—	5,522,883	—	—	5,522,883
Net income	—	—	28,157,478	—	28,157,478
Balances at March 31, 2020	7,807,834	$227,214,577	184,748,490	—	411,963,067

	Year ended March 31, 2019				
	Common Stock				
	Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss, net	Total Shareholders' Equity
Balances at March 31, 2018	9,119,443	$175,887,227	391,275,705	(26,055,080)	541,107,852
Proceeds from exercise of stock options	92,428	5,997,948	—	—	5,997,948
Common stock repurchases	(665,020)	—	(74,519,863)	—	(74,519,863)
Restricted common stock expense under stock option plan, net of cancellations ($1,394,835)	737,267	12,248,507	—	—	12,248,507
Stock option expense	—	3,991,967	—	—	3,991,967
Other comprehensive loss	—	—	—	(5,235,838)	(5,235,838)
Reclassification of cumulative foreign currency translation adjustments due to sale of Mexico business	—	—	—	31,290,918	31,290,918
Net income	—	—	37,235,134	—	37,235,134
Balances at March 31, 2019	9,284,118	$198,125,649	353,990,976	—	552,116,625

See accompanying notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended March 31,		
	2021	2020	2019
Cash flow from operating activities:			
Net income	**$ 88,282,828**	$ 28,157,478	$ 37,235,134
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on sale of discontinued operations	**—**	—	38,377,623
Loss on assets held for sale	**37,579**	251,263	—
Amortization of intangible assets	**5,474,240**	5,010,626	1,527,656
Amortization of historic tax credits	**1,736,384**	868,192	—
Amortization of debt issuance costs	**659,292**	517,499	592,549
Provision for credit losses	**86,244,714**	181,730,182	148,426,578
Depreciation	**6,945,581**	7,147,966	6,608,348
Loss on sale of property and equipment	**2,812,404**	339,259	93,199
Deferred income tax expense (benefit)	**5,651,362**	572,914	(3,655,751)
Compensation related to stock option and restricted stock plans, net of taxes and adjustments	**19,281,278**	28,952,161	17,635,309
Gain on sale of finance receivables	**(24,667)**	—	—
Gain on company-owned life insurance	**(1,064,897)**	—	—
Change in accounts:			
Other assets, net	**(4,828,957)**	(9,470,838)	(5,507,068)
Income taxes payable and receivable	**6,610,559**	(6,584,895)	(2,547,222)
Accounts payable and accrued expenses	**(18,258,393)**	19,917,429	5,877,916
Net cash provided by operating activities	**199,559,307**	257,409,236	244,664,271
Cash flows from investing activities:			
Increase in loans receivable, net	**(29,343,372)**	(183,482,267)	(190,976,279)
Net assets acquired from business combinations and asset acquisitions, primarily loans	**(15,210,973)**	(47,100,694)	(33,922,279)
Increase in intangible assets from acquisitions	**(4,563,280)**	(14,455,278)	(10,223,508)
Purchases of property and equipment	**(11,683,857)**	(11,277,780)	(9,805,084)
Proceeds from sale of property and equipment	**346,943**	284,869	466,806
Proceeds from the sale of assets held for sale	**2,810,391**	—	—
Proceeds from the sale of finance receivables	**449,327**	—	—
Proceeds from sale of discontinued operations	**—**	—	37,494,505
Proceeds from company-owned life insurance	**1,997,279**	—	—
Net cash used in investing activities	**(55,197,542)**	(256,031,150)	(206,965,839)
Cash flow from financing activities:			
Borrowings from senior notes payable	**310,984,250**	540,691,400	364,290,000
Payments on senior notes payable	**(357,076,750)**	(341,531,400)	(357,250,000)
Debt issuance costs associated with senior notes payable	**(784,250)**	(991,400)	(240,000)
Proceeds from exercise of stock options	**12,268,554**	4,612,926	5,997,948

Payments for taxes related to net share settlement of equity awards	**(3,173,735)**	(4,476,159)	(1,394,835)
Repurchase of common stock	**(102,452,302)**	(197,399,964)	(74,519,863)
Excess tax expense from exercise of stock options	**—**	—	—
Net cash provided by (used in) financing activities	**(140,234,233)**	905,403	(63,116,750)
Effects of foreign currency fluctuations on cash and cash equivalents	**—**	—	2,667,447
Net change in cash and cash equivalents	**4,127,532**	2,283,489	(22,750,871)
Cash and cash equivalents at beginning of year from continuing operations	**11,618,922**	9,335,433	12,473,833
Cash and cash equivalents at beginning of year from discontinued operations	**—**	—	19,612,471
Cash and cash equivalents at end of year	**$ 15,746,454**	$ 11,618,922	$ 9,335,433
Cash and cash equivalents at end of year from continuing operations	**15,746,454**	11,618,922	9,335,433
Supplemental Disclosures:			
Interest paid during the year	**$ 24,993,898**	$ 23,942,122	$ 16,835,789
Income taxes paid during the year	**$ 14,857,555**	$ 15,711,692	$ 23,259,590

See accompanying notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

The Company's accounting and reporting policies are in accordance with GAAP and conform to general practices within the finance company industry. The following is a description of the more significant of these policies used in preparing the Consolidated Financial Statements.

Nature of Operations

The Company is a small-dollar consumer finance (installment loan) company headquartered in Greenville, South Carolina that offers short-term small loans, medium-term larger loans, related credit insurance products and ancillary products and services to individuals who have limited access to other sources of consumer credit. It also offers income tax return preparation services to its customer base and to others.

As of March 31, 2021, the Company operated 1,205 branches in Alabama, Georgia, Idaho, Illinois, Indiana, Kentucky, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, South Carolina, Tennessee, Texas, Utah, and Wisconsin. Branches in the aforementioned states operate under one of the following names: Amicable Finance, Colonial Finance, Freeman Finance, General Credit, Midwestern Loans, World Acceptance, or World Finance. On August 3, 2018 the Company and its affiliates completed the sale of the Company's Mexico operating segment in its entirety, effective as of July 1, 2018. Thus, the Company operated no branches in Mexico as of March 31, 2021 or 2020. During the first quarter of fiscal 2019, branches in Mexico operated under the name Préstamos Avance or Préstamos Viva. The Company is subject to numerous lending regulations that vary by jurisdiction.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of World Acceptance Corporation and its wholly-owned subsidiaries (the “Company”). Subsidiaries consist of operating entities in various states, ParaData Financial Systems (a software company acquired during fiscal 1994), and WAC Insurance Company, Ltd. (a captive reinsurance company established in fiscal 1994). All significant inter-company balances and transactions have been eliminated in consolidation.

The financial statements of the Company’s former foreign subsidiaries in Mexico were prepared using the local currency as the functional currency. Assets and liabilities of these subsidiaries were translated into U.S. dollars at the then-current exchange rate while income and expense are translated at an average exchange rate for the applicable period. The resulting translation gains and losses were recognized as a component of equity in “Accumulated Other Comprehensive Loss, net.”

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The most significant item subject to such estimates and assumptions that could materially change in the near term is the allowance for credit losses.

Reclassification

Certain prior period amounts have been reclassified to conform to the current presentation. Such reclassifications had no impact on previously reported net income or shareholders' equity.

Business Segments

The Company reports operating segments in accordance with FASB ASC Topic 280. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. FASB ASC Topic 280 requires that a public enterprise report a measure of segment profit or loss, certain specific revenue and expense items, segment assets, information about the way that the operating segments were determined and other items.

The Company has one reportable segment. The other revenue generating activities of the Company, including the sale of insurance products, income tax preparation, and the automobile club, are done within the existing branch network in

conjunction with or as a complement to the lending operations. There is no discrete financial information available for these activities, and they do not meet the criteria under FASB ASC Topic 280 to be considered operating segments.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less from the date of original issuance to be cash equivalents. As of March 31, 2021 and 2020 the Company had $7.0 million and $5.4 million, respectively, in restricted cash associated with its captive insurance subsidiary that reinsures a portion of the credit insurance sold in connection with loans made by the Company.

Loans and Interest and Fee Income

The Company is licensed to originate consumer loans in the states of Alabama, Georgia, Idaho, Illinois, Indiana, Kentucky, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, South Carolina, Texas, Tennessee, Utah, and Wisconsin. During fiscal 2021, 2020, and 2019 the Company originated loans generally ranging up to $3,500, with terms of 48 months or fewer. Experience indicates that a majority of the consumer loans are refinanced, and the Company accounts for the majority of the refinancings as new loans. Generally a customer must make multiple payments in order to qualify for refinancing. Furthermore, the Company's lending policy has predetermined lending amounts so that in most cases a refinancing will result in advancing additional funds. The Company believes that the advancement of additional funds constitutes more than a minor modification to the terms of the existing loan if the present value of the cash flows under the terms of the new loan will be 10% or more of the present value of the remaining cash flows under the terms of the original loan.

The following table sets forth information about our loan products for fiscal 2021:

	Minimum Origination	Maximum Origination	Minimum Term (Months)	Maximum Term (Months)
Small loans	$ 250	$ 2,450	4	30
Large loans	2,500	21,400	12	48
Tax advance loans	100	5,000	8	8

Gross loans receivable at March 31, 2021 and 2020 consisted of the following:

	2021	2020
Small loans	**$ 620,959,979**	$ 761,364,753
Large loans	**475,470,271**	442,683,915
Tax advance loans	**8,316,011**	5,822,698
Total gross loans	**$ 1,104,746,261**	$ 1,209,871,366

Fees received and direct costs incurred for the origination of loans are deferred and amortized to interest income over the contractual lives of the loans using the interest method. Unamortized amounts are recognized in income at the time that loans are refinanced or paid in full except for those refinancings that do not constitute a more than minor modification.

Loans are carried at the gross amount outstanding, reduced by unearned interest and insurance income, net of deferred origination fees and direct costs and an allowance for credit losses. The Company recognizes interest and fee income using the interest method. Charges for late payments are credited to income when collected.

With the exception of tax advance loans, which are interest free, the Company offers its loans at the prevailing statutory rates for terms not to exceed 48 months. Management believes that the carrying value approximates the fair value of its loan portfolio.

Nonaccrual Policy

The accrual of interest is discontinued when a loan is 61 days or more past the contractual due date. When the interest accrual is discontinued, all unpaid accrued interest is reversed against interest income. While a loan is on nonaccrual status,

interest revenue is recognized only when a payment is received. Once a loan moves to nonaccrual status, it remains in nonaccrual status until it is paid out, charged off or refinanced.

Allowance for Credit Losses

Refer to Note 2, “Allowance for Credit Losses and Credit Quality Indicators,” in this Annual Report on Form 10-K for information regarding the Company's adoption of the CECL allowance model on April 1, 2020 and a description of the methodology it utilizes.

Impaired Loans

The Company defines impaired loans as bankrupt accounts and accounts 91 days or more past due on a recency basis. In accordance with the Company’s charge-off policy, once a loan is deemed uncollectible, 100% of the net investment is charged off, except in the case of a borrower who has filed for bankruptcy. As of March 31, 2021, bankrupt accounts that had not been charged off were approximately $3.2 million. Bankrupt accounts 91 days or more past due on a recency basis are reserved at 100% of the gross loan balance. The Company also considers any accounts 91 days or more past due on a recency basis to be impaired, and such accounts are reserved at 100% of the gross loan balance.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is recorded using the straight-line method over the estimated useful life of the related asset as follows: buildings, 25 to 40 years; furniture and fixtures, 5 to 10 years; equipment, 3 to 7 years; and vehicles, 3 years. Amortization of leasehold improvements is recorded using the straight-line method over the lesser of the estimated useful life of the asset or the term of the lease. Additions to premises and equipment and major replacements or improvements are added at cost. Maintenance, repairs, and minor replacements are charged to operating expense as incurred. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the consolidated statement of operations.

Operating Leases

The Company’s branch leases typically have a lease term of three to five years and contain lessee renewal options and cancellation clauses in the event of regulatory changes. The Company typically renews its leases for one or more option periods. Accordingly, the Company amortizes its leasehold improvements over the shorter of their economic lives, which are generally five years, or the lease term that considers renewal periods that are reasonably assured.

Other Assets

Other assets include cash surrender value of life insurance policies, prepaid expenses, debt issuance costs, and other deposits.

Intangible Assets and Goodwill

Intangible assets include the cost of acquiring existing customers ("customer lists"), and the fair value assigned to non-compete agreements. Customer lists are amortized on a straight line or accelerated basis over their estimated period of benefit, ranging from 8 to 23 years with a weighted average of approximately 9.5 years. Non-compete agreements are amortized on a straight line basis over the term of the agreement, ranging from 3 to 5.3 years with a weighted average of approximately 5.0 years.

Customer lists are allocated at a branch level and are evaluated for impairment at a branch level when a triggering event occurs, in accordance with FASB ASC Topic 360-10-05. If a triggering event occurs, the impairment loss to the customer list is generally the remaining unamortized customer list balance. In most acquisitions, the original fair value of the customer list allocated to a branch is less than $100,000, and management believes that in the event a triggering event were to occur, the impairment loss to an unamortized customer list would be immaterial.

Non-compete agreements are valued at the stated amount paid to the other party for these agreements, which the Company believes approximates the fair value. The fair value of the customer lists is based on a valuation model that utilizes the Company’s historical data to estimate the value of any acquired customer lists. In a business combination, the remaining excess of the purchase price over the fair value of the tangible assets, customer list, and non-compete agreements is allocated

to goodwill. The branches the Company acquires are small, privately-owned branches, which do not have sufficient historical data to determine customer attrition. The Company believes that the customers acquired have the same characteristics and perform similarly to its customers. Therefore, the Company utilized the attrition patterns of its customers when developing the estimate of attrition for acquired customers. This estimation method is re-evaluated periodically.

The Company evaluates goodwill annually for impairment in the fourth quarter of the fiscal year using the market value-based approach. The Company has one reporting unit, and the Company has multiple components, the lowest level of which is individual branches. The Company's components are aggregated for impairment testing because they have similar economic characteristics.

Impairment of Long-Lived Assets

The Company assesses impairment of long-lived assets, including property and equipment and intangible assets, whenever changes or events indicate that the carrying amount may not be recoverable. The Company assesses impairment of these assets generally at the branch level based on the operating cash flows of the branch and the Company's plans for branch closings. The Company will write down such assets to fair value if, based on an analysis, the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets. The Company did not record any impairment charges for the fiscal year ended 2021, 2020, or 2019.

Fair Value of Financial Instruments

FASB ASC Topic 825 requires disclosures about the fair value of all financial instruments, regardless of whether the financial instrument is recognized on the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. The Company's financial instruments for the periods reported consist of the following: cash and cash equivalents, loans receivable and senior notes payable. Fair value approximates carrying value for all of these instruments.

Loans receivable are originated at prevailing market rates and have an average life of approximately 8 months. Given the short-term nature of these loans, they are continually repriced at current market rates. The Company's revolving credit facility has a variable rate based on a margin over LIBOR and reprices with any changes in LIBOR.

Insurance Premiums and Commissions

Insurance premiums for credit life, accident and health, property and unemployment insurance written in connection with certain loans, net of refunds and applicable advance insurance commissions retained by the Company, are remitted monthly to an insurance company. All commissions are credited to unearned insurance commissions and recognized as income over the life of the related insurance contracts. The Company recognizes insurance income using the Rule of 78s method for credit life (decreasing term), credit accident and health, unemployment insurance and the Pro Rata method for credit life (level term) and credit property.

Non-filing Insurance

Non-filing insurance premiums are charged on certain loans in lieu of recording and perfecting the Company's security interest in the assets pledged. The premiums and recoveries are remitted to a third party insurance company and are not reflected in the accompanying Consolidated Financial Statements (see Note 8).

Claims paid by the third party insurance company result in a reduction to loan losses. Certain losses related to such loans, which are not recoverable through life, accident and health, property, or unemployment insurance claims are reimbursed through non-filing insurance claims subject to policy limitations. Any remaining losses are charged to the allowance for credit losses.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment related to additional facts and circumstances occurs.

Earnings Per Share

Earnings per share ("EPS") is computed in accordance with FASB ASC Topic 260. Basic EPS includes no dilution and is computed by dividing net income by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of securities that could share in the earnings of the Company. Potential common stock included in the diluted EPS computation consists of stock options and restricted stock, which are computed using the treasury stock method. See Note 11 for the reconciliation of the numerators and denominators for basic and dilutive EPS calculations.

Stock-Based Compensation

FASB ASC Topic 718-10 requires companies to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation issued to employees. FASB ASC Topic 718-10 does not change the accounting guidance for share-based payment transactions with parties other than employees provided in FASB ASC Topic 718-10. Under FASB ASC Topic 718-10, the way an award is classified will affect the measurement of compensation cost. Liability-classified awards are remeasured to fair value at each balance-sheet date until the award is settled. Equity-classified awards are measured at grant-date fair value, amortized over the subsequent vesting period, and are not subsequently remeasured. The fair value of non-vested stock awards for the purposes of recognizing stock-based compensation expense is the market price of the stock on the grant date. The fair value of options is estimated on the grant date using the Black-Scholes option pricing model (see Note 12). At March 31, 2021, the Company had several share-based employee compensation plans, which are described more fully in Note 12.

Share Repurchases

On March 12, 2020, the Board of Directors authorized the Company to repurchase up to $30.0 million of the Company's outstanding common stock, inclusive of the amount that remains available for repurchase under prior repurchase authorizations. As of March 31, 2021, the Company had $21.4 million in aggregate remaining repurchase capacity. The timing and actual number of shares of common stock repurchased will depend on a variety of factors, including the stock price, corporate and regulatory requirements, restrictions under the revolving credit facility and other market and economic conditions.

The Company continues to believe stock repurchases are a viable component of the Company's long-term financial strategy and an excellent use of excess cash when the opportunity arises. However, our revolving credit agreement limits share repurchases to 50% of consolidated adjusted net income in any fiscal year commencing with the fiscal year ending March 31, 2017 without prior written consent of the lenders. As of March 31, 2021 our debt outstanding was $405.0 million and our shareholders' equity was $404.9 million resulting in a debt-to-equity ratio of 1.0:1.0.

Comprehensive Income

Total comprehensive income consists of net income and other comprehensive income (loss). The Company's other comprehensive income (loss) and accumulated other comprehensive income (loss) are composed of foreign currency translation adjustments.

Concentration of Risk

The Company generally serves individuals with limited access to other sources of consumer credit such as banks, credit unions, other consumer finance businesses and credit card lenders. During the year ended March 31, 2021, the Company operated in sixteen states in the United States. For the years ended March 31, 2021, 2020, and 2019, total revenue within the Company's four largest states (Texas, Georgia, Tennessee, and South Carolina) accounted for approximately 53%, 56% and 57%, respectively, of the Company's total revenues.

The Company maintains amounts in bank accounts which, at times, may exceed federally insured limits. The Company has not experienced losses in such accounts, which are maintained with large domestic banks. Management believes the Company's exposure to credit risk is minimal for these accounts.

Advertising Costs

Advertising costs are expensed when incurred. Advertising costs were approximately $17.2 million, $24.3 million, and $22.5 million for fiscal years 2021, 2020, and 2019, respectively.

Recently Adopted Accounting Standards

Measurement of Credit Losses on Financial Instruments

ASU 2016-13 (and all subsequent ASUs on this topic) introduce the CECL model, a new credit loss methodology, replacing multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. The amendments in this ASU require loss estimates be determined over the lifetime of the asset and broaden the information that an entity must consider in developing its expected credit losses. The ASU does not specify a method for measuring expected credit losses and allows an entity to apply methods that reasonably reflect its expectations of the credit loss estimate based on the entity's size, complexity, and risk profile. In addition, the disclosures of credit quality indicators in relation to the amortized cost of financing receivables, a current disclosure requirement, are further disaggregated by year of origination.

The Company adopted this ASU (and all subsequent ASUs on this topic) as of April 1, 2020 using the modified retrospective approach. The adoption of this pronouncement resulted in the recognition of a $28.6 million increase in the allowance for credit losses on our opening balance sheet as of April 1, 2020, with a corresponding net-of-tax $21.2 million reduction in retained earnings and a $7.4 million increase to deferred income taxes, net.

Recently Issued Accounting Standards Not Yet Adopted

We reviewed all newly issued accounting pronouncements and concluded that they are either not applicable to our business or are not expected to have a material effect on the consolidated financial statements as a result of future adoption.

(2) Allowance for Credit Losses and Credit Quality Information

The following is a summary of gross loans receivable by Customer Tenure as of:

Customer Tenure		**March 31, 2021**
0 to 5 months	$	92,378,097
6 to 17 months		106,742,121
18 to 35 months		169,361,910
36 to 59 months		130,655,627
60+ months		597,292,495
Tax advance loans		8,316,011
Total gross loans	$	1,104,746,261

During the first quarter of fiscal 2021, we adopted ASU 2016-13, which replaces the incurred loss methodology for determining our provision for credit losses and allowance for credit losses with an expected loss methodology that is referred to as the CECL model, using the modified retrospective approach. Upon adoption, the total allowance for credit losses increased by $28.6 million, with no impact to the consolidated statement of operations.

Based on the Company's loan products, the purpose and the term, current payment performance is used to assess the capability of the borrower to repay contractual obligations of the loan agreements as scheduled. Current payment performance is monitored by management on a daily basis. On an as needed basis, qualitative information may be taken into consideration if new information arises related to the customer's ability to repay the loan. The Company's payment performance buckets are as follows: current, 30-60 days past due, 61-90 days past due, 91 days or more past due.

The following tables provide a breakdown of the Company's gross loans receivable by current payment performance on a recency basis and year of origination at March 31, 2021:

	Term Loans By Origination						
Loans	Up to 1 Year Ago	Between 1 and 2 Years Ago	Between 2 and 3 Years Ago	Between 3 and 4 Years Ago	Between 4 and 5 Years Ago	More than 5 Years Ago	Total
Current	$ 970,526,682	$45,769,052	$ 2,102,732	$ 154,890	$ 14,444	$ 831	$1,018,568,631
30 – 60 days past due	21,862,634	2,011,261	153,417	21,426	3,500	2,069	24,054,307
61 – 90 days past due	18,039,010	1,208,936	88,119	11,800	571	—	19,348,436
91 or more days past due	31,126,328	3,120,210	183,434	14,028	14,708	168	34,458,876
Total	$1,041,554,654	$52,109,459	$ 2,527,702	$ 202,144	$ 33,223	$ 3,068	$1,096,430,250

	Term Loans By Origination						
Tax advance loans	Up to 1 Year Ago	Between 1 and 2 Years Ago	Between 2 and 3 Years Ago	Between 3 and 4 Years Ago	Between 4 and 5 Years Ago	More than 5 Years Ago	
Current	$ 7,583,075	$ 9,360	$ —	$ —	$ —	$ —	$ 7,592,435
30 – 60 days past due	686,667	1,423	—	—	—	—	688,090
61 - 90 days past due	—	—	321	—	—	—	321
91 or more days past due	—	34,509	656	—	—	—	35,165
Total	$ 8,269,742	$ 45,292	$ 977	$ —	$ —	$ —	$ 8,316,011
Total gross loans							$1,104,746,261

The following tables provide a breakdown of the Company's gross loans receivable by current payment performance on a contractual basis and year of origination at March 31, 2021:

	Term Loans By Origination						
Loans	Up to 1 Year Ago	Between 1 and 2 Years Ago	Between 2 and 3 Years Ago	Between 3 and 4 Years Ago	Between 4 and 5 Years Ago	More than 5 Years Ago	Total
Current	$ 948,353,853	$39,661,944	$ 1,522,148	$ 83,073	$ 1,790	$ 831	$ 989,623,639
30 - 60 days past due	29,300,148	1,872,816	72,187	1,322	—	—	31,246,473
61 - 90 days past due	23,075,264	1,363,196	75,343	567	—	—	24,514,370
91 or more days past due	40,825,388	9,211,503	858,024	117,183	31,433	2,237	51,045,768
Total	$ 1,041,554,653	$52,109,459	$ 2,527,702	$ 202,145	$ 33,223	$ 3,068	$1,096,430,250

	Term Loans By Origination						
Tax advance loans	Up to 1 Year Ago	Between 1 and 2 Years Ago	Between 2 and 3 Years Ago	Between 3 and 4 Years Ago	Between 4 and 5 Years Ago	More than 5 Years Ago	Total
Current	$ 7,583,075	$ —	$ —	$ —	$ —	$ —	$ 7,583,075
30 - 60 days past due	686,667	—	—	—	—	—	686,667
61 - 90 days past due	—	—	—	—	—	—	—
91 or more days past due	—	45,292	977	—	—	—	46,269
Total	$ 8,269,742	$ 45,292	$ 977	$ —	$ —	$ —	$ 8,316,011
Total gross loans							$1,104,746,261

The allowance for credit losses is applied to amortized cost, which is defined as the amount at which a financing receivable is originated, and net of deferred fees and costs, collection of cash, and charge-offs. Amortized cost also includes interest earned but not collected.

Credit Risk is inherent in the business of extending loans to borrowers and is continuously monitored by management and reflected within the allowance for credit losses for loans. The allowance for credit losses is an estimate of expected losses inherent within the Company's gross loans receivable portfolio. In estimating the allowance for credit losses, loans with similar risk characteristics are aggregated into pools and collectively assessed. The Company's loan products have generally the same terms therefore the Company looked to borrower characteristics as a way to disaggregate loans into pools sharing similar risks.

In determining the allowance for credit losses, the Company examined four borrower risk metrics as noted below.

1. Borrower type
2. Active months
3. Prior loan performance
4. Customer Tenure

To determine how well each metric predicts default risk the Company uses loss rate data over an observation period of twelve months at the loan level. The information value was then calculated for each metric. From this analysis management determined the metric that had the strongest predictor of default risk was Customer Tenure. The Customer Tenure buckets used in the allowance for credit loss calculation are:

1. 0 to 5 months
2. 6 to 17 months
3. 18 to 35 months
4. 36 to 59 months
5. 60+ months

Management will continue to monitor this credit metric on a quarterly basis.

Management estimates an allowance for each Customer Tenure bucket by performing a historical migration analysis of loans in that bucket for the twelve most recent historical twelve-month migration periods, adjusted for seasonality. All loans that are greater than 90 days past due on a recency basis and not written off as of the reporting date are reserved for at 100% of the outstanding balance, net of a calculated Rehab Rate. Management considers whether current credit conditions might suggest a change is needed to the allowance for credit losses by monitoring trends in 60-day delinquencies, FICO scores and average loan size as compared to metrics in the historical migration period. Due to the short term nature of the loan portfolio, forecasted changes in macroeconomic variables such as unemployment do not have a significant impact on loans outstanding at the end of a particular reporting period. Therefore, management develops a reasonable and supportable forecast of losses by comparing the most recent 6-month loss curves as compared to historical loss curves to see if there are significant changes in borrower behavior that may indicate the historical migration rates should be adjusted. If an adjustment is made as a result of the forecast, then the Company has elected to immediately revert back to historical experience past the forecast period.

The following table is an aging analysis on a recency basis at amortized cost of the Company's gross loans receivable at March 31, 2021:

		Days Past Due - Recency Basis				
Customer Tenure	Current	30 - 60	61 - 90	Over 90	Total Past Due	Total Loans
0 to 5 months	$ 72,702,970	$ 4,799,102	$ 5,680,380	$ 9,195,642	$ 19,675,124	$ 92,378,094
6 to 17 months	94,466,209	3,187,347	2,798,411	6,290,155	12,275,913	106,742,122
18 to 35 months	158,217,605	3,570,696	2,592,402	4,981,208	11,144,306	169,361,911
36 to 59 months	123,542,346	2,432,489	1,753,291	2,927,501	7,113,281	130,655,627
60+ months	569,639,500	10,064,674	6,523,952	11,064,370	27,652,996	597,292,496
Tax advance loans	7,592,435	688,090	321	35,165	723,576	8,316,011
Total gross loans	1,026,161,065	24,742,398	19,348,757	34,494,041	78,585,196	1,104,746,261
Unearned interest, insurance and fees	(259,492,219)	(6,256,776)	(4,892,850)	(8,722,739)	(19,872,365)	(279,364,584)
Total net loans	$ 766,668,846	$ 18,485,622	$ 14,455,907	$ 25,771,302	$ 58,712,831	$ 825,381,677
Percentage of period-end gross loans receivable		2.2%	1.8%	3.1%	7.1%	

The following tables provide a breakdown of the Company's gross loans receivable by current payment performance on a contractual basis and year of origination at March 31, 2021:

		Days Past Due - Contractual Basis				
Loans	Current	30 - 60	61 - 90	Over 90	Total Past Due	Total Loans
0 to 5 months	$ 70,532,439	$ 5,245,878	$ 6,019,264	$ 10,580,514	$ 21,845,656	$ 92,378,095
6 to 17 months	90,679,304	3,936,937	3,267,446	8,858,434	16,062,817	106,742,121
18 to 35 months	153,922,334	4,471,202	3,488,629	7,479,745	15,439,576	169,361,910
36 to 59 months	120,168,698	3,229,253	2,337,625	4,920,052	10,486,930	130,655,628
60+ months	554,320,865	14,363,203	9,401,406	19,207,022	42,971,631	597,292,496
Tax advance loans	7,583,075	686,667	—	46,269	732,936	8,316,011
Total gross loans	$ 997,206,715	$ 31,933,140	$24,514,370	$ 51,092,036	$107,539,546	$ 1,104,746,261
Unearned interest, insurance and fees	$(252,170,339)	$ (8,075,147)	$ (6,199,113)	$(12,919,985)	$(27,194,245)	$ (279,364,584)
Total net loans	$ 745,036,376	$ 23,857,993	$18,315,257	$ 38,172,051	$ 80,345,301	$ 825,381,677
Percentage of period-end gross loans receivable		2.9%	2.2%	4.6%	9.7%	

The Company elected not to record an allowance for credit losses for accrued interest as outlined in ASC 326-20-30-5A. Loans are placed on nonaccrual status when management determines that the full payment of principal and collection of interest according to contractual terms is no longer likely. The accrual of interest is discontinued when a loan is 61 days or more past the contractual due date. When the interest accrual is discontinued, all unpaid accrued interest is reversed against interest income. While a loan is on nonaccrual status, interest revenue is recognized only when a payment is received. Once a loan moves to nonaccrual status, it remains in nonaccrual status until it is paid out, charged off or refinanced. During the three months ended March 31, 2021, the Company reversed a total of $6.2 million of unpaid accrued interest against interest income. During the twelve months ended March 31, 2021, the Company reversed a total of $22.4 million of unpaid accrued interest against interest income.

The following table presents the amortized cost basis of loans on nonaccrual status as of the beginning of the reporting period and the end of the reporting period and the amortized cost basis of nonaccrual loans without related expected credit loss. It also shows year-to-date interest income recognized on nonaccrual loans:

	Nonaccrual Financial Assets				
Customer Tenure	As of March 31, 2021	As of March 31, 2020	Financial Assets 61 Days or More Past Due, Not on Nonaccrual Status	Nonaccrual Financial Assets With No Allowance as of March 31, 2021	Interest Income Recognized Fiscal 2021
0 to 5 months	**$ 17,191,922**	$ 26,040,593	$ —	$ —	$ 1,705,371
6 to 17 months	**13,211,641**	17,466,450	—	—	2,433,144
18 to 35 months	**12,088,377**	13,723,295	—	—	2,195,160
36 to 59 months	**8,161,951**	10,071,288	—	—	1,609,059
60+ months	**31,925,232**	44,293,545	—	—	6,747,722
Tax advance loans	**46,269**	41,573	—	—	—
Unearned interest, insurance and fees	**(20,894,036)**	(28,510,140)			
Total	**$ 61,731,356**	$ 83,126,604	$ —	$ —	$ 14,690,456

The following is a summary of the changes in the allowance for credit losses for the years ended March 31, 2021, 2020, and 2019:

	2021	2020	2019
Balance at beginning of period	**$ 96,487,856**	81,519,624	66,088,139
Impact of ASC 326 adoption	**28,628,368**	—	—
Provision for loan losses	**86,244,714**	181,730,182	148,426,578
Loan losses	**(141,270,125)**	(183,439,199)	(148,308,199)
Recoveries	**21,631,475**	16,677,249	15,313,106
Balance at end of period	**$ 91,722,288**	96,487,856	81,519,624

Under the prior incurred loss methodology, loss contingencies were evaluated as: probable, reasonably possible, or remote. If, at the date of financial statement presentation, information was available that indicated an asset had been impaired and the amount of loss could be reasonably estimated, then an allowance for that loss could be recorded. Recording an allowance for a loss that was considered reasonably possible or remote was not permitted. With the adoption of ASC 326, the Company considers the lifetime potential for losses at the point of origination and records an allowance for that potential, at that point in time, removing the necessity of differentiation between the three loss contingency concepts and impairment. The following disclosures are presented under previously applicable GAAP.

March 31, 2020	Loans individually evaluated for impairment (impaired loans)	Loans collectively evaluated for impairment	Total
Gross loans in bankruptcy, excluding contractually delinquent	$ 5,165,752	—	5,165,752
Gross loans contractually delinquent	70,719,727	—	70,719,727
Loans not contractually delinquent and not in bankruptcy	—	1,133,985,887	1,133,985,887
Gross loan balance	75,885,479	1,133,985,887	1,209,871,366
Unearned interest and fees	(16,848,762)	(292,131,962)	(308,980,724)
Net loans	59,036,717	841,853,925	900,890,642
Allowance for loan losses	(54,090,509)	(42,397,347)	(96,487,856)
Loans, net of allowance for loan losses	$ 4,946,208	799,456,578	804,402,786

The average net balance of impaired loans was $57.2 million, and $47.0 million, respectively, for the years ended March 31, 2020, and 2019. It is not practicable to compute the amount of interest earned on impaired loans, nor is it practicable to compute the interest income recognized using the cash-basis method during the period such loans were impaired.

The following is an assessment of the credit quality for March 31, 2020:

Credit risk	
Consumer loans- non-bankrupt accounts	$ 1,203,552,152
Consumer loans- bankrupt accounts	6,319,214
Total gross loans	1,209,871,366
Consumer credit exposure	
Credit risk profile based on payment activity, performing	1,104,130,714
Contractual non-performing, 61 days or more delinquent [1]	105,740,652
Total gross loans	1,209,871,366
Credit risk profile based on customer type	
New borrower	124,800,193
Former borrower	127,108,125
Refinance	935,448,882
Delinquent refinance	22,514,166
Total gross loans	$ 1,209,871,366

[1] Loans in non-accrual status

The following is a summary of the past due receivables as of:

		March 31, 2020
Contractual basis:		
30-60 days past due	$	49,137,102
61-90 days past due		35,020,925
91 days or more past due		70,719,727
Total	$	154,877,754
Percentage of period-end gross loans receivable		12.8 %
Recency basis:		
30-60 days past due	$	48,206,910
61-90 days past due		28,450,942
91 days or more past due		50,669,837
Total	$	127,327,689
Percentage of period-end gross loans receivable		10.5 %

(3) Property and Equipment

Property and equipment consist of:

	March 31, 2021	March 31, 2020
Land	**$ 100,443**	100,443
Building and leasehold improvements	**17,882,214**	17,048,098
Furniture and equipment	**54,735,353**	51,376,746
	72,718,010	68,525,287
Less accumulated depreciation and amortization	**(46,377,973)**	(43,764,179)
Total	**$ 26,340,037**	24,761,108

Depreciation expense was approximately $6.9 million, $7.1 million, and $6.6 million for the years ended March 31, 2021, 2020, and 2019, respectively.

(4) Intangible Assets

The following table provides the gross carrying amount and related accumulated amortization of definite-lived intangible assets:

	March 31, 2021			March 31, 2020		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Intangible Asset**	Gross Carrying Amount	Accumulated Amortization	Net Intangible Asset
Cost of customer lists	**$54,777,749**	**(32,322,607)**	**22,455,142**	$50,411,969	(27,215,464)	23,196,505
Value assigned to non-compete agreements	**10,252,143**	**(9,169,768)**	**1,082,375**	10,054,643	(8,802,671)	1,251,972
Total	**$65,029,892**	**(41,492,375)**	**23,537,517**	$60,466,612	(36,018,135)	24,448,477

The estimated amortization expense for intangible assets for future years ended March 31 is as follows: $4.8 million for 2022; $4.2 million for 2023; $4.0 million for 2024; $3.7 million for 2025; $3.1 million for 2026; and an aggregate of $3.8 million for the years thereafter.

(5) Goodwill

The following summarizes the changes in the carrying amount of goodwill for the years ended March 31, 2021 and 2020:

	2021	2020
Balance at beginning of year:		
Goodwill	**$ 7,450,422**	7,114,094
Accumulated goodwill impairment losses	**(79,631)**	(79,631)
Goodwill, net	**$ 7,370,791**	7,034,463
Goodwill acquired during the year	**$ —**	336,328
Impairment losses	**—**	—
Balance at end of year:		
Goodwill	**$ 7,450,422**	7,450,422
Accumulated goodwill impairment losses	**(79,631)**	(79,631)
Goodwill, net	**$ 7,370,791**	7,370,791

The Company performed an annual impairment test during the fourth quarters of fiscal 2021 and 2020 and determined none of its recorded goodwill was impaired.

(6) Notes Payable

Senior Notes Payable; Revolving Credit Facility

At March 31, 2021, the Company's notes payable consisted of a $685.0 million senior revolving credit facility, which has an accordion feature permitting the maximum aggregate commitments to increase to $685.0 million provided that certain conditions are met. At March 31, 2021, $405.0 million was outstanding under the facility, not including a $300.0 thousand outstanding standby letter of credit related to workers compensation. To the extent that the letter of credit is drawn upon, the disbursement will be funded by the credit facility. There are no amounts due related to the letter of credit as of March 31, 2021. The letter of credit expires on December 31, 2021; however, it automatically extends for one year on the expiration date. Subject to a borrowing base formula, the Company may borrow at the rate of LIBOR plus an applicable margin between 3.5% and 4.5% based on certain EBITDA related metrics set forth in the revolving credit agreement, which will be determined and adjusted on a monthly basis with a minimum rate of 4.5%. The revolving credit facility has a commitment fee of 0.50% per annum on the unused portion of the commitment. Commitment fees on the unused portion of the borrowing totaled $1.3 million, $1.0 million, and $1.1 million for the years ended March 31, 2021, 2020, and 2019, respectively. Borrowings under the revolving credit facility mature on June 7, 2024.

For the years ended March 31, 2021, 2020, and 2019 the Company’s effective interest rate, including the commitment fee, was 5.8%, 5.8%, and 6.7% respectively, and the unused amount available under the revolver at March 31, 2021 was $181.4 million.

Substantially all of the Company's assets are pledged as collateral for borrowings under the revolving credit agreement.

Debt Covenants

The agreement governing the Company’s revolving credit facility contains affirmative and negative covenants, including covenants that restrict the ability of the Company and its subsidiaries to, among other things, incur or guarantee indebtedness, incur liens, pay dividends and repurchase or redeem capital stock, dispose of assets, engage in mergers and consolidations, make acquisitions or other investments, redeem or prepay subordinated debt, amend subordinated debt documents, make changes in the nature of its business, and engage in transactions with affiliates. The agreement also

contains financial covenants, including (i) a minimum consolidated net worth of (a) $365.0 million through December 30, 2020 and (b) $325.0 million on and after December 31, 2020; (ii) a minimum fixed charge coverage ratio of (a) 2.25 to 1.0 for the fiscal quarters ending March 31, 2020, June 30, 2020 and September 30, 2020 and (b) 2.75 to 1.0 for each fiscal quarter thereafter; (iii) a maximum ratio of total debt to consolidated adjusted net worth of 2.0 to 1.0; and (iv) a maximum collateral performance indicator of 24% as of the end of each calendar month. The agreement allows the Company to incur subordinated debt that matures after the termination date for the revolving credit facility and that contains specified subordination terms, subject to limitations on amount imposed by the financial covenants under the agreement.

The collateral performance indicator is equal to the sum of (a) a three-month rolling average rate of receivables at least sixty days past due and (b) an eight-month rolling average net charge-off rate. The Company was in compliance with these covenants at March 31, 2021 and does not believe that these covenants will materially limit its business and expansion strategy.

The agreement contains events of default including, without limitation, nonpayment of principal, interest or other obligations, violation of covenants, misrepresentation, cross-default to other debt, bankruptcy and other insolvency events, judgments, certain ERISA events, actual or asserted invalidity of loan documentation, invalidity of subordination provisions of subordinated debt, certain changes of control of the Company, and the occurrence of certain regulatory events (including the entry of any stay, order, judgment, ruling or similar event related to the Company's or any of its subsidiaries' originating, holding, pledging, collecting or enforcing its eligible finance receivables that is material to the Company or any subsidiary) which remains unvacated, undischarged, unbonded or unstayed by appeal or otherwise for a period of 60 days from the date of its entry and is reasonably likely to cause a material adverse change.

Debt Maturities

As of March 31, 2021, the aggregate annual maturities of the notes payable for each of the five fiscal years subsequent to March 31, 2021 were as follows:

2022	$	—
2023		—
2024		—
2025		405,007,500
2026		—
Total future debt payments	$	405,007,500

(7) Insurance and Other Income

Insurance and other income for the years ending March 31, 2021, 2020, and 2019 consist of:

	2021	2020	2019
Insurance revenue	**$ 44,214,454**	50,360,730	45,182,596
Tax return preparation revenue	**18,098,087**	20,936,447	21,454,117
Auto club membership revenue	**7,863,145**	6,254,748	4,452,018
Other	**4,244,079**	4,150,319	4,299,917
Insurance and other income	**$ 74,419,765**	81,702,244	75,388,648

The Company has a wholly-owned, captive insurance subsidiary that reinsures a portion of the credit insurance sold in connection with loans made by the Company. Certain coverages currently sold by the Company on behalf of the unaffiliated insurance carrier are ceded by the carrier to the captive insurance subsidiary, providing the Company with an additional source of income derived from the earned reinsurance premiums. Insurance premiums are ceded to the reinsurance subsidiary as written and revenue is recognized over the life of the related insurance contracts. As of March 31, 2021, 2020, and 2019, the amount of net written premiums by the reinsurance subsidiary were $5.9 million, $6.6 million, and $5.6 million, respectively, and the amount of earned premiums were $6.0 million, $6.2 million, and $5.7 million, respectively.

The Company maintains a cash reserve for claims in an amount determined by the ceding company, and as of March 31, 2021 and 2020, the cash reserves were $4.0 million and $4.7 million, respectively.

(8) Non-filing Insurance

The Company maintains non-filing insurance coverage with an unaffiliated insurance company. The following is a summary of the non-filing insurance activity for the years ended March 31, 2021, 2020, and 2019:

	2021	2020	2019
Insurance premiums written	**$ 7,072,647**	8,251,927	6,164,871
Recoveries on claims paid	**$ 959,620**	1,001,288	996,482
Claims paid	**$ 5,223,484**	7,570,126	6,553,271

(9) Leases

Accounting Policies and Matters Requiring Management's Judgment

When determining the economic life of a lease the Company adopts a convention of applying an economic life equal to the useful life as specified in its accounting policy. Refer to Note 1, "Property and Equipment," in this Annual Report on Form 10-K for a description of the Company's accounting policy regarding useful lives.

The Company uses its effective annual interest rate as the discount rate when evaluating leases under Topic 842. Management applies its effective annual interest rate to leases entered for the entirety of the subsequent year. For example, fiscal 2020's annual effective interest rate of 5.8% will be used in the determination of lease type as well as the discount rate when calculating the present value of lease payments for all leases entered into in fiscal 2020 or until a new annual effective interest rate is available for application.

Based on its historical practice, the Company believes it is reasonably certain to exercise a given option associated with a given office space lease. Therefore, the Company classifies all lease options for office space as "reasonably certain" unless it has specific knowledge to the contrary for a given lease. The Company does not believe it is reasonably certain to exercise any options associated with its office equipment leases.

Periodic Disclosures

The Company's leases consist of real estate leases for office space as well as office equipment leases, all of which were classified as operating at March 31, 2021. Both the branch real estate and office equipment leases range from three years to five years, and generally contain options to extend which mirror the original terms of the lease.

The following table reports information about the Company's lease cost for the years ended March 31, 2021 and 2020:

	2021	2020
Lease Cost		
Operating lease cost	**$ 27,977,226**	$ 26,244,323
Short-term lease cost	**1,800**	4,500
Variable lease cost	**3,621,748**	3,376,275
Total lease cost	**$ 31,600,774**	$ 29,625,098

The following table reports other information about the Company's leases for years ended March 31, 2021 and 2020:

	2021	2020
Other Lease Information		
Cash paid for amounts included in the measurement of lease liabilities	**$ 27,559,260**	$ 25,618,886
Right-of-use assets obtained in exchange for new operating lease liabilities	**$ 12,482,167**	$ 36,826,045
Weighted average remaining lease term — operating leases	**7.3 years**	8.4 years
Weighted-average discount rate — operating leases	**6.3 %**	6.7 %

The following table reports information about the maturity of the Company's operating leases as of March 31, 2021:

Operating lease liability maturity analysis		
FY2022		**25,697,140**
FY2023		**21,366,591**
FY2024		**17,262,768**
FY2025		**12,608,028**
FY2026		**8,874,883**
Thereafter		**31,311,884**
Total undiscounted lease liability	**$**	**117,121,294**
Imputed interest		**25,403,219**
Total discounted lease liability	**$**	**91,718,075**

The Company had no leases with related parties at March 31, 2021 or 2020.

(10) <u>Income Taxes</u>

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the TCJA. The TCJA included significant changes to existing tax law, including a permanent reduction to the U.S. federal corporate income tax rate from 35% to 21%, a one-time repatriation tax on deferred foreign income ("Transition Tax"), deductions, credits and business-related exclusions.

The impact of changes in federal tax rates on deferred tax amounts and the effect of the Transition Tax are significant unusual or infrequent events which are recognized as discrete items in the Company's income tax expense in the period in which the event occurs. The Company recorded a $10.5 million increase in tax expense related to the net impact of revaluing the U.S. deferred tax assets and liabilities in the third quarter of fiscal 2018. An adjustment was made in the third quarter of fiscal 2019 to record an $850.0 thousand tax benefit related to the revaluing of the U.S. deferred tax assets and liabilities due to additional analysis and change in estimate from the original calculation. The Company also recorded an increase in tax expense of $4.9 million related to the foreign Transition Tax during the final quarter of fiscal 2018.

Because of the Transition Tax, the Company's tax basis was greater than its book basis. The recognition of the basis difference upon the sale of the Mexican operations in fiscal 2019 created a capital loss that the Company does not believe will be recognized in the carryforward period; therefore, a full tax valuation allowance was recorded against the recognized loss carryforward.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, expands current benefits of net operating losses and increases the allowable business interest deduction under Section 163(j). The CARES Act did not have a material impact on the Company's income tax position.

Income tax expense (benefit) from continuing operations consists of:

	Current	Deferred	Total
Year ended March 31, 2021			
Continuing Operations- Federal	**$ 16,443,592**	**4,077,609**	**20,521,201**
Continuing Operations- State and local	**1,025,645**	**1,573,753**	**2,599,398**
	$ 17,469,237	**5,651,362**	**23,120,599**
Year ended March 31, 2020			
Continuing Operations- Federal	$ 3,307,872	(224,604)	3,083,268
Continuing Operations- State and local	2,871,179	797,518	3,668,697
	$ 6,179,051	572,914	6,751,965
Year ended March 31, 2019			
Continuing Operations- Federal	$ 20,508,247	(1,833,943)	18,674,304
Continuing Operations- State and local	(871,439)	(1,821,808)	(2,693,247)
	$ 19,636,808	(3,655,751)	15,981,057

The differences between income taxes expected at the U.S. federal statutory income tax rate of 21% and the reported income tax expense from continuing operations for March 31, 2021, 2020 and 2019 are summarized as follows:

	2021	2020	2019
Expected income tax	**$ 23,394,720**	7,330,983	18,874,500
Increase (reduction) in income taxes resulting from:			
State tax (excluding state tax credits), net of federal benefit	**2,053,524**	3,398,271	1,576,915
Federal tax credits (net)	**(1,173,435)**	(7,616,236)	—
State tax credits	**—**	(500,000)	(3,704,580)
Revalue deferred tax assets and liabilities	**—**	—	(852,523)
Uncertain tax positions	**(2,107,263)**	(167,455)	(183,929)
Nondeductible penalties	**8,274**	4,562,830	2,210
Executive compensation limitation under Section 162(m)	**1,203,203**	1,305,975	37,457
Excess tax benefits related to equity compensation	**(996,769)**	(612,987)	(287,703)
Prior year adjustments	**(30,953)**	(672,358)	106,075
Other, net	**769,298**	(277,058)	412,635
	$ 23,120,599	6,751,965	15,981,057

The differences between income taxes expected at the U.S. federal statutory income tax rate of 21% and the reported income tax expense from discontinued operations for March 31, 2021, 2020 and 2019 are summarized as follows:

	2021	2020	2019
Expected income tax	**$ —**	—	491,783
Increase (reduction) in income taxes resulting from:			
Foreign income adjustments	**—**	—	187,974
Other, net	**—**	—	(53,174)
	$ —	—	626,583

The tax effects of temporary differences from continuing operations that give rise to significant portions of the deferred tax assets and deferred tax liabilities at March 31, 2021 and 2020 are presented below:

	2021	2020
Deferred tax assets:		
Allowance for credit losses	**$ 22,908,670**	23,900,236
Unearned insurance commissions	**10,080,766**	9,964,655
Accrued expenses primarily related to employee benefits	**13,676,701**	12,730,245
Reserve for uncollectible interest	**645,113**	1,205,082
Lease liability	**22,231,591**	25,309,841
Foreign tax credit carryforward	**3,254,926**	3,254,926
Capital loss carryforward	**7,928,184**	7,784,059
State net operating loss carryforwards	**78,358**	387,558
Gross deferred tax assets	**80,804,309**	84,536,602
Less valuation allowance	**(11,184,384)**	(11,040,259)
Net deferred tax assets	**69,619,925**	73,496,343
Deferred tax liabilities:		
Fair value adjustment for loans receivable	**(12,362,590)**	(14,065,135)
Property and equipment	**(5,902,421)**	(5,097,147)
Intangible assets	**(243,574)**	(925,319)
Deferred net loan origination costs	**(1,268,653)**	(1,664,486)
Prepaid expenses	**(1,412,337)**	(1,185,759)
Right-of-use asset	**(21,826,178)**	(25,045,690)
Other	**(1,611,430)**	(2,254,822)
Gross deferred tax liabilities	**(44,627,183)**	(50,238,358)
Deferred income taxes, net	**$ 24,992,742**	23,257,985

At March 31, 2021, the Company had state net operating loss carryforwards of approximately $2.2 million. A deferred tax asset of approximately $0.1 million has been recorded to reflect the benefit of these losses that the Company expects to be recognized. Approximately $1,000 of the state net operating loss carryforward will expire in 2025 with the remaining carryforward expiring between 2036 and 2039.

The valuation allowance for deferred tax assets increased by $144,125 for the year ended March 31, 2021 when compared to March 31, 2020. The valuation allowance at March 31, 2021 and 2020 was $11.2 million and $11.0 million, respectively. The valuation allowance against the total deferred tax assets as of March 31, 2021 consisted of $1,274 related to state of Colorado net operating loss carryforwards in the amount of $54,318, which expire in 2025, a foreign tax credit carryforward of $3.3 million arising in relation to the Section 965 calculation ("Transition Tax") during fiscal 2018 which expires in 2028, and $7.9 million related to the $37.1 million capital loss carryforward from the sale of the Mexican operations in fiscal 2019 which expires in 2024 and $0.7 million related to the sale of the former headquarters building which expires in 2026. The Company does not expect to generate enough foreign source income or capital gains in future tax years to realize these tax attributes. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. In order to fully realize the deferred tax asset, the Company will need to generate future taxable income of the appropriate character prior to the expiration of the deferred tax assets governed by the tax code. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the related temporary differences are deductible, management believes it is more likely than not the Company will realize the benefits of these deductible differences, net of the existing valuation allowances at

March 31, 2021. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

As of March 31, 2021, 2020, and 2019, the Company had $3.1 million, $5.8 million, and $5.8 million of total gross unrecognized tax benefits including interest, respectively. Of these totals, approximately $2.6 million, $5.2 million, and $5.4 million, respectively, represents the amount of net unrecognized tax benefits that are permanent in nature and, if recognized, would affect the annual effective tax rate.

A reconciliation of the beginning and ending amount of unrecognized tax benefits at March 31, 2021, 2020, and 2019 are presented below:

	2021	2020	2019
Unrecognized tax benefit balance beginning of year	**$ 4,351,811**	4,043,623	6,946,229
Gross increases for tax positions of current year	**36,541**	246,725	54,025
Gross increases (decreases) for tax positions of prior years	**—**	786,674	(138,405)
Settlements with tax authorities	**(1,968,702)**	—	(1,356,714)
Lapse of statute of limitations	**(608,406)**	(725,211)	(1,461,512)
Unrecognized tax benefit balance end of year	**$ 1,811,244**	4,351,811	4,043,623

At March 31, 2021, approximately $0.7 million of gross unrecognized tax benefits are expected to be resolved during the next 12 months through settlements with taxing authorities or the expiration of the statute of limitations. The Company's continuing practice is to recognize interest and penalties related to income tax matters in income tax expense. As of March 31, 2021, 2020, and 2019, the Company had $1.2 million, $1.4 million, and $1.8 million accrued for gross interest, respectively, of which $0.3 million, $(0.1) million, and $1.1 million represented the current period expense for the periods ended March 31, 2021, 2020, and 2019.

The Company is subject to U.S. income tax, as well as various other state and local jurisdictions. With the exception of a few states, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2016, although carryforward attributes that were generated prior to 2016 may still be adjusted upon examination by the taxing authorities if they either have been or will be used in a future period.

(11) Earnings Per Share

The following is a reconciliation of the numerators and denominators of the basic and diluted EPS from continuing operations calculations:

	For the year ended March 31, 2021		
	Income (Numerator)	**Shares (Denominator)**	**Per Share Amount**
Basic EPS			
Income from continuing operations available to common shareholders	**$ 88,282,828**	**6,493,898**	**$ 13.59**
Effect of dilutive securities options and restricted stock	**—**	**178,212**	
Diluted EPS			
Income from continuing operations available to common shareholders including dilutive securities	**$ 88,282,828**	**6,672,110**	**$ 13.23**

	For the year ended March 31, 2020		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS			
Income from continuing operations available to common shareholders	$28,157,478	7,688,242	$ 3.66
Effect of dilutive securities options and restricted stock	—	264,658	
Diluted EPS			
Income from continuing operations available to common shareholders including dilutive securities	$28,157,478	7,952,900	$ 3.54

	For the year ended March 31, 2019		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS			
Income from continuing operations available to common shareholders	$73,897,515	8,994,036	$ 8.22
Effect of dilutive securities options and restricted stock	—	210,341	
Diluted EPS			
Income from continuing operations available to common shareholders including dilutive securities	$73,897,515	9,204,377	$ 8.03

Options to purchase 608,087, 656,347, and 592,947 shares of common stock at various prices were outstanding during the years ended March 31, 2021, 2020, and 2019, respectively, but were not included in the computation of diluted EPS because the option exercise price was antidilutive.

(12) Benefit Plans

Retirement Plan

The Company provides a defined contribution employee benefit plan (401(k) plan) covering full-time employees, whereby employees can invest up to the maximum designated for that year. The Company matches 50% of each employee's contributions up to the first 6% of the employee's eligible compensation, providing a maximum employer contribution of 3% of compensation. The Company's expense under this plan was $1.6 million, $1.6 million, and $1.5 million, for the years ended March 31, 2021, 2020, and 2019, respectively.

Supplemental Executive Retirement Plan

The Company has instituted two supplemental executive retirement plans, which are non-qualified executive benefit plans in which the Company agrees to pay certain executives additional benefits in the future, usually at retirement, in return for continued employment by the executives. The SERPs are unfunded plans, and, as such, there are no specific assets set aside by the Company in connection with the establishment of the plans. The executives have no rights under the agreements beyond those of a general creditor of the Company. For the years ended March 31, 2021, 2020, and 2019, contributions of $0.55 million, $0.58 million, and $0.65 million, respectively, were charged to expense related to the SERP. The unfunded liability, which is included as a component of accounts payable and accrued expenses in the Company's Consolidated Balance Sheets was $6.4 million and $6.8 million as of March 31, 2021 and 2020, respectively.

For the three years presented, the unfunded liability was estimated using the following assumptions: an annual salary increase of 3.5% for all 3 years; a discount rate of 6.0% for all 3 years; and a retirement age of 65.

Executive Deferred Compensation Plan

The Company has an Executive Deferral Plan. Eligible executives and directors may elect to defer all or a portion of their incentive compensation to be paid under the Executive Deferral Plan. As of March 31, 2021 and 2020 no executive or director had deferred compensation under this plan.

Stock Incentive Plans

The Company has a 2008 Stock Option Plan, a 2011 Stock Option Plan, and a 2017 Stock Incentive Plan for the benefit of certain directors, officers, and key employees. Under these plans, a total of 3,350,000 shares of authorized common stock have been reserved for issuance pursuant to grants approved by the Compensation and Stock Option Committee of the Board of Directors. Stock options granted under these plans have a maximum duration of ten years, may be subject to certain vesting requirements, which are generally three to six years for officers, non-employee directors, and key employees, and are priced at the market value of the Company's common stock on the option's grant date. At March 31, 2021 there were a total of 170,377 shares of common stock available for grant under the plans.

Stock-based compensation is recognized as provided under FASB ASC Topic 718-10 and FASB ASC Topic 505-50. FASB ASC Topic 718-10 requires all share-based payments to employees, including grants of employee stock options, to be recognized as compensation expense over the requisite service period (generally the vesting period) in the consolidated financial statements based on their grant date fair values. The Company has applied the Black-Scholes valuation model in determining the grant date fair value of the stock option awards. Compensation expense is recognized only for those options expected to vest.

Long-term Incentive Program and Non-Employee Director Awards

On October 15, 2018, the Compensation Committee and Board approved and adopted a new long-term incentive program that seeks to motivate and reward certain employees and to align management's interest with shareholders' by focusing executives on the achievement of long-term results. The program is comprised of four components: Service Options, Performance Options, Restricted Stock, and Performance Shares.

Pursuant to this program, the Compensation Committee approved certain grants of Service Options, Performance Options, Restricted Stock and Performance Shares under the World Acceptance Corporation 2011 Stock Option Plan and the World Acceptance Corporation 2017 Stock Incentive Plan to certain employee directors, vice presidents of operations, vice presidents, senior vice presidents, and executive officers. Separately, the Compensation Committee approved certain grants of Service Options and Restricted Stock to certain of the Company's non-employee directors.

Under the long-term incentive program, up to 100% of the shares of restricted stock subject to the Performance Shares shall vest, if at all, based on the achievement of two trailing earnings per share performance targets established by the Compensation Committee that are based on earnings per share (measured at the end of each calendar quarter, commencing with the calendar quarter ending September 30, 2019) for the previous four calendar quarters. The Performance Shares are eligible to vest over the Performance Share Measurement Period and subject to each respective employee's continued employment at the Company through the last day of the applicable Performance Share Measurement Period (or as otherwise provided under the terms of the applicable award agreement or applicable employment agreement).

The Performance Share performance targets are set forth below.

Trailing 4-Quarter EPS Targets for September 30, 2018 through March 31, 2025	Restricted Stock Eligible for Vesting (Percentage of Award)
$16.35	40%
$20.45	60%

The Restricted Stock awards will vest in six equal annual installments, beginning on the first anniversary of the grant date, subject to each respective employee's continued employment at the Company through each applicable vesting date or otherwise provided under the terms of the applicable award agreement or applicable employment agreement.

The Service Options will vest in six equal annual installments, beginning on the first anniversary of the grant date, subject to each respective employee's continued employment at the Company through each applicable vesting date or otherwise provided under the terms of the applicable award agreement or applicable employment agreement. The option price is equal to the fair market value of the common stock on the grant date and the Service Options shall have a 10-year term.

The Performance Options shall fully vest if the Company attains the trailing earnings per share target over four consecutive calendar quarters occurring between September 30, 2018 and March 31, 2025 described below. Such performance target was established by the Compensation Committee and will be measured at the end of each calendar quarter commencing on September 30, 2019. The Performance Options are eligible to vest over the Option Measurement Period, subject to each respective employee's continued employment at the Company through the last day of the Option Measurement Period or as otherwise provided under the terms of the applicable award agreement or applicable employment agreement. The option price is equal to the fair market value of the common stock on the grant date and the Performance Options shall have a 10-year term. The Performance Option performance target is set forth below.

Trailing 4-Quarter EPS Targets for September 30, 2018 through March 31, 2025	Options Eligible for Vesting (Percentage of Award)
$25.30	100%

Stock Options

The weighted-average fair value at the grant date for options issued during the years ended March 31, 2021, 2020, and 2019 was $58.48, $57.69, and $53.50 per share, respectively. This fair value was estimated at grant date using the weighted-average assumptions listed below.

	2021	2020	2019
Dividend yield	**0 %**	0 %	0 %
Expected volatility	**57.53 %**	52.28 %	48.94 %
Average risk-free interest rate	**0.59 %**	1.58 %	3.01 %
Expected life	**6.3 years**	6.3 years	6.7 years

The expected stock price volatility is based on the historical volatility of the Company's stock for a period approximating the expected life. The expected life represents the period of time that options are expected to be outstanding after the grant date. The risk-free rate reflects the interest rate at grant date on zero coupon U.S. governmental bonds having a remaining life similar to the expected option term.

Option activity for the year ended March 31, 2021 was as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding, beginning of year	646,728	$ 88.30		
Granted	38,473	109.30		
Exercised	(165,237)	74.25		
Forfeited	(18,666)	105.14		
Expired	(1,130)	103.75		
Options outstanding, end of period	500,168	$ 93.89	6.29	$ 18,080,095
Options exercisable, end of period	213,095	$ 81.47	4.11	$ 10,300,232

The aggregate intrinsic value reflected in the table above represents the total pre-tax intrinsic value (the difference between the closing stock price on March 31, 2021 and the exercise price, multiplied by the number of in-the-money options) that would have been received by option holders had all option holders exercised their options as of March 31, 2021. This amount

will change as the stock's market price changes. The total intrinsic value of options exercised during the years ended March 31, 2021, 2020, and 2019 was as follows:

2021	2020	2019
$9,996,167	$5,083,094	$4,433,495

As of March 31, 2021, total unrecognized stock-based compensation expense related to non-vested stock options amounted to approximately $8.4 million, which is expected to be recognized over a weighted-average period of approximately 3.7 years.

Restricted Stock

During fiscal 2021, the Company granted 52,735 shares of restricted stock (which are equity classified), to certain vice presidents, senior vice presidents, executive officers, and non-employee directors with a grant date weighted average fair value of $106.28 per share.

During fiscal 2020, the Company granted 11,223 shares of restricted stock (which are equity classified) to certain vice presidents, senior vice presidents, executive officers, and non-employee directors with a grant date weighted average fair value of $90.23 per share.

During fiscal 2019, the Company granted 760,420 shares of restricted stock (which are equity classified) to certain executive officers, with a grant date weighted average fair value of $101.61 per share.

Compensation expense related to restricted stock is based on the number of shares expected to vest and the fair market value of the common stock on the grant date. The Company recognized compensation expense of $15.5 million, $23.4 million, and $13.6 million for the years ended March 31, 2021, 2020, and 2019, respectively, which is included as a component of general and administrative expenses in the Company's Consolidated Statements of Operations.

As of March 31, 2021, there was approximately $27.2 million of unrecognized compensation cost related to unvested restricted stock awards, which is expected to be recognized over the next 2.5 years based on current estimates.

A summary of the status of the Company's restricted stock as of March 31, 2021 and changes during the year ended March 31, 2021, are presented below:

	Shares	Weighted Average Fair Value at Grant Date
Outstanding at March 31, 2020	705,254	$ 101.47
Granted during the period	52,735	106.28
Vested during the period	(83,250)	101.17
Forfeited during the period	(60,000)	100.79
Outstanding at March 31, 2021	614,739	$ 101.99

Total Stock-Based Compensation

Total stock-based compensation included as a component of net income during the years ended March 31, 2021, 2020, and 2019 was as follows:

	2021	2020	2019
Stock-based compensation related to equity classified units:			
Stock-based compensation related to stock options	**$ 3,804,674**	5,522,883	3,991,967
Stock-based compensation related to restricted stock	**15,476,603**	23,429,277	13,643,343
Total stock-based compensation related to equity classified awards	**$ 19,281,277**	28,952,160	17,635,310

(13) Acquisitions

The Company evaluates each set of assets and activities it acquires to determine if the set meets the definition of a business according to FASB ASC Topic 805-10-55. Acquisitions meeting the definition of a business are accounted for as a business combination while all other acquisitions are accounted for as an asset purchase.

The following table sets forth the acquisition activity of the Company for the years ended March 31, 2021, 2020, and 2019:

	2021	2020	2019
Number of branches acquired through business combinations	—	38	17
Number of asset purchases	**50**	140	88
Total acquisitions	**50**	178	105
Purchase price	**$ 19,774,252**	$ 61,555,973	$ 44,145,787
Tangible assets:			
Loans receivable, net	**15,210,973**	47,026,694	33,920,847
Property and equipment	—	74,000	1,500
	15,210,973	47,100,694	33,922,347
Excess of purchase prices over fair value of net tangible assets	**$ 4,563,279**	$ 14,455,279	$ 10,223,440
Customer lists	**$ 4,365,779**	$ 13,228,951	$ 9,688,440
Non-compete agreements	**197,500**	890,000	535,000
Goodwill	—	336,328	—

Acquisitions that are accounted for as business combinations typically result in one or more new branches. In such cases, the Company typically retains the existing employees and the branch location from the acquisition. The purchase price is allocated to the tangible assets and intangible assets acquired based upon their estimated fair values at the acquisition date. The remainder is allocated to goodwill.

Acquisitions that are accounted for as asset purchases are typically limited to acquisitions of loan portfolios. The purchase price is allocated to the tangible assets and intangible assets acquired based upon their estimated fair values at the acquisition date. In an asset purchase, no goodwill is recorded.

The Company’s acquisitions include tangible assets (generally loans and furniture and equipment) and intangible assets (generally non-compete agreements, customer lists, and goodwill), both of which are recorded at their fair values, which are estimated pursuant to the processes described below.

Acquired loans are valued at the net loan balance. Given the short-term nature of these loans, generally eight months, and that these loans are priced at current rates, management believes the net loan balances approximate their fair value. Under CECL, acquired loans are included in the reserve calculations for all other loan types (excluding TALs). Management includes recent acquisition activity compared to historical activity when considering reasonable and supportable forecasts as it relates to assessing the adequacy of the allowance for expected credit losses. The Company did not acquire any loans that would qualify as PCD's during the period.

Furniture and equipment are valued at the specific purchase price as agreed to by both parties at the time of acquisition, which management believes approximates their fair values.

Non-compete agreements are valued at the stated amount paid to the other party for these agreements, which the Company believes approximates the fair value.

Customer lists are valued with a valuation model that utilizes the Company’s historical data to estimate the value of any acquired customer lists. Customer lists are allocated at a branch level and are evaluated for impairment at a branch level when a triggering event occurs in accordance with FASB ASC Topic 360-10-05. If a triggering event occurs, the impairment

loss to the customer list is generally the remaining unamortized customer list balance. In most acquisitions, the original fair value of the customer list allocated to an office is less than $100,000, and management believes that in the event a triggering event were to occur, the impairment loss to an unamortized customer list would be immaterial.

The results of all acquisitions have been included in the Company's Consolidated Financial Statements since the respective acquisition date. The pro forma impact of these branches as though they had been acquired at the beginning of the periods presented would not have a material effect on the results of operations as reported.

(14) Fair Value

Fair Value Disclosures

The Company may carry certain financial instruments and derivative assets and liabilities at fair value on a recurring or nonrecurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Company determines the fair values of its financial instruments based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Fair value measurements are grouped in three levels. The levels prioritize the inputs used to measure the fair value of the assets or liabilities. These levels are:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are less active.
- Level 3 – Unobservable inputs for assets or liabilities reflecting the reporting entity's own assumptions.

The Company's financial instruments for the periods reported consist of the following: cash and cash equivalents, loans receivable, and senior notes payable. Fair value approximates carrying value for all of these instruments. Loans receivable are originated at prevailing market rates and have an average life of approximately 8 months. Given the short-term nature of these loans, they are continually repriced at current market rates. The Company's revolving credit facility has a variable rate based on a margin over LIBOR and reprices with any changes in LIBOR. The Company also considered its creditworthiness in its determination of fair value.

The carrying amounts and estimated fair values of financial assets and liabilities disclosed but not carried at fair value and their level within the fair value hierarchy are summarized below.

		March 31, 2021		March 31, 2020	
	Input Level	**Carrying Value**	**Estimated Fair Value**	Carrying Value	Estimated Fair Value
ASSETS					
Cash and cash equivalents	1	**$ 15,746,454**	**$ 15,746,454**	$ 11,618,922	$ 11,618,922
Loans receivable, net	3	**733,659,389**	**733,659,389**	804,402,786	804,402,786
LIABILITIES					
Senior notes payable	3	**405,007,500**	**405,007,500**	451,100,000	451,100,000

The carrying amounts and estimated fair values of amounts the Company measures at fair value on a non-recurring basis, which are limited to the Company's assets held for sale, are summarized below:

		March 31, 2021		March 31, 2020	
	Input Level	**Carrying Value**	**Estimated Fair Value**	Carrying Value	Estimated Fair Value
ASSETS					
Assets held for sale	2	**$ 1,143,528**	**$ 1,143,528**	$ 3,991,498	$ 3,991,498

The Company re-valued its corporate headquarters in Greenville, SC as of March 31, 2020 in conjunction with its reclassification of the related assets as held for sale. The revaluation resulted in an impairment loss of approximately $251,000, which is included as a component of other expense in the Company's Consolidated Statements of Operations. The observable inputs the Company used in its revaluation were the agreed-upon prices to sell the assets.

There were no other significant assets or liabilities measured at fair value on a non-recurring basis as of March 31, 2021 and 2020.

(15) Quarterly Information (Unaudited)

The following sets forth selected quarterly operating data:

	Fiscal 2021				Fiscal 2020			
	First	**Second**	**Third**	**Fourth**	First	Second	Third	Fourth
	(Dollars in thousands, except for earnings per share data)							
Total revenues	**$ 123,867**	**124,441**	**130,946**	**146,280**	138,441	141,573	146,996	163,018
Provision for credit losses	**25,661**	**26,090**	**28,857**	**5,636**	41,291	52,968	55,219	32,252
General and administrative expenses	**71,608**	**75,293**	**77,875**	**77,411**	81,776	78,452	90,558	96,707
Interest expense	**5,562**	**5,893**	**7,305**	**6,940**	4,403	6,328	7,130	8,035
Income tax expense	**5,527**	**3,767**	**2,418**	**11,409**	2,363	1,312	356	2,721
Net income (loss)	**$ 15,509**	**13,398**	**14,491**	**44,884**	8,608	2,513	(6,267)	23,303
Net income (loss) per common share:								
Basic	**$ 2.26**	**2.01**	**2.32**	**7.25**	1.01	0.32	(0.87)	3.23
Diluted	**$ 2.24**	**1.96**	**2.25**	**6.96**	0.97	0.31	(0.87)	3.18

The Company's highest loan demand occurs generally from October through December, its third fiscal quarter. Loan demand is generally lowest and loan repayment highest from January to March, its fourth fiscal quarter. Consequently, the Company experiences significant seasonal fluctuations in its operating results and cash needs. Operating results from the Company's third fiscal quarter are generally lower than in other quarters and operating results for its fourth fiscal quarter are generally higher than in other quarters.

(16) Commitments and Contingencies

From time to time, the Company is involved in litigation matters relating to claims arising out of its operations in the normal course of business.

Estimating an amount or range of possible losses resulting from litigation, government actions, and other legal proceedings is inherently difficult and requires an extensive degree of judgment, particularly where the matters involve indeterminate claims for monetary damages, may involve fines, penalties, or damages that are discretionary in amount, involve a large number of claimants or significant discretion by regulatory authorities, represent a change in regulatory policy or interpretation, present novel legal theories, are in the early stages of the proceedings, are subject to appeal or could result in a change in business practices. In addition, because most legal proceedings are resolved over extended periods of time, potential losses are subject to change due to, among other things, new developments, changes in legal strategy, the outcome of intermediate procedural and substantive rulings and other parties' settlement posture and their evaluation of the strength or weakness of their case against us. For these reasons, we are currently unable to predict the ultimate timing or outcome of, or reasonably estimate the possible losses or a range of possible losses resulting from, the matters described above. Based on information currently available, the Company does not believe that any reasonably possible losses arising from currently pending legal matters will be material to the Company's results of operations or financial conditions. However, in light of the inherent uncertainties involved in such matters, an adverse outcome in one or more of these matters could materially and adversely affect the Company's financial condition, results of operations or cash flows in any particular reporting period.

(17) Assets Held for Sale

In the fourth quarter of fiscal 2020 the Company moved its corporate headquarters from properties it owned outright in Greenville, South Carolina to leased office space in downtown Greenville, South Carolina. Under ASC 360-10, the properties met the criteria for classification as held for sale as of March 31, 2020.

During the second quarter of fiscal 2021 the Company completed the sale of two of the three buildings held for sale, resulting in an aggregate loss of $37,579. The loss on sale of assets held for sale is included as a component of insurance income, net and other income in the Company's Consolidated Statement of Operations. The Company expects to complete the sale of the third, and final, building held for sale within the next twelve months.

The following table reconciles the major classes of assets held for sale to the amounts presented in the Consolidated Balance Sheets:

	March 31, 2020	March 31, 2020
Assets held for sale:		
Property and equipment, net	**$ 1,143,528**	$ 3,991,498
Total assets held for sale	**$ 1,143,528**	$ 3,991,498

(18) Discontinued Operations

On August 3, 2018 the Company and its affiliates completed the sale of the Company's Mexico operating segment in its entirety. The Company sold all of the issued and outstanding capital stock and equity interest of WAC de Mexico and SWAC to the Purchasers, effective as of July 1, 2018, for a purchase price of approximately $44.4 million. Under the terms of the stock purchase agreement, we are obligated to indemnify the Purchasers for claims and liabilities relating to certain investigations of WAC de Mexico, SWAC, or the Sellers by the DOJ or the SEC that commenced prior to July 1, 2018. Additionally, the Company has provided limited ParaData systems and software training to the Purchasers, as requested. The Company has not and will not have any other involvement with the Mexico operating segment subsequent to the sale's effective date.

The following table reconciles the major classes of line items constituting pre-tax income of discontinued operations to the amounts presented in the Consolidated Statements of Operations:

	Year ended March 31,		
	2021	2020	2019
Revenues	**$ —**	$ —	$ 9,693,367
Provision for loan losses	**—**	—	1,809,059
General and administrative expenses	**—**	—	5,542,483
Income from discontinued operations before disposal of discontinued operations and income taxes	**—**	—	2,341,825
Loss on disposal of discontinued operations	**—**	—	(38,377,623)
Income taxes	**—**	—	626,583
Loss from discontinued operations	**$ —**	$ —	$ (36,662,381)

The following table presents operating, investing and financing cash flows for the Company's discontinued operations:

	Year ended March 31,		
	2021	2020	2019
Cash provided by operating activities:	**$ —**	$ —	$ 3,553,854
Cash provided by (used in) investing activities:	**—**	—	1,138,084
Cash provided by (used in) financing activities:	**$ —**	$ —	$ (17,126,000)

(19) Subsequent Events

Management is not aware of any significant events occurring subsequent to the balance sheet date that would have a material effect on the financial statements thereby requiring adjustment or disclosure.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We are responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a – 15(f) under the Securities Exchange Act of 1934. We have assessed the effectiveness of internal control over financial reporting as of March 31, 2021. Our assessment was based on criteria established in the *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Our 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. Our 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 our transactions and dispositions of our assets;
(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 our receipts and expenditures are being made only in accordance with authorizations of our management and board of directors; and
(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, any assumptions regarding internal control over financial reporting in future periods based on an evaluation of effectiveness in a prior period 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.

Based on using the COSO criteria, we believe our internal control over financial reporting as of March 31, 2021 was effective.

Our independent registered public accounting firm has audited the Consolidated Financial Statements included in this Annual Report and has issued an attestation report on the effectiveness of our internal control over financial reporting, as stated in their report.

By: /s/ R. Chad Prashad	By: /s/ John L. Calmes, Jr.
R. Chad Prashad	John L. Calmes, Jr.
President and Chief Executive Officer	Executive Vice President and Chief Financial and Strategy Officer
Date: June 2, 2021	Date: June 2, 2021

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of World Acceptance Corporation and subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of World Acceptance Corporation and its subsidiaries (the Company) as of March 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2021, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended March 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 March 31, 2021, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated June 2, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Emphasis of Matter

As discussed in Notes 1 and 2 to the financial statements, the Company has changed its method of accounting for the allowance for credit losses in the year ended March 31, 2021 due to the adoption of Accounting Standards Update 2016-13, Financial Instruments – Credit Losses (Topic 326).

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 U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Credit Losses and Adoption of ASC 326

As described in Notes 1 and 2 to the financial statements, the Company adopted Accounting Standards Codification (ASC) Topic 326 on April 1, 2020, which resulted in an increase to the allowance for credit losses of $28.6 million upon adoption, and the Company established an allowance for credit losses of $91.7 million as of March 31, 2021, which was estimated using the Company’s current expected credit Loss (CECL) model. The Company’s CECL model calculates the allowance for credit losses for each customer tenure bucket using a historical migration analysis for the twelve most recent historical twelve-month migration periods, adjusted for seasonality. The Company’s CECL model also includes a reserve at 100% of the outstanding balance of all loans greater than 90 days past due on a recency basis and not written off as of the reporting date, net of a calculated Rehab Rate. Management utilizes a reasonable and supportable forecast to determine if migration rates should be adjusted based on the most recent 6-month loss curves and compares these values to historical loss curves for indications of significant changes. Management also takes qualitative information into consideration concerning credit conditions on an as

needed basis if new information arises related to the customer's ability to repay the loan. Qualitative information monitored includes trends in delinquencies, FICO scores, and average loan size, which are monitored against historical trends to determine if changes are needed to the historical migration analysis. Management utilized significant judgment in determining to use customer tenure as the basis to calculate the allowance for credit losses in the development of the CECL model and in identifying and evaluating reasonable and supportable forecasts and qualitative factors. We identified the Company's allowance for credit losses as a critical audit matter as auditing management's judgments in developing the CECL model, specifically the use of customer tenure as the basis of calculation, and in identifying and evaluating reasonable and supportable forecasts and qualitative factors regarding the allowance for credit losses required a high degree of auditor judgment and increased extent of audit effort. Our audit procedures related to the Company's allowance for credit losses included the following, among others:

a. We obtained an understanding of the relevant controls related to the development of the CECL model, and tested such controls throughout the year for design and operating effectiveness, including those controls over (a) validation of data used in the CECL model, (b) information technology controls relating to the CECL model, and (c) the management review and approval of the CECL model.
b. We obtained an understanding of the relevant controls related to the allowance for credit losses, and tested such controls for design and operating effectiveness, including those controls over (a) validation of data within the CECL model and (b) the management review and approval of the computed allowance for credit losses including adjustments applied for reasonable and supportable forecasts and qualitative factors.
c. We tested the completeness and accuracy of data inputs into the CECL model as of March 31, 2021 and the adoption date as of April 1, 2020.
d. We evaluated the appropriateness of the allowance for credit losses by testing the mathematical accuracy of the quantitative calculations used by the Company.
e. We evaluated key assumptions, reasonable and supportable forecasts, and qualitative factors, including customer tenure loss rate trends and delinquency, for reasonableness by comparing to internal and external source data.
f. We evaluated the reasonableness of management's historical loss rates by customer tenure and loan type by testing that charge-offs had the correct customer tenure classification within the CECL model, which impacted both the development of the CECL model and the reasonable and supportable forecasts used.

/s/ RSM US LLP

We have served as the Company's auditor since 2014.

Las Vegas, Nevada
June 2, 2021

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of World Acceptance Corporation and subsidiaries

Opinion on the Internal Control Over Financial Reporting

We have audited World Acceptance Corporation and subsidiaries' (the Company) internal control over financial reporting as of March 31, 2021, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2021, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of March 31, 2021 and 2020 and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2021, and our report dated June 2, 2021 expressed an unqualified opinion.

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 in the accompanying Management's Report 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 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, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included 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 consolidated 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/ RSM US LLP

Las Vegas, Nevada
June 2, 2021

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company had no disagreements on accounting or financial disclosure matters with its independent registered public accounting firm to report under this Item 9.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on management's evaluation (with the participation of our principal executive officer and principal financial officer, as of the end of the period covered by this report, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, are effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Management assessed our internal control over financial reporting as of March 31, 2021, the end of our fiscal year. Management based its assessment on criteria established in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management's assessment included evaluation of elements such as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies, and our overall control environment.

Based on our assessment, management has concluded that our internal control over financial reporting was effective as of the end of the fiscal year to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with GAAP. Management's Report on Internal Control over Financial Reporting is included in Part II, Item 8 of this Form 10-K. We reviewed the results of management's assessment with the Audit Compliance Committee of our Board of Directors.

Attestation Report of Public Accounting Firm

Our independent registered public accounting firm, RSM US LLP, independently assessed the effectiveness of the Company's internal control over financial reporting. RSM US LLP has issued an attestation report concurring with management's assessment, which is included at the end of Part II, Item 8 of this Form 10-K.

Inherent Limitations on Effectiveness of Controls

Our management, including the principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the

controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Item 9B. Other Information

None.

PART III.

Item 10. Directors, Executive Officers and Corporate Governance

Information contained under the captions “Proposal 1 - Election of Directors,” “Corporate Governance,” “Delinquent Section 16(a) Reports” in the Proxy Statement is incorporated herein by reference in response to this Item 10. The information in response to this Item 10 regarding the executive officers of the Company is contained in Item 1, Part I hereof under the caption “Information about our Executive Officers.”

Item 11. Executive Compensation

Information contained under the captions “Corporate Governance,” “Executive Compensation,” “Director Compensation,” and “Compensation Discussion and Analysis” in the Proxy Statement is incorporated herein by reference in response to this Item 11. The “Report of the Compensation Committee” in the Proxy Statement, which shall be deemed furnished, but not filed herewith, is incorporated herein by reference in response to this Item 11.

Item 12. Security Ownership of Certain Beneficial Owners, Management and Related Stockholder Matters

Information contained under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information” in the Proxy Statement is incorporated by reference herein in response to this Item 12.

For additional information on our stock option plans, see Note 12 in the Notes to Consolidated Financial Statements for the year ended March 31, 2021.

Item 13. Certain Relationships and Related Transactions and Director Independence

Information contained under the captions “Certain Relationships and Related Person Transactions” and “Corporate Governance” in the Proxy Statement is incorporated by reference in response to this Item 13.

Item 14. Principal Accountant Fees and Services

Information contained under the caption “Proposal 3 - Ratification of Appointment of Independent Registered Public Accounting Firm” in the Proxy Statement is incorporated by reference in response to this Item 14.

PART IV.

Item 15. Exhibits and Financial Statement Schedules

(a)(1) The following Consolidated Financial Statements of the Company and Report of Independent Registered Public Accounting Firm are filed as part of this Annual Report under Item 8.

Consolidated Financial Statements:

Consolidated Balance Sheets at March 31, 2021 and 2020

Consolidated Statements of Operations for the fiscal years ended March 31, 2021, 2020, and 2019

Consolidated Statements of Comprehensive Income for the fiscal years ended March 31, 2021, 2020, and 2019

Consolidated Statements of Shareholders' Equity for the fiscal years ended March 31, 2021, 2020, and 2019

Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2021, 2020, and 2019

Notes to Consolidated Financial Statements

Reports of Independent Registered Public Accounting Firm

(a)(2) Financial Statement Schedules

All schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions, are inapplicable, or the required information is included elsewhere in the Consolidated Financial Statements.

(a)(3) Exhibits

The list of exhibits filed as a part of this Form 10-K is set forth on the Exhibit Index immediately preceding the signatures to this Form 10-K and is incorporated by reference in this Item 15(a)(3).

(b) Exhibits

The exhibits listed in the accompanying Exhibit Index are filed as a part of this Annual Report on Form 10-K.

(c) Separate Financial Statements and Schedules

Financial statement schedules have been omitted since the required information is included in our Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K.

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.

WORLD ACCEPTANCE CORPORATION

By: /s/ R. Chad Prashad

R. Chad Prashad

President and Chief Executive Officer

Date: June 2, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ R. Chad Prashad

R. Chad Prashad

President, Chief Executive Officer and Director

Signing on behalf of the registrant and as principal executive officer

Date: June 2, 2021

/s/ John L. Calmes, Jr.

John L. Calmes, Jr.

Executive Vice President and Chief Financial and Strategy Officer

Signing on behalf of the registrant and as principal financial officer

Date: June 2, 2021

/s/ Scott McIntyre

Scott McIntyre

Senior Vice President of Accounting

Signing on behalf of the registrant and as principal accounting officer

Date: June 2, 2021

/s/ Ken R. Bramlett, Jr.

Ken R. Bramlett, Jr.

Chairman of the Board of Directors and a Director

Date: June 2, 2021

/s/ Scott J. Vassalluzzo

Scott J. Vassalluzzo

Director

Date: June 2, 2021

/s/ Charles D. Way

Charles D. Way

Director

Date: June 2, 2021

/s/ Darrell Whitaker

Darrell Whitaker

Director

Date: June 2, 2021

BOARD OF DIRECTORS

Ken R. Bramlett Jr.
Private Investor

Darrell E. Whitaker
President and Chief Operating Officer
IMI Resort Holdings, Inc.

R. Chad Prashad
President and Chief Executive Officer
World Acceptance Corporation

Benjamin E. Robinson, III
Chief Administrative Officer
Taylor Strategy

Charles D. Way
Private Investor

Scott J. Vassalluzzo
Managing Member
Prescott General Partners LLC

Elizabeth R. Neuhoff
President and CEO
Neuhoff Communications

CORPORATE OFFICERS

R. Chad Prashad
President and Chief Executive Officer

John L. Calmes, Jr.
Executive Vice President, Chief Financial and Strategy Officer and Treasurer

D. Clinton Dyer
Executive Vice President, Chief Branch Operations Officer

Luke J. Umstetter
Senior Vice President, General Counsel, Chief Compliance Officer and Secretary

Scott McIntyre
Senior Vice President, Accounting

A. Lindsay Caulder
Senior Vice President, Human Resources

Jason E. Childers
Senior Vice President, Information Technology

Victoria G. Hammond
Senior Vice President, Marketing

Chris M. Simonetti
Senior Vice President, Strategy and Analytics

Denise Bice
Vice President, Strategic Initiatives and Special Projects

Zachary W. Denton
Vice President, Predictive Analytics

Robert D. Edwards
Vice President, Operations Performance

Brian D. Hoff
Vice President, IT Business Applications

Keith T. Littrell
Vice President, Tax and Assistant Secretary

Ryan Phillips
Vice President, Strategic Business Development

Thomas M. Wagner, Jr.
Vice President, Customer Success

Rodney D. Ernest
Senior Vice President of Operations

Jeff L. Tinney
Senior Vice President of Operations

Jackie C. Willyard
Senior Vice President of Operations

Common Stock

World Acceptance Corporation's common stock trades on the Nasdaq Global Select Market under the symbol: WRLD. As of June 18, 2021, there were 25 shareholders of record and the Company believes there are a significant number of persons or entities who hold their stock in nominee or "street" names through various brokerage firms. On this date, there were 6,767,703 shares of common stock outstanding.

The table below reflects the stock prices published by Nasdaq by quarter for the last two fiscal years. The last reported sales price on June 18, 2021 was $162.66.

Market Price of Common Stock

Fiscal 2021

Quarter	High	Low
First	$ 80.51	$ 44.35
Second	105.55	62.17
Third	120.21	83.99
Fourth	164.61	104.90

Fiscal 2020

Quarter	High	Low
First	$ 166.70	$ 115.10
Second	175.78	119.23
Third	133.98	84.56
Fourth	93.04	50.70

The Company has never paid a dividend on its Common Stock. The Company presently intends to retain its earnings to finance the growth and development of its business and does not expect to pay cash dividends in the foreseeable future. The Company's debt agreements also contain certain limitations on the Company's ability to pay dividends.

Executive Offices

World Acceptance Corporation
Post Office Box 6429 (29606)
104 South Main Street, Suite 400 (29601)
Greenville, South Carolina
(864) 298-9800

Transfer Agent

American Stock Transfer & Trust Company
6201 15th Avenue
Brooklyn, New York 11219
(718) 921-8200

Legal Counsel

Alston & Bird, LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004-1404

Independent Registered Public Accounting Firm

RSM US LLP
5444 Wade Park Blvd, Suite 350
Raleigh, NC 27607

Annual Report on Form 10-K

A copy of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, may be obtained without charge by writing to the Corporate Secretary at the executive offices of the Company. In addition to the copy contained herein, the Form 10-K can also be reviewed or downloaded from the Company's website: http://www.loansbyworld.com.

For Further Information

R. Chad Prashad
President and Chief Executive Officer
World Acceptance Corporation
(864) 298-9800

World Acceptance Corporation
2021 Annual Report