2022 Annual Report

World Acceptance Corporation

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 2022, World served 1.2 million customers and loaned $3.3 billion in 1.6 million transactions. World's loans are generally less than $5,000 with maturities of less than 42 months. World's average gross loan, including refinances, made in fiscal 2022 was $2,085, and the average contractual maturity was approximately thirteen months.

As of July 6, 2022, World operated 1,146 offices in Alabama, Georgia, Idaho, Illinois, Indiana, Kentucky, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, South Carolina, Tennessee, Texas, Utah, and Wisconsin.

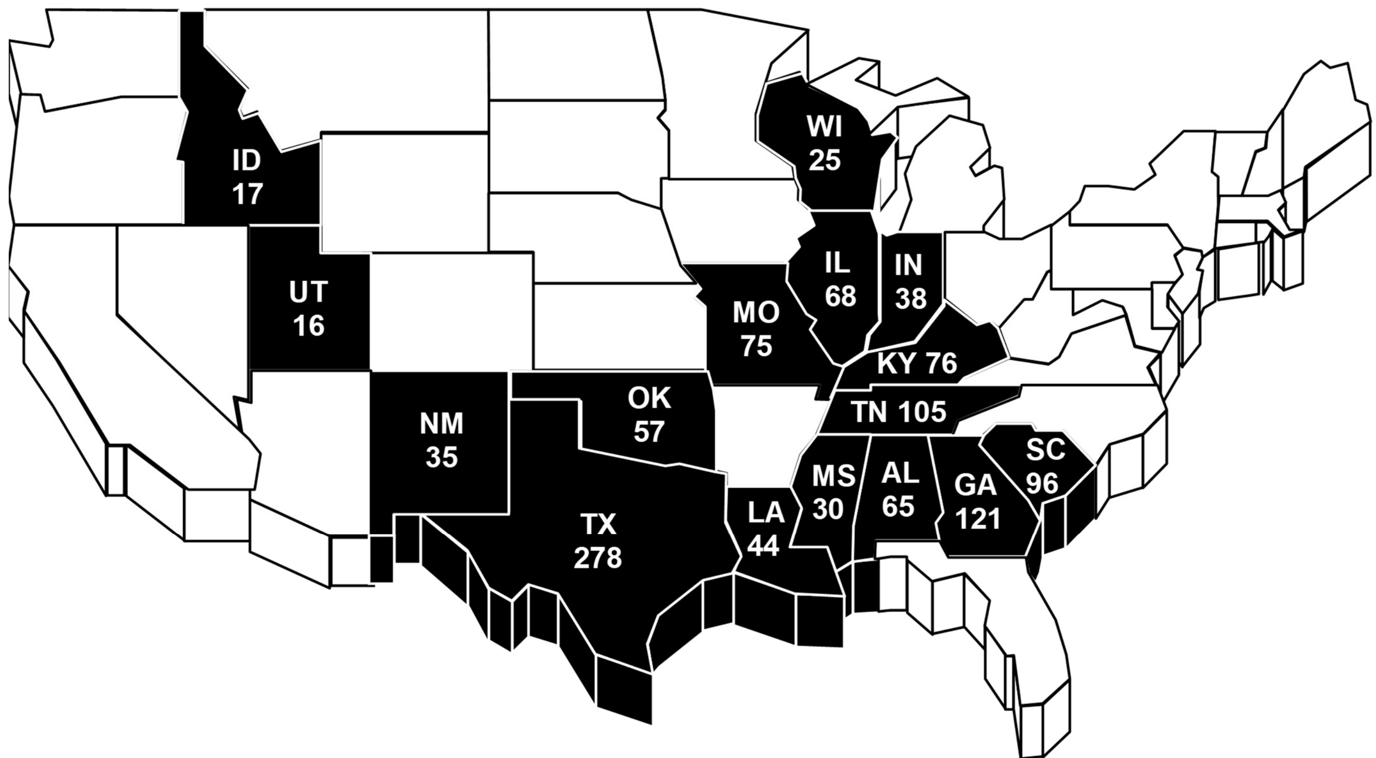


TABLE OF CONTENTS

Item No.	Contents	Page
	PART I	
1.	Business	5
1A.	Risk Factors	16
1B.	Unresolved Staff Comments	29
2.	Properties	29
3.	Legal Proceedings	30
4.	Mine Safety Disclosures	30
	PART II	
5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	30
6.	[Reserved]	33
7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	33
7A.	Quantitative and Qualitative Disclosures About Market Risk	41
8.	Financial Statements and Supplementary Data	42
9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	79
9A.	Controls and Procedures	79
9B.	Other Information	80
9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	80
	PART III	
10.	Directors, Executive Officers and Corporate Governance	80
11.	Executive Compensation	80
12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	80
13.	Certain Relationships and Related Transactions, and Director Independence	80
14.	Principal Accountant Fees and Services	80
	PART IV	
15.	Exhibits and Financial Statement Schedules	81
16.	Form 10-K Summary	81
	SIGNATURES	82

TO OUR SHAREHOLDERS

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

	Years Ended March 31,		
Select Statement of Operations Data:	**2022**	2021	Change (%)
Total revenues	**582,388**	525,533	10.8%
Net income	**53,920**	88,282	-38.9%
Diluted earnings per share	**8.47**	13.23	-36.0%
Selected Balance Sheet Data:			
Gross loans receivable	**1,522,789**	1,104,746	37.8%
Total assets	**1,218,296**	954,269	27.7%
Total debt	**696,973**	405,008	72.1%
Total shareholders' equity	**373,024**	404,927	-7.9%
Selected Ratios:			
Return on average assets	**4.8%**	9.1%	-47.3%
Return on average shareholders' equity	**13.4%**	22.8%	-41.2%
Shareholders' equity to assets	**30.6%**	42.4%	-27.8%
Statistical Data:			
Number of customers at period end	**801,078**	727,638	10.1%
Number of loans made	**1,566,509**	1,395,932	12.2%
Number of offices	**1,167**	1,205	-3.2%

See our Consolidated Financial Statements and accompanying notes included herein.

Shareholders,

In prior letters, I've shared my view on stewarding long-term success at World Acceptance. This perspective continues to guide decisions about how we invest in customers, infrastructure, and leadership. During our 60th year and with the backdrop of an uncertain economy, it is vital that this brand of stewardship is not only about investing and developing, but also about fortifying and safeguarding what we've built for the next 60 years.

Before I discuss the year's many operational improvements, I'd like to first touch on our customers' journey. It is a journey that parallels the company's journey in many ways. As a provider of near- and sub-prime financial services, our success derives from our customers' success. We design our products to create possibilities and "unlock financial good," as we like to say. I have seen, time and time again, that the most impactful benefit we can deliver to our customers is to give them the chance to build and use credit responsibly. This process of building and protecting credit creates a self-perpetuating momentum up the credit spectrum I call "credit mobility." In a very real sense, we're providing grace and opportunity for marginalized consumers through access to credit and other financial services, and our success in helping them gain positive momentum is a source of great pride.

Access to credit that also helps consumers improve their credit history is an important foundation of economic mobility for most Americans. Over the last year, as customers had a positive experience with World and their credit history improved, we offered lower rates to more than 4 out of 5 customers. Further, over one-third of them had a nominal APR reduction of at least 20%. More importantly, more than 80% of our deep sub-prime performing new customers improved their credit score enough to elevate themselves out of that categorization, opening new financial possibilities. Unlike the increasingly mainstream products that allow consumers to improve their credit score without an extension of credit, we can help them accomplish it while also meeting an immediate financial need.

Similar to a customer protecting their hard-earned credit, so must we protect what we have built coming off of a record year of business. Last year, we experienced extraordinary new customer demand and new customer loan volumes that were more than 70% higher than any prior year. Our overall loan portfolio grew by 38% and customer retention increased as improvements across our customer experience spectrum took shape. With the benefit of high demand and high customer satisfaction, we have and will continue to further improve credit quality and retain our best customers with an eye toward the uncertain direction of the overall economy.

We've also made significant improvements to fortify our core operations and reduce our cost to service. Our G&A expenses have decreased year over year for the last two years both nominally and relative to revenue, from 58% as a percent of revenue in FY 2020 and 2021 to 51% in FY 2022. Through a combination of improvements in technology, management and scale, G&A has also decreased as a percent of the average portfolio from 27% in the prior two years to 21% this year. In anticipation of further growth this year, we diversified our debt and capital structure through a bond issuance and have further plans underway, moves we expect will prove especially valuable considering current demand levels and the interest rate environment.

The implementation of the CECL accounting standard in 2021 has changed the way we provision for loan losses and will continue to significantly obscure financials by depressing earnings during periods of rapid portfolio growth and exaggerating earnings during rapid contractions. We are more focused on increasing the long-term earnings value of our portfolio. During this year, our operating cash flow increased 30% over last year to $281M, or $44 per share.

Finally, we're incredibly proud of the amazing World team and our commitment to each other and our customers. We continue to win Top Workplaces awards across the country, including being a Top Workplace USA winner for the second year in a row. These distinctions are earned by our team members who view World as a family, and it's immensely gratifying to work with great leaders at every level in the company who value each other and their communities in this way. Our amazing team has worked incredibly hard to return to growth in fiscal 2022 and is working equally hard to steward World into the future.

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, 2022. 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 2023" are to the Company's fiscal year ending March 31, 2023; all references in this report to "fiscal 2022" are to the Company's fiscal year ended March 31, 2022; all references 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 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, which has continuously operated since July 1962, 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 traditional installment loans generally between $500 and $6,000, with the average loan origination being $2,085 in fiscal 2022. The Company operates 1,167 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, 2022. 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 traditional installment loan industry is a highly fragmented segment of the consumer lending industry. Installment loan 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 some 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, credit unions 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. Traditional installment loan 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 laws and regulations, as well as local ordinances. Consumer loan offices are licensed under state laws which, in many states, establish maximum loan amounts, interest rates, permissible fees and charges and other aspects of the operation of small-loan consumer finance companies. 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 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, and abusive credit practices.

Impact of COVID-19. COVID-19 has continued to have a widespread and unprecedented global impact. 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. Branch team members have remained a positive and dedicated resource for customers during these uncertain times.

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

Branch Expansion and Consolidation. As of March 31, 2022, the Company had 1,167 branches in 16 states, with over 100 branches located in each of Texas, Georgia, and Tennessee. During fiscal 2022, 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 fiscal 2023, 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 and interest bearing consumer installment loans with interest and fee income from such loans accounting for 83.4%, 85.8%, and 86.2% of our total revenues in fiscal years 2022, 2021, and 2020, respectively. Our loans are payable in fully-amortizing monthly installments with terms generally from 7 to 27 months and are prepayable at any time without penalty.

The following table sets forth information about our loan products for fiscal 2022:

	Minimum Origination [1]	Maximum Origination [1]	Minimum Term (Months)	Maximum Term (Months)
Small loans	$ 500	$ 2,450	7	36
Large loans	$ 2,500	$ 25,000	9	60

[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, 2022, 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 47.4% as of March 31, 2022.

As of March 31, 2022, 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 %	$ 691,711,646	45.4
37 %	50 %	342,213,621	22.5
51 %	60 %	168,837,346	11.1
61 %	70 %	50,246,002	3.3
71 %	80 %	23,031,267	1.5
81 %	90 %	123,828,541	8.1
91 %	100 %	122,800,448	8.1
101 %	120 %	107,901	—
121 %	>121%	12,088	—
		1,522,788,860	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, Texas, New Mexico, Idaho, and Utah. 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 2022, the captive insurance subsidiary reinsured approximately 10.9% of the credit insurance sold by the Company and contributed approximately $2.3 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, 2022:

	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, Utah 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. The Company also offers income tax return preparation and electronic filing services. This program is provided in all but a few of the Company's branches. The Company prepared approximately 81,000, 77,000 and 84,000 returns in fiscal years 2022, 2021, and 2020, respectively. Net revenue generated by the Company from this program during fiscal 2022, 2021, and 2020 amounted to approximately $21.7 million, $18.1 million, and $20.9 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 2022:

	Minimum Origination	Maximum Origination	Minimum Term (Months)	Maximum Term (Months)
Tax advance loans	500	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 2013 through 2022:

	At March 31,									
State	**2022**	2021	2020	2019	2018	2017	2016	2015	2014	2013
Alabama	**7 %**	6 %	5 %	5 %	5 %	4 %	6 %	5 %	4 %	4 %
Georgia	**13**	13	13	13	14	15	13	13	13	14
Idaho [1]	**1**	1	1	1	—	—	—	—	—	—
Illinois	**10**	8	8	7	7	7	7	7	8	7
Indiana [2]	**3**	2	2	2	2	2	1	1	1	—
Kentucky	**6**	7	8	8	9	10	10	10	9	10
Louisiana	**3**	3	3	3	2	2	2	2	2	2
Mississippi [3]	**2**	2	1	1	1	1	—	—	—	—
Missouri	**7**	8	8	7	7	7	8	8	7	7
New Mexico	**2**	2	2	2	2	2	2	2	2	2
Oklahoma	**6**	6	6	7	7	7	8	8	7	7
South Carolina	**8**	10	10	9	10	11	10	11	12	12
Tennessee	**10**	11	11	12	13	13	13	13	13	14
Texas	**20**	19	19	21	19	18	19	19	21	20
Utah [4]	**1**	1	1	—	—	—	—	—	—	—
Wisconsin [5]	**1**	1	2	2	2	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.

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, 2022:

	Total Number of Loans	Average Gross Loan Balance	Gross Loan Balance (thousands)
Alabama	57,034	$ 1,745	$ 99,519
Georgia	101,014	1,988	200,847
Idaho	8,362	1,652	13,815
Illinois	49,377	2,970	146,640
Indiana	24,589	1,676	41,209
Kentucky	48,008	2,026	97,250
Louisiana	31,718	1,620	51,373
Mississippi	25,086	1,298	32,573
Missouri	40,405	2,664	107,635
New Mexico	19,530	1,885	36,810
Oklahoma	46,712	1,915	89,459
South Carolina	65,749	1,899	124,829
Tennessee	75,268	1,897	142,749
Texas	198,674	1,534	304,716
Utah	5,821	1,904	11,086
Wisconsin	12,477	1,786	22,279
Total	809,824	$ 1,880	$ 1,522,789

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.

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 year.

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 2022, 2021, and 2020, the percentages of the Company's loan originations that were refinancings of existing loans were 63.9%, 69.2%, and 66.9%, 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 1.1%, 1.5%, and 1.3% of the Company's loan volume in fiscal 2022, 2021, and 2020, respectively.

Approximately 15.0%, 14.7%, and 12.7% of the Company's loans were generated through the origination of new loans to previous customers in fiscal 2022, 2021, and 2020, 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 also has a centralized collections team that primarily focuses on customers who have become more than 90 days past due on a recency basis. In Alabama, Georgia, Idaho, Illinois, Indiana, Kentucky, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, Tennessee, Utah, and Wisconsin, the Company is permitted under state laws to garnish customers' wages, within certain circumstances, 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. District Managers evaluate branch performance in their geographic area, communicate regularly with branch managers regarding operations and submit standardized reports detailing their efforts and 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. Each branch undergoes periodic audits which 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 financial service representatives 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 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 3.1%, 3.3%, and 4.1% in fiscal 2022, 2021, and 2020, 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 Top Workplaces USA winner in 2022 and 2021.

During fiscal 2022, 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, 2022, we employed 3,121 full and part time employees across our sixteen-state footprint, approximately 332 of whom were corporate Team Members located in our main corporate office in Greenville, South Carolina and approximately 2,789 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, 2022, our Team Members had the following gender, race and ethnicity demographics:

Gender - All Team Members	
Female	85.19%
Male	14.78%
Undeclared	0.03%

Race/Ethnicity - All Team Members	
White	57.62%
Hispanic or Latino	21.00%
Black or African American	16.39%
Other Race/Ethnicity	3.61%
Not provided	1.38%

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 (41)	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

Name and Age	Position	Period of Service as Executive Officer and Pre-Executive Officer Experience (if an Executive Officer for Less Than Five Years)
John L. Calmes Jr. (42)	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 (49)	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 (42)	Senior Vice President, General Counsel, Chief Compliance Officer and Secretary	• Senior Vice President, Secretary and General Counsel since August 2018 • General Counsel and Chief Compliance Officer for Shellpoint Mortgage Servicing 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 (46)	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 (47)	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 (45)	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 “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 generally in the area of consumer financial transactions. 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.

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, including, but not limited to 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.

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.

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) and inflationary pressures, 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. Additionally, increases in the size of the loans we offer and average loan size could increase the chance a borrower does not meet their obligations to us and could further increase our credit risk. 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 attacks and 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 or an economic downturn or catastrophic event that disproportionately affects one or more of our states, including in any of our larger states could have a material adverse effect on our business, prospects, and results of operations 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.

Uncertainty and deterioration in general economic conditions in the U.S. historically have created a difficult operating environment for consumer lending. Many factors, including factors that are beyond our control, may impact our financial position, liquidity, and results of operations and depend on management's ability to execute our business strategy. These macro-economic factors include general inflation, unemployment levels, housing markets, commodity prices, energy costs, volatile interest rates, natural disasters, acts of war and terrorism. Additionally, many of our customers are primarily non-prime borrowers, who have historically been more likely to be affected by adverse macro-economic factors than prime borrowers. Currently, due to a number of factors including the ongoing conflict between Russia and Ukraine and supply chain problems caused in part by the COVID-19 pandemic, the global economy is experiencing inflationary pressures not seen in a significant period of time. We cannot predict the timing or the duration of any inflation or downturn in the economy and we are not immune to the effects of general worldwide economic conditions.

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, due to economic conditions or otherwise, could materially adversely affect our financial position, liquidity, and results of operations.

Our ability to execute our growth strategy is subject to significant risks, including some beyond our control, and 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 an attack on or 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 and reputational harm.

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, ransomware, computer viruses or other security breaches, particularly because the techniques used by attackers change frequently and often are not immediately detected, 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. Additionally, we may face new or heightened cybersecurity risk due to the COVID-19 pandemic and the resulting increase in our remote workforce and digital operations.

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), 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. Various federal and state regulatory agencies require us to notify customers in the event of a security breach. Moreover, 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 risk of 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 war or terror or similar event, destroyed or severely damaged our infrastructure. Any such catastrophic event or other unexpected disruption of our headquarter's 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 may have interests which conflict with the interests of our other security holders.

As of March 31, 2022, based on filings made with the SEC and other information made available to us, Prescott General Partners, LLC and its affiliates beneficially owned approximately 43.0% 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, with an accordion feature permitting the maximum aggregate commitments to increase to $785.0 million provided that certain conditions are met, 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, 2022, we had approximately $697.0 million of total debt outstanding and a total debt-to-equity ratio of approximately 1.9 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, 2022, we had $287.7 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 on a consolidated basis to consolidated adjusted net worth and (iv) at all times a specified maximum collateral performance indicator. 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, the Company believes that the implementation of any such rules would likely bring the Company's business under the CFPB's direct supervisory authority. In addition, even in the absence of a "larger participant" rule, the CFPB has the power to order individual nonbank financial institutions to submit to supervision where the CFPB has reasonable cause to determine that the institution is engaged in "conduct that poses risks to consumers" under 12 USC 5514(a)(1)(C).

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 (the "Rule") under its unfair, deceptive and abusive acts and practices rulemaking authority relating to payday, vehicle title, and similar loans. The final rule originally required 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"), however the ability to repay requirements was rescinded in July 2020. 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. 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. Additionally, any further 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 operations.

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.

Additionally, if we are subject to regulatory actions or other litigation, we may not be able to maintain all requisite licenses and permits or obtain additional licenses and permits necessary for future business operations, and the failure to satisfy those or other regulatory requirements could have a material adverse effect on our business, financial condition, and results of

operations. Material changes in laws or regulations applicable to us could also subject us to additional licensing, registration and other regulatory requirements in the future or could adversely affect our business, financial condition, and results of operations.

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" 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. On August 6, 2020, the Company announced that it has reached resolution with both the SEC and the DOJ with respect to the FCPA matter in Mexico. See Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Regulatory Matters," for more information.

The Company could be subject to fines, civil and criminal penalties, equitable remedies, including profit disgorgement and related interest, and injunctive relief for any future 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 "Risk Factors -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 Factors

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. We also face evolving risks resulting from the ongoing COVID-19 pandemic.

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 negatively 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, 2022 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, 2022 among our branch employees was approximately 44.4%. 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, including inflationary pressures, 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.

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 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.

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 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 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.

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.

The coronavirus (COVID-19) pandemic has adversely affected 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 of the pandemic and emergence of new variants or additional waves of cases, the government's response including public health directives and/or economic and fiscal stimulus measures, the effect on customers and their spending and saving abilities and the effect on markets and economies such as volatile interest rates, inflation and higher insurance costs. The COVID-19 pandemic could also have an adverse impact on our labor force if key personnel or a significant number of employees become unavailable due to the effects and restrictions of the pandemic or if we experience labor shortages or other difficulties hiring and retaining labor. Additionally, we rely on service providers to help us conduct aspects of our business and if any of these providers are unable to continue to provide us with their services, due to the COVID-19 pandemic or otherwise, it could negatively impact our ability to serve our customers.

Given the unprecedented nature of the COVID-19 pandemic, 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 and there may be consequences that we do not anticipate at this time or that develop in unexpected ways. 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.

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.

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 January 31, 2030 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 remaining third building was sold during the second quarter of fiscal 2022.

The Company owns all of the furniture, fixtures and computer terminals located in each of its branches. As of March 31, 2022, the Company had 1,167 branches, most of which are leased and are classified as operating leases. During the fiscal year ended March 31, 2022, operating lease cost for office space was approximately $27.1 million, or an average of approximately $22.6 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

Derivative Litigation

On September 25, 2020, a shareholder filed a derivative complaint in South Carolina state court, *Paul Parshall v. World Acceptance et al.*, against the Company as the nominal defendant and certain current and former directors and officers as defendants. Pointing to the Company's resolution with the SEC and DOJ of the Mexico investigation previously disclosed, and summarized below under Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Regulatory Matters," the complaint alleges violations of South Carolina law, including breaches of fiduciary duties and corporate waste, and that the Company has suffered damages as a result of those alleged breaches. The complaint seeks unspecified monetary damages from the individual defendants, equitable and/or injunctive relief, disgorgement of compensation from the individual defendants, and attorneys' fees and costs. Because the complaint is derivative in nature, it does not seek monetary damages from the Company. However, the Company may be required to advance, and ultimately be responsible for, the legal fees and costs incurred by the individual defendants.

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, currently pending claims. Based on information currently available, the Company does not believe that any reasonably probable 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 19, 2022, there were 24 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 Part II, Item 7, "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.

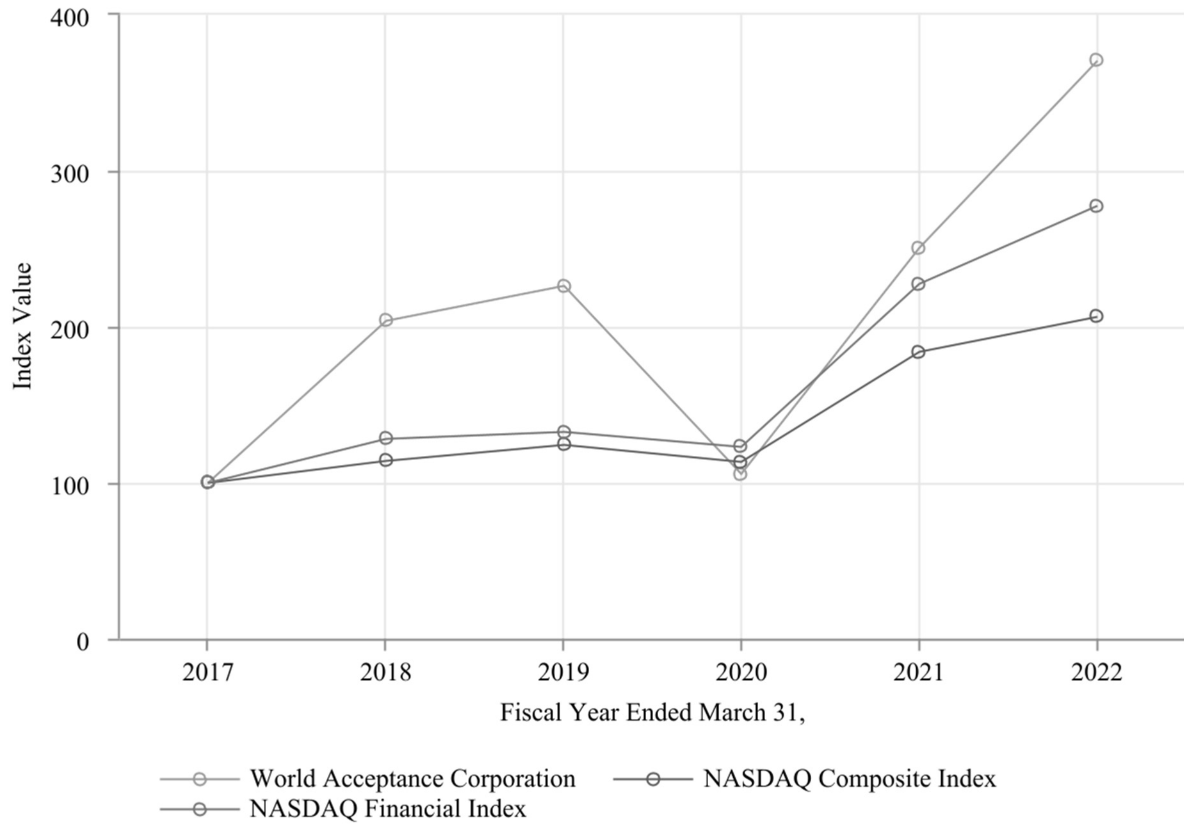
Issuer Purchases of Equity Securities

On February 24, 2022, 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 remained available for repurchase under prior repurchase authorizations. As of March 31, 2022, the Company had $15.4 million in aggregate remaining repurchase capacity under its current share repurchase program. 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, 2022:

	(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, 2022	100,703	$ 218.53	100,703	$ 24,297,325
February 1 through February 28, 2022	121,315	201.07	121,315	30,000,000
March 1 through March 31, 2022	78,357	185.14	78,357	15,435,424
Total for the quarter	**300,375**	**$ 202.77**	**300,375**	

Stock Performance Graph



Item 6. [Reserved]

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, 2018, gross loans receivable have increased at a 10.97% annual compounded rate from $1.00 billion to $1.52 billion at March 31, 2022. We believe we were able to improve our gross loans receivable growth rates through acquisitions, improved marketing processes, and analytics. 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 81,000, 77,000, and 84,000 returns in each of the fiscal years 2022, 2021, and 2020, respectively. Revenues from the Company's tax preparation business in fiscal 2022 amounted to approximately $21.7 million, a 19.9% increase over the $18.1 million earned during fiscal 2021.

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,		
	2022	2021	2020
	(Dollars in thousands)		
Gross loans receivable	**$ 1,522,789**	$ 1,104,746	$ 1,209,871
Average gross loans receivable [1]	**$ 1,377,740**	$ 1,143,186	$ 1,256,389
Net loans receivable [2]	**$ 1,119,758**	$ 825,382	$ 900,891
Average net loans receivable [3]	**$ 1,014,984**	$ 848,732	$ 928,408
Expenses as a percentage of total revenue:			
Provision for credit losses	**32.0 %**	16.4 %	30.8 %
General and administrative	**51.0 %**	57.5 %	58.9 %
Interest expense	**5.7 %**	4.9 %	4.4 %
Operating income as a % of total revenue [4]	**17.0 %**	26.1 %	10.3 %
Loan volume [5]	**3,267,860**	2,371,981	2,929,265
Net charge-offs as percent of average net loans receivable	**14.2 %**	14.1 %	18.0 %
Return on average assets (trailing 12 months)	**4.8 %**	9.1 %	2.7 %
Return on average equity (trailing 12 months)	**13.4 %**	22.8 %	6.1 %
Branches opened or acquired (merged or closed), net	**(38)**	(38)	50
Branches open (at period end)	**1,167**	1,205	1,243

[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.

[5] Loan volume includes all loan balances originated by the Company. It does not include loans purchased through acquisitions.

Comparison of Fiscal 2022 Versus Fiscal 2021

Net income for fiscal 2022 was $53.9 million, a 38.9% decrease from the $88.3 million earned during fiscal 2021. The decrease in net income from was primarily due to a $100.0 million increase in the provision for credit losses partially offset by a $56.9 million increase in revenue.

Operating income (revenues less provision for credit losses and general and administrative expenses) during fiscal 2022 decreased $38.1 million.

Total revenues increased $56.9 million, or 10.8%, to $582.4 million in fiscal 2022, from $525.5 million in fiscal 2021. At March 31, 2022, the Company had 1,167 branches in operation, a decrease of 38 branches from March 31, 2021.

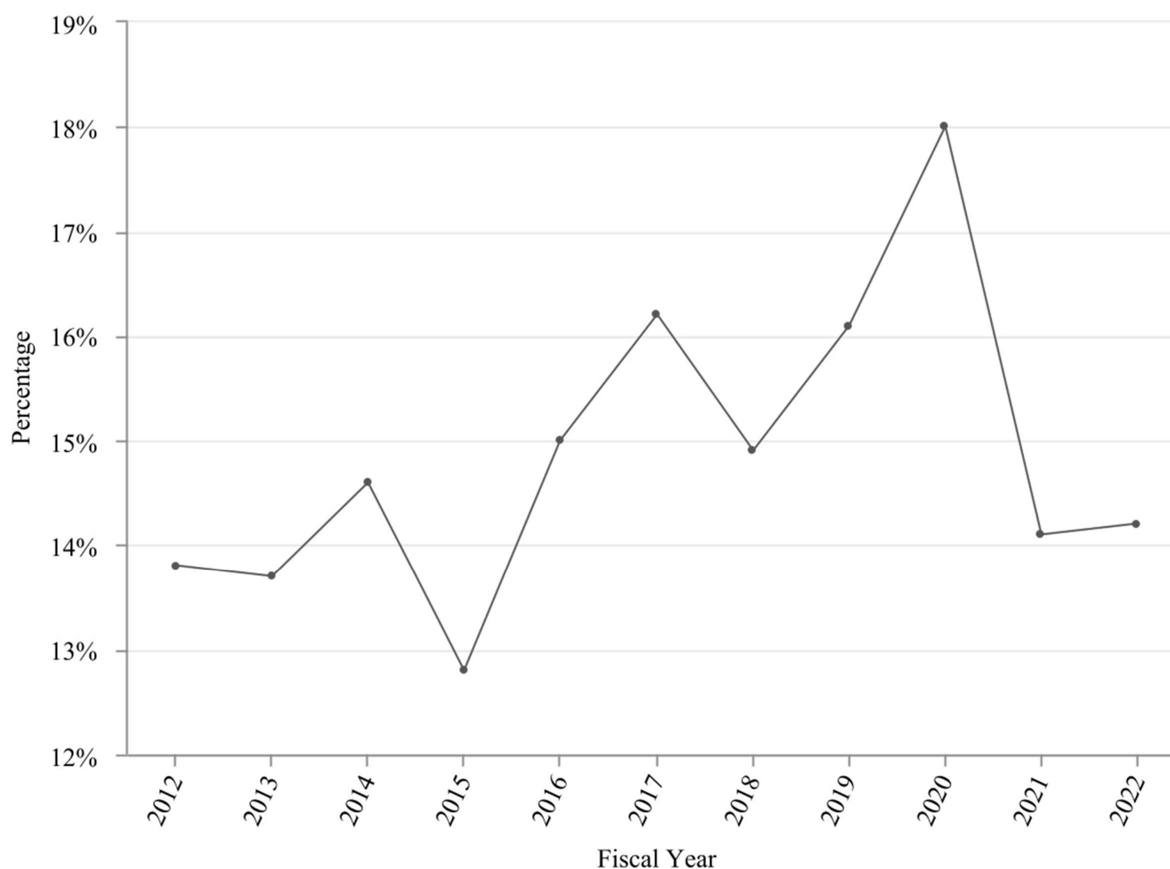
Interest and fee income during fiscal 2022 increased by $34.6 million, or 7.7%, from fiscal 2021. The increase was primarily due to an increase in average net loans receivable. Net loans receivable outstanding at March 31, 2022 increased 35.7% compared to March 31, 2021, and average net loans receivable outstanding increased 19.6% during fiscal 2022 compared to fiscal 2021. 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 increased by $22.3 million, or 30.0%, from fiscal 2021 to fiscal 2022. Insurance commissions increased by $12.1 million, or 27.3%, from fiscal 2021 to fiscal 2022 due to an increase in loan volume in states where we offer our insurance products along with the shift towards larger loans. The sale of insurance products is limited to large loans in several states in which we operate. Other income increased by $10.2 million, or 33.9%, from fiscal 2021 to fiscal 2022 primarily due to an increase in tax preparation income of $3.6 million and increase in revenue from the Company's motor club product of $6.9 million.

The provision for losses during fiscal 2022 increased by $100.0 million, or 115.9%, from the previous year. This increase can mostly be attributed to overall growth in the portfolio along with an increase in delinquency and charge-off rates during the year. Accounts that were 91 days or more past due represented 4.5% and 3.1% of our loan portfolio on a recency basis at March 31, 2022 and March 31, 2021, respectively. The Company's year-over-year charge-off ratio (net charge-offs as a percentage of average net loans receivable) increased from 14.1% for the year ended March 31, 2021 to 14.2% for the year ended March 31, 2022.

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 increased a relative 2.2% year over year. These "new to World" customers now account for 31.7% of the portfolio, an increase from 31.0% last year. Customers who were with the Company for less than five months have increased 56.0% from 8.4% to 13.1%. This increased weighting of new borrowers, our riskiest customer type, in the portfolio contributed to the increase in delinquency and charge-off rates of the overall portfolio. In addition to the increase in portfolio weighting towards less tenured customers during the last 12 months.

Charge-off rate for the past ten fiscal years averaged 15.0%, with a high of 18.0% (fiscal 2020) and a low of 12.8% (fiscal 2015). In fiscal 2022 the charge-off rate was 14.2%. The following table presents the Company's charge-off ratios since 2012.



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 during fiscal 2022 decreased by $5.0 million, or 1.7%, over the previous fiscal year. General and administrative expenses, when divided by average open branches, decreased 1.0% from fiscal 2021 to fiscal 2022 and, overall, general and administrative expenses as a percent of total revenues decreased to 51.0% in fiscal 2022 from 57.5% in fiscal 2021. The change in general and administrative expense is explained in greater detail below.

Personnel expense totaled $183.1 million for fiscal 2022, a $1.6 million, or 0.8%, decrease over fiscal 2021. The decrease was largely due to a $2.5 million decrease related to the deferred origination payroll expense under ASC 310 as a result of higher originations during the year. Regular payroll expense decreased $1.7 million year over year primarily due to decreases in headcount and benefit expense increased $0.2 million.

Occupancy and equipment expense totaled $52.1 million for fiscal 2022, a $4.1 million, or 7.3%, decrease over fiscal 2021. Occupancy and equipment expense is generally a function of the number of branches the Company has open throughout the year. In fiscal 2022 the expense per average open branch decreased to $43.4 thousand, down from $45.5 thousand in fiscal 2021. Occupancy and equipment expense decreased by $2.5 million due to the timing of write down of signage as a result of rebranding our branch offices beginning in fiscal 2021.

Advertising expense totaled $18.3 million for fiscal 2022, a $1.1 million, or 6.4%, increase over fiscal 2021. The increase was primarily due to increased spending in our digital marketing.

Amortization of intangible assets totaled $5.0 million for fiscal 2022, a $0.5 million, or 8.5%, decrease over fiscal 2021, which primarily relates to a corresponding decrease in total intangible assets during the comparative periods due to acquisition activity during the current and prior year.

Other expense totaled $38.7 million for fiscal 2022, remaining relatively flat when compared to fiscal year 2021.

Interest expense increased by $7.7 million, or 30.1%, during fiscal 2022 when compared to the previous fiscal year as a result of an increase in average debt outstanding of 33.1% partially offset by a decrease in the effective interest rate from 5.8% to 5.7%.

Income tax expense decreased $11.5 million, or 49.6% for fiscal 2022 compared to the prior fiscal year. The effective tax rate decreased to 17.8% for fiscal 2022 compared to 20.8% for fiscal 2021. The decrease was primarily due to an increase in the permanent tax benefit related to non-qualified stock option exercises and vesting of restricted stock and state tax credits recognized in the current fiscal year. This was partially offset by an increase in the disallowed executive compensation under Section 162(m) in the current year.

Comparison of Fiscal 2021 Versus Fiscal 2020

For a comparison of our results of operations for the years ended March 31, 2021 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, 2021 (which was filed with the SEC on June 2, 2021), which comparison is incorporated herein by reference.

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 historical operations in Mexico was underway. The Company has fully cooperated with both agencies. The Company sold its Mexican subsidiaries in 2018 and the Company and its subsidiaries no longer operate in Mexico.

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 originally required 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"), however the ability to repay requirements was rescinded in July 2020. 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"). 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.

In July 2020, the CFPB rescinded provisions of the Rule governing the ability to repay requirements. Currently, the payment requirements are scheduled to take effect in June 2022. 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 1 to the 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.

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 2022 and 2021.

	At or for the Three Months Ended							
	2022				2021			
	June 30,	**September 30,**	**December 31,**	**March 31,**	June 30,	September 30,	December 31,	March 31,
	(Dollars in thousands)							
Total revenues	**$ 129,659**	**$ 137,827**	**$ 148,572**	**$ 166,329**	$ 123,867	$ 124,441	$ 130,946	$ 146,280
Provision for credit losses	**$ 30,266**	**$ 42,044**	**$ 56,459**	**$ 57,439**	$ 25,661	$ 26,090	$ 28,857	$ 5,636
General and administrative expenses	**$ 73,351**	**$ 74,989**	**$ 74,229**	**$ 74,607**	$ 71,608	$ 75,293	$ 77,875	$ 77,411
Net income	**$ 15,771**	**$ 12,439**	**$ 7,327**	**$ 18,382**	$ 15,509	$ 13,398	$ 14,491	$ 44,884
Gross loans receivable	**$1,223,139**	**$ 1,394,827**	**$ 1,606,111**	**$1,522,789**	$1,067,877	$ 1,109,366	$1,264,530	$1,104,746
Number of branches open	**1,205**	**1,202**	**1,202**	**1,167**	1,240	1,232	1,230	1,205

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 $1.13 billion at March 31, 2019 to $1.52 billion at March 31, 2022, net cash provided by operating activities for fiscal years 2022, 2021, and 2020 was $281.5 million, $217.3 million, and $281.0 million, respectively.

On September 27, 2021, we issued $300 million in aggregate principal amount of 7.0% senior notes due 2026 (the “Notes”). The Notes were sold in a private placement in reliance on Rule 144A and Regulation S under the Securities Act of 1933, as amended. The Notes are unconditionally guaranteed, jointly and severally, on a senior unsecured basis by all of the Company’s existing and certain of its future subsidiaries that guarantee the revolving credit facility. Interest on the notes is payable semi-

annually in arrears on May 1 and November 1 of each year, commencing May 1, 2022. At any time prior to November 1, 2023, the Company may redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount plus a make-whole premium, as described in the indenture, plus accrued and unpaid interest, if any, to, but not including, the date of redemption. At any time on or after November 1, 2023, the Company may redeem the Notes at redemption prices set forth in the indenture, plus accrued and unpaid interest, if any, to, but not including, the date of redemption. In addition, at any time prior to November 1, 2023, the Company may use the proceeds of certain equity offerings to redeem up to 40% of the aggregate principal amount of the Notes issued under the indenture at a redemption price equal to 107.0% of the principal amount of Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the date of redemption.

We used the net proceeds from this offering to repay a portion of the outstanding indebtedness under our revolving credit facility and for general corporate purposes.

The indenture governing the Notes contains certain covenants that, among other things, limit the Company's ability and the ability of its restricted subsidiaries to (i) incur additional indebtedness or issue certain disqualified stock and preferred stock; (ii) pay dividends or distributions or redeem or purchase capital stock; (iii) prepay subordinated debt or make certain investments; (iv) transfer and sell assets; (v) create or permit to exist liens; (vi) enter into agreements that restrict dividends, loans and other distributions from their subsidiaries; (vii) engage in a merger, consolidation or sell, transfer or otherwise dispose of all or substantially all of their assets; and (viii) engage in transactions with affiliates. However, these covenants are subject to a number of important detailed qualifications and exceptions.

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 and the Notes limit share repurchases to $90.0 million from March 26, 2021 through June 30, 2022 plus up to 50% of consolidated adjusted net income for the period commencing January 1, 2019. As of March 31, 2022, subject to further approval from our Board of Directors, we could repurchase approximately $32.9 million of shares under the terms of our debt facilities. Additional share repurchases can be made subject to compliance with, among other things, applicable restricted payment covenants under the revolving credit facility and the Notes.

The Company did not acquire any branches during fiscal 2022. 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. In September of 2021, the credit facility was amended in connection with the Company's Notes offering to permit the issuance of the Notes.

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 phasing out of LIBOR and will work to limit any negative impacts that could result during any transition away from LIBOR. At March 31, 2022, 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, 2022; 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, 2022, the effective interest rate, including the commitment fee, on borrowings under the revolving credit facility was 5.0%. The Company pays a commitment fee equal to 0.50% per annum of the daily unused portion of the commitments. On March 31, 2022 $397.0 million was outstanding under this facility, and there was $287.7 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 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 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 agreement's financial covenants include (i) a minimum consolidated net worth of $325.0 million on and after December 31, 2020; (ii) a maximum ratio of total debt to consolidated adjusted net worth of 2.5 to 1.0; (iii) a maximum collateral performance indicator of 24% as of the end of each calendar month; and (iv) a minimum fixed charges coverage ratio as further discussed below.

As further discussed in Note 18 to the Consolidated Financial Statements, on May 3rd, 2022, the Company entered into the Seventh Amendment to its Amended and Restated Revolving Credit Agreement (the "Seventh Amendment") to, among other things, reduce the required ratio for Net Income Available for Fixed Charges to Fixed Charges from 2.75 to 1.0 to 2.10 to 1.0 for each fiscal quarter from March 31, 2022 to June 30, 2023, with the ratio increasing to 2.75 to 1.0 for each fiscal quarter thereafter.

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, 2022 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.

Share Repurchase Program

On February 24, 2022, 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, 2022, the Company had $15.4 million in aggregate remaining repurchase capacity under its current share repurchase program. 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 Company's debt agreements 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. Under the terms of our revolving credit facility and the Notes, we have, subject to certain restrictions, the ability to make total share repurchases of at least $90.0 million from March 26, 2021 through June 30, 2022. Additional share repurchases can be made subject to compliance with, among other things, applicable

restricted payment covenants under the revolving credit facility and the Notes. 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, 2022, the Company's debt outstanding was $697.0 million and its shareholders' equity was $373.0 million resulting in a debt-to-equity ratio of 1.9:1.0. 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

Our operations expose us to a variety of market risks, including the effects of changes in interest rates. We monitor and manage these financial exposures as an integral part of our overall risk management program.

Interest Rate Risk

The Company's outstanding debt under its revolving credit facility was $397.0 million at March 31, 2022. Interest on borrowings under this facility is based on the greater of 4.5% or one month LIBOR plus an applicable margin of 3.5%.

Based on the outstanding balance under the Company's revolving credit facility at March 31, 2022, a change of 1% in the LIBOR interest rate would cause a change in interest expense of approximately $4.0 million on an annual basis.

Part II

Item 8. Financial Statements and Supplementary Data

CONSOLIDATED BALANCE SHEETS

	March 31,	
	2022	2021
ASSETS		
Cash and cash equivalents	**$ 19,236,322**	$ 15,746,454
Gross loans receivable	**1,522,788,860**	1,104,746,261
Less:		
Unearned interest, insurance and fees	**(403,030,844)**	(279,364,584)
Allowance for credit losses	**(134,242,862)**	(91,722,288)
Loans receivable, net	**985,515,154**	733,659,389
Operating lease right-of-use assets, net	**85,631,304**	90,055,572
Finance lease right-of-use assets, net	**607,512**	1,013,901
Property and equipment, net	**24,476,231**	25,326,136
Deferred income taxes, net	**39,801,457**	24,992,742
Other assets, net	**35,901,704**	31,423,134
Goodwill	**7,370,791**	7,370,791
Intangible assets, net	**19,756,114**	23,537,517
Assets held for sale (Note 17)	**—**	1,143,528
Total assets	**$1,218,296,589**	$ 954,269,164
LIABILITIES & SHAREHOLDERS' EQUITY		
Liabilities:		
Senior notes payable	**$ 396,972,746**	$ 405,007,500
Senior unsecured notes payable, net	**295,393,991**	—
Income taxes payable	**7,384,169**	11,575,861
Operating lease liability	**87,399,049**	91,132,722
Finance lease liability	**80,067**	585,353
Accounts payable and accrued expenses	**58,042,139**	41,040,287
Total liabilities	**845,272,161**	549,341,723
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 6,348,314 and 6,805,294 shares at March 31, 2022 and March 31, 2021, respectively	**—**	—
Additional paid-in capital	**280,907,085**	255,590,674
Retained earnings	**92,117,343**	149,336,767
Total shareholders' equity	**373,024,428**	404,927,441
Total liabilities and shareholders' equity	**$1,218,296,589**	$ 954,269,164

See accompanying notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended March 31,		
	2022	2021	2020
Revenues:			
Interest and fee income	**$ 485,666,579**	$ 451,113,502	$ 508,326,771
Insurance and other income, net	**96,720,966**	74,419,765	81,702,244
Total revenues	**582,387,545**	525,533,267	590,029,015
Expenses:			
Provision for credit losses	**186,207,341**	86,244,714	181,730,182
General and administrative expenses:			
Personnel	**183,058,343**	184,620,515	203,774,574
Occupancy and equipment	**52,084,641**	56,160,268	54,237,835
Advertising	**18,298,212**	17,190,676	24,304,023
Amortization of intangible assets	**5,010,275**	5,474,240	5,010,626
Other	**38,724,626**	38,740,591	60,166,202
Total general and administrative expenses	**297,176,097**	302,186,290	347,493,260
Interest expense	**33,424,788**	25,698,836	25,896,130
Total expenses	**516,808,226**	414,129,840	555,119,572
Income before income taxes	**65,579,319**	111,403,427	34,909,443
Income taxes	**11,659,482**	23,120,599	6,751,965
Net income	**$ 53,919,837**	$ 88,282,828	$ 28,157,478
Net income per common share:			
Basic	**$ 8.88**	$ 13.59	$ 3.66
Diluted	**$ 8.47**	$ 13.23	$ 3.54
Weighted average common shares outstanding:			
Basic	**6,072,170**	6,493,898	7,688,242
Diluted	**6,364,066**	6,672,110	7,952,900

See accompanying notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Year ended March 31, 2022			
	Common Stock			
	Shares	**Additional Paid-in Capital**	**Retained Earnings**	**Total Shareholders ' Equity**
Balances at March 31, 2021	**6,805,294**	**$255,590,674**	**149,336,767**	**404,927,441**
Proceeds from exercise of stock options	**154,699**	**12,805,646**	**—**	**12,805,646**
Common stock repurchases	**(589,533)**	**—**	**(111,139,261)**	**(111,139,261)**
Restricted common stock expense under stock option plan, net of cancellations ($5,072,230)	**(22,146)**	**9,036,852**	**—**	**9,036,852**
Stock option expense	**—**	**3,473,913**	**—**	**3,473,913**
Net income	**—**	**—**	**53,919,837**	**53,919,837**
Balances at March 31, 2022	**6,348,314**	**$280,907,085**	**92,117,343**	**373,024,428**

	Year ended March 31, 2021			
	Common Stock			
	Shares	Additional Paid-in Capital	Retained Earnings	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	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

See accompanying notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended March 31,		
	2022	2021	2020
Cash flow from operating activities:			
Net income	**$ 53,919,837**	$ 88,282,828	$ 28,157,478
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on assets held for sale	**38,633**	37,579	251,263
Amortization of intangible assets	**5,010,275**	5,474,240	5,010,626
Amortization of historic tax credits	**3,930,753**	1,736,384	868,192
Amortization of deferred loan costs	**16,911,599**	17,101,722	23,057,541
Amortization of debt issuance costs	**1,095,325**	659,292	517,499
Provision for credit losses	**186,207,341**	86,244,714	181,730,182
Depreciation	**6,253,175**	6,537,957	6,800,263
Amortization of finance leases	**407,624**	407,624	347,703
Loss on sale of property and equipment	**419,975**	2,812,404	339,259
Deferred income tax expense (benefit)	**(14,808,715)**	5,651,362	572,914
Compensation related to stock option and restricted stock plans, net of taxes and adjustments	**17,582,995**	19,281,278	28,952,161
Gain on sale of loans receivable	**—**	(24,667)	—
Gain on company-owned life insurance	**(106,885)**	(1,064,897)	—
Change in accounts:			
Other assets, net	**(8,193,529)**	(4,234,933)	(8,959,922)
Income taxes payable and receivable	**(4,191,692)**	6,610,559	(6,584,895)
Accounts payable and accrued expenses	**17,001,850**	(18,258,393)	19,917,429
Net cash provided by operating activities	**281,478,561**	217,255,053	280,977,693
Cash flows from investing activities:			
Increase in loans receivable, net	**(445,343,593)**	(46,445,094)	(206,539,808)
Net assets acquired from business combinations and asset acquisitions, primarily loans	**(9,631,112)**	(15,210,973)	(47,100,694)
Increase in intangible assets from acquisitions	**(1,228,872)**	(4,563,279)	(14,455,279)
Purchases of property and equipment	**(6,070,414)**	(11,683,858)	(11,277,779)
Proceeds from sale of property and equipment	**245,935**	346,943	284,869
Proceeds from the sale of assets held for sale	**1,104,895**	2,810,391	—
Proceeds from the sale of loans receivable	**—**	449,327	—
Proceeds from company-owned life insurance	**—**	1,997,279	—
Net cash used in investing activities	**(460,923,161)**	(72,299,264)	(279,088,691)
Cash flow from financing activities:			
Borrowings from senior notes payable	**515,315,246**	310,984,250	540,691,400
Payments on senior notes payable	**(523,350,000)**	(357,076,750)	(341,531,400)
Issuance of senior unsecured notes payable	**300,000,000**	—	—
Loan costs associated with senior unsecured notes payable	**(5,119,647)**	—	—
Debt issuance costs associated with senior notes payable	**—**	(784,250)	(991,400)
Proceeds from exercise of stock options	**12,805,646**	12,268,554	4,612,926
Payments for taxes related to net share settlement of equity awards	**(5,072,230)**	(3,173,735)	(4,476,159)
Repurchase of common stock	**(111,139,261)**	(102,452,302)	(197,399,964)
Repayment of finance lease	**(505,286)**	(594,024)	(510,916)
Net cash provided by (used in) financing activities	**182,934,468**	(140,828,257)	394,487
Net change in cash and cash equivalents	**3,489,868**	4,127,532	2,283,489
Cash and cash equivalents at beginning of year	**15,746,454**	11,618,922	9,335,433
Cash and cash equivalents at end of year	**$ 19,236,322**	$ 15,746,454	$ 11,618,922
Supplemental Disclosures:			
Interest paid during the year	**$ 21,318,911**	$ 24,993,898	$ 23,942,122
Income taxes paid during the year	**$ 30,941,852**	$ 14,857,555	$ 15,711,692

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, 2022, the Company operated 1,167 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: World Finance Corporation or World Finance.

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 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.

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, 2022 and 2021 the Company had $7.8 million and $7.0 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 2022, 2021, and 2020 the Company originated loans generally ranging up to $6,000, with terms of 60 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 2022:

	Minimum Origination	Maximum Origination	Minimum Term (Months)	Maximum Term (Months)
Small loans	$ 500	$ 2,450	7	36
Large loans	2,500	25,000	9	60
Tax advance loans	500	5,000	8	8

Gross loans receivable at March 31, 2022 and 2021 consisted of the following:

	2022	2021
Small loans	**$ 727,852,627**	$ 620,959,979
Large loans	**789,112,912**	475,470,271
Tax advance loans	**5,823,321**	8,316,011
Total gross loans	**$ 1,522,788,860**	$ 1,104,746,261

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. Net unamortized deferred origination fees and costs were $6.9 million and $5.1 million as of March 31, 2022 and 2021, respectively.

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 60 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 Information”, 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, 2022 and 2021, bankrupt accounts that had not been charged off were approximately $5.4 million and $3.2 million, respectively. 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, less a rehab rate for defaulted loans that do not charge-off.

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, which is generally five years, or the lease term, which is generally three to five years. 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 Insurance and other income, net in the Consolidated Statements of Operations.

Leases

For any new or modified lease, the Company, at the inception of the contract, determines whether a contract is or contains a lease. The Company records right-of-use ("ROU") assets and lease obligations for its finance and operating leases, which are initially recognized based on the discounted future lease payments over the term of the lease. The Company uses its effective annual interest rate as the discount rate when evaluating leases. Refer to Note 9, "Leases", for further discussion of the discount rate.

Lease term is defined as the non-cancelable period of the lease plus any options to extend or terminate the lease when it is reasonably certain that the Company will exercise the option. The Company has elected not to recognize ROU asset and lease obligations for its short-term equipment leases, which are defined as leases with an initial term of 12 months or less. Further, the Company has elected to not separate lease from non-lease components. Variable lease costs include expenses such as common area maintenance, utilities, and repairs and maintenance.

Other Assets

Other assets include cash surrender value of life insurance policies, prepaid expenses, debt issuance costs related to the senior notes payable, and other deposits.

Debt Issuance Costs

In accordance with ASC 835, debt issuance costs related to the senior unsecured notes payable are presented as a direct deduction from its carrying value in the Consolidated Balance Sheets. Unamortized debt issuance costs related to the senior unsecured notes payable as of March 31, 2022 were $4.6 million. There were no debt issuance costs related to the senior unsecured notes payable as of March 31, 2021.

As the Company intends to pay down the senior notes payable throughout the contractual arrangement, debt issuance costs related to this arrangement are presented as an asset within Other assets in the Consolidated Balance Sheets as discussed above. Unamortized debt issuance costs related to the senior notes payable as of March 31, 2022 and 2021 were $0.7 million and $1.3 million, respectively.

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 9.4 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 4.7 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 years ended March 31, 2022, 2021, or 2020.

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, senior notes payable, and senior unsecured notes payable.

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 senior notes payable has a variable rate based on a margin over LIBOR and reprices with any changes in LIBOR. The fair value of the senior unsecured notes payable is estimated based on quoted prices in markets that are not active.

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). The Company accounts for forfeitures as they occur. At March 31, 2022, the Company had several share-based employee compensation plans, which are described more fully in Note 12.

Share Repurchases

On February 24, 2022, 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, 2022, the Company had $15.4 million in aggregate remaining repurchase capacity under its current share repurchase program. 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 and the Notes limit share repurchases to $90 million from March 26, 2021 through June 30, 2022 plus up to 50% of consolidated adjusted net income for the period commencing January 1, 2019. As of March 31, 2022 our debt outstanding was $697.0 million and our shareholders' equity was $373.0 million resulting in a debt-to-equity ratio of 1.9:1.0.

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, 2022, the Company operated in sixteen states in the United States. For fiscal years ended March 31, 2022, 2021, and 2020, gross loan receivable within the Company's four largest states accounted for approximately 53% of the Company's gross loans receivable balance.

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 $18.3 million, $17.2 million, and $24.3 million for fiscal years 2022, 2021, and 2020, respectively.

Recently Issued Accounting Standards Not Yet Adopted

Troubled Debt Restructurings and Vintage Disclosures

In March 2022, the FASB issued ASU 2022-02, *Troubled Debt Restructurings and Vintage Disclosures*. The amendments in this update eliminate the accounting guidance for troubled debt restructurings by creditors in Subtopic 310-40, *Receivables—Troubled Debt Restructurings by Creditors*, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. Additionally, for public business entities, the amendments in this update require that an entity disclose current-period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of Subtopic 326-20, *Financial Instruments—Credit Losses—Measured at Amortized Cost*. For entities that have adopted the amendments in Update 2016-13, the amendments in this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years and should be applied prospectively, with the exception of the transition method related to the recognition and measurement of troubled debt restructurings in which an entity has the option to apply a modified retrospective transition method. Early adoption is permitted. We are currently evaluating the impact the adoption of this update will have on our Consolidated Financial Statements.

We reviewed all other 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, 2022	March 31, 2021
0 to 5 months	$ 198,740,475	$ 92,378,097
6 to 17 months	133,665,566	106,742,121
18 to 35 months	204,940,323	169,361,910
36 to 59 months	208,936,027	130,655,627
60+ months	770,683,149	597,292,495
Tax advance loans	5,823,320	8,316,011
Total gross loans	$ 1,522,788,860	$ 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 Statements 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, 2022:

	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	$ 1,322,332,136	$ 34,273,199	$ 2,665,078	$ 152,105	$ 21,539	$ 3,972	$ 1,359,448,029
30 - 60 days past due	49,517,859	2,114,463	247,291	28,011	2,664	—	51,910,288
61 - 90 days past due	36,707,960	989,136	130,763	13,031	5,594	—	37,846,484
91 or more days past due	64,238,626	3,239,753	248,596	24,377	5,386	4,001	67,760,739
Total	$ 1,472,796,581	$ 40,616,551	$ 3,291,728	$ 217,524	$ 35,183	$ 7,973	$ 1,516,965,540

	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	$ 4,737,741	$ 7,033	$ —	$ —	$ —	$ —	$ 4,744,774
30 - 60 days past due	1,060,811	1,334	—	—	—	—	1,062,145
61 - 90 days past due	—	432	—	—	—	—	432
91 or more days past due	2,922	13,047	—	—	—	—	15,969
Total	$ 5,801,474	$ 21,846	$ —	$ —	$ —	$ —	$ 5,823,320
Total gross loans							$ 1,522,788,860

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:

Loans	Term Loans By Origination: 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

Tax advance loans	Term Loans By Origination: 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	$ 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, 2022:

	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	$ 1,290,448,366	$ 29,913,995	$ 1,994,474	$ 68,836	$ 9,586	$ 699	$ 1,322,435,956
30 - 60 days past due	57,225,953	1,508,794	91,118	5,519	—	—	58,831,384
61 - 90 days past due	45,276,797	1,271,187	96,233	986	—	—	46,645,203
91 or more days past due	79,845,465	7,922,574	1,109,903	142,183	25,598	7,274	89,052,997
Total	$ 1,472,796,581	$ 40,616,550	$ 3,291,728	$ 217,524	$ 35,184	$ 7,973	$ 1,516,965,540

	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	$ 4,737,741	$ —	$ —	$ —	$ —	$ —	$ 4,737,741
30 - 60 days past due	1,060,329	—	—	—	—	—	1,060,329
61 - 90 days past due	—	—	—	—	—	—	—
91 or more days past due	3,404	21,846	—	—	—	—	25,250
Total	$ 5,801,474	$ 21,846	$ —	$ —	$ —	$ —	$ 5,823,320
Total gross loans							$ 1,522,788,860

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 looks 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 used 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, 2022:

Customer Tenure	Current	Days Past Due - Recency Basis 30 - 60	61 - 90	Over 90	Total Past Due	Total Loans
0 to 5 months	$ 145,168,588	$ 13,450,365	$ 14,196,717	$ 25,924,805	$ 53,571,887	$ 198,740,475
6 to 17 months	116,065,794	5,548,699	4,148,743	7,902,330	17,599,772	133,665,566
18 to 35 months	183,697,553	7,220,814	4,903,686	9,118,270	21,242,770	204,940,323
36 to 59 months	193,820,229	5,951,049	3,452,087	5,712,662	15,115,798	208,936,027
60+ months	720,695,865	19,739,361	11,145,251	19,102,672	49,987,284	770,683,149
Tax advance loans	4,744,774	1,062,145	432	15,969	1,078,546	5,823,320
Total gross loans	1,364,192,803	52,972,433	37,846,916	67,776,708	158,596,057	1,522,788,860
Unearned interest, insurance and fees	(361,055,818)	(14,020,016)	(10,016,802)	(17,938,208)	(41,975,026)	(403,030,844)
Total net loans	$1,003,136,985	$ 38,952,417	$ 27,830,114	$ 49,838,500	$ 116,621,031	$1,119,758,016
Percentage of period-end gross loans receivable		3.5%	2.5%	4.5%	10.4%	

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:

Customer Tenure	Current	Days Past Due - Recency Basis 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 table provides a breakdown of the Company's gross loans receivable by current payment performance on a contractual basis and year of origination at March 31, 2022:

		Days Past Due - Contractual Basis				
Loans	Current	30 - 60	61 - 90	Over 90	Total Past Due	Total Loans
0 to 5 months	$ 140,570,461	$ 14,090,712	$ 15,380,836	$ 28,698,466	$ 58,170,014	$ 198,740,475
6 to 17 months	112,465,841	6,032,347	4,922,939	10,244,439	21,199,725	133,665,566
18 to 35 months	177,565,328	8,067,815	6,273,351	13,033,829	27,374,995	204,940,323
36 to 59 months	188,849,569	6,994,891	4,624,136	8,467,431	20,086,458	208,936,027
60+ months	702,984,756	23,645,619	15,443,941	28,608,833	67,698,393	770,683,149
Tax advance loans	4,737,742	1,060,329	—	25,249	1,085,578	5,823,320
Total gross loans	$1,327,173,697	$ 59,891,713	$ 46,645,203	$ 89,078,247	$195,615,163	$ 1,522,788,860
Unearned interest, insurance and fees	$ (351,258,109)	$ (15,851,316)	$ (12,345,412)	$ (23,576,007)	$(51,772,735)	$ (403,030,844)
Total net loans	$ 975,915,588	$ 44,040,397	$ 34,299,791	$ 65,502,240	$143,842,428	$ 1,119,758,016
Percentage of period-end gross loans receivable		3.9%	3.1%	5.8%	12.8%	

The following table provides 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, 2022, the Company reversed a total of $10.3 million of unpaid accrued interest against interest income. During the twelve months ended March 31, 2022 and March 31, 2021, the Company reversed a total of $30.6 million and $22.4 million, respectively of unpaid accrued interest against interest income.

The following tables present the amortized cost basis of loans on nonaccrual status and the amortized cost basis of nonaccrual loans without related expected credit loss as of March 31, 2022 and 2021. It also shows year-to-date interest income recognized on nonaccrual loans for fiscal years ended March 31, 2022 and 2021:

	Nonaccrual Financial Assets			
Customer Tenure	As of March 31, 2022	Financial Assets 61 Days or More Past Due, Not on Nonaccrual Status	Nonaccrual Financial Assets With No Allowance as of March 31, 2022	Interest Income Recognized Fiscal 2022
0 to 5 months	**$ 45,227,510**	$ —	$ —	$ 1,485,356
6 to 17 months	**15,879,250**	—	—	1,662,082
18 to 35 months	**20,745,106**	—	—	2,292,776
36 to 59 months	**14,232,388**	—	—	1,602,011
60+ months	**47,565,819**	—	—	5,615,521
Tax advance loans	**25,249**	—	—	—
Unearned interest, insurance and fees	**(38,026,011)**			
Total	**$ 105,649,311**	$ —	$ —	$ 12,657,746

	Nonaccrual Financial Assets			
Customer Tenure	As of March 31, 2021	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	$ —	$ —	$1,705,371
6 to 17 months	13,211,641	—	—	2,433,144
18 to 35 months	12,088,377	—	—	2,195,160
36 to 59 months	8,161,951	—	—	1,609,059
60+ months	31,925,232	—	—	6,747,722
Tax advance loans	46,269	—	—	—
Unearned interest, insurance and fees	(20,894,036)			
Total	$ 61,731,356	$ —	$ —	$14,690,456

The following is a summary of the changes in the allowance for credit losses for the years ended March 31, 2022, 2021, and 2020:

	2022	2021	2020
Balance at beginning of period	**$ 91,722,288**	96,487,856	81,519,624
Impact of ASC 326 adoption	**—**	28,628,368	—
Provision for credit losses	**186,207,341**	86,244,714	181,730,182
Charge-offs	**(164,747,550)**	(141,270,125)	(183,439,199)
Recoveries	**21,060,785**	21,631,475	16,677,249
Balance at end of period	**$ 134,242,862**	91,722,288	96,487,856

(3) Property and Equipment

Property and equipment consist of:

	March 31, 2022	March 31, 2021
Land	**$ 100,443**	100,443
Building and leasehold improvements	**18,477,313**	17,882,214
Furniture and equipment	**56,273,499**	52,889,741
	74,851,255	70,872,398
Less accumulated depreciation and amortization	**(50,375,024)**	(45,546,262)
Total	**$ 24,476,231**	25,326,136

Depreciation expense was approximately $6.3 million, $6.5 million, and $6.8 million for the years ended March 31, 2022, 2021, and 2020, respectively.

(4) Intangible Assets

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

	March 31, 2022			March 31, 2021		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Intangible Asset**	Gross Carrying Amount	Accumulated Amortization	Net Intangible Asset
Cost of customer lists	**$ 55,730,620**	**(36,907,598)**	**18,823,022**	$54,777,749	(32,322,607)	22,455,142
Value assigned to non-compete agreements	**10,528,143**	**(9,595,051)**	**933,092**	10,252,143	(9,169,768)	1,082,375
Total	**$ 66,258,763**	**(46,502,649)**	**19,756,114**	$65,029,892	(41,492,375)	23,537,517

The estimated amortization expense for intangible assets for future fiscal years ended March 31 is as follows: $4.5 million for 2023; $4.2 million for 2024; $3.8 million for 2025; $3.2 million for 2026; $2.7 million for 2027; and an aggregate of $1.4 million for the years thereafter.

(5) Goodwill

The following summarizes the changes in the carrying amount of goodwill for the years ended March 31, 2022 and 2021:

		2022	2021
Balance at beginning 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
Goodwill acquired during the year	**$**	**—**	—
Impairment losses		**—**	—
Balance at end of year:			
Goodwill	**$**	**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 2022 and 2021 and determined none of its recorded goodwill was impaired.

(6) Debt

Revolving Credit Facility

At March 31, 2022, the Company's senior 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 $785.0 million provided that certain conditions are met. At March 31, 2022, $397.0 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, 2022. The letter of credit expires on December 31, 2022; 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 of 3.5%, 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, $1.3 million, and $1.0 million for the years ended March 31, 2022, 2021, and 2020, respectively. Borrowings under the revolving credit facility mature on June 7, 2024.

For the years ended March 31, 2022, 2021, and 2020 the Company's effective interest rate, including the commitment fee, was 5.0%, 5.8%, and 5.8% respectively, and the unused amount available under the revolver at March 31, 2022 was $287.7 million.

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

Senior Unsecured Notes Payable

On September 27, 2021, we issued $300 million in aggregate principal amount of 7.0% senior notes due 2026 (the "Notes"). The Notes were sold in a private placement in reliance on Rule 144A and Regulation S under the Securities Act of 1933, as amended. The Notes are unconditionally guaranteed, jointly and severally, on a senior unsecured basis by all of the Company's existing and certain of its future subsidiaries that guarantee the revolving credit facility. Interest on the notes is payable semi-annually in arrears on May 1 and November 1 of each year, commencing May 1, 2022. At any time prior to November 1, 2023, the Company may redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount plus a make-whole premium, as described in the indenture, plus accrued and unpaid interest, if any, to, but not including, the date of redemption. At any time on or after November 1, 2023, the Company may redeem the Notes at redemption prices set forth in the indenture, plus accrued and unpaid interest, if any, to, but not including, the date of redemption. In addition, at any time prior to November 1, 2023, the Company may use the proceeds of certain equity offerings to redeem up to 40.0% of the aggregate principal amount of the Notes issued under the indenture at a redemption price equal to 107.0% of the principal amount of Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the date of redemption.

We used the net proceeds from this offering to repay a portion of the outstanding indebtedness under our revolving credit facility and for general corporate purposes.

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 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 agreement's financial covenants include (i) a minimum consolidated net worth of $325.0 million on and after December 31, 2020; (ii) a maximum ratio of total debt to consolidated adjusted net worth of 2.5 to 1.0; (iii) a maximum collateral performance indicator of 24% as of the end of each calendar month; and (iv) a minimum fixed charges coverage ratio as further discussed below.

As further discussed in Note 18, on May 3rd, 2022, the Company entered into the Seventh Amendment to its Amended and Restated Revolving Credit Agreement (the "Seventh Amendment") to, among other things, reduce the required ratio for Net Income Available for Fixed Charges to Fixed Charges from 2.75 to 1.0 to 2.10 to 1.0 for each fiscal quarter from March 31, 2022 to June 30, 2023, with the ratio increasing to 2.75 to 1.0 for each fiscal quarter thereafter.

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, 2022 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 indenture governing the Notes contains certain covenants that, among other things, limit the Company's ability and the ability of its restricted subsidiaries to (i) incur additional indebtedness or issue certain disqualified stock and preferred stock; (ii) pay dividends or distributions or redeem or purchase capital stock; (iii) prepay subordinated debt or make certain investments; (iv) transfer and sell assets; (v) create or permit to exist liens; (vi) enter into agreements that restrict dividends, loans and other distributions from their subsidiaries; (vii) engage in a merger, consolidation or sell, transfer or otherwise dispose of all or substantially all of their assets; and (viii) engage in transactions with affiliates. However, these covenants are subject to a number of important detailed qualifications and exceptions.

Debt Maturities

As of March 31, 2022, the aggregate annual maturities of the Company's debt arrangements for each of the five fiscal years subsequent to March 31, 2022 were as follows:

2023	$	—
2024		—
2025		396,972,746
2026		—
2027		300,000,000
Total future debt payments	$	696,972,746

(7) Insurance and Other Income

Insurance and other income for the years ending March 31, 2022, 2021, and 2020 consist of:

	2022	2021	2020
Insurance revenue	**$ 56,270,249**	44,214,454	50,360,730
Tax return preparation revenue	**21,698,851**	18,098,087	20,936,447
Auto club membership revenue	**14,758,783**	7,863,145	6,254,748
Other	**3,993,083**	4,244,079	4,150,319
Insurance and other income	**$ 96,720,966**	74,419,765	81,702,244

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, 2022, 2021, and 2020, the amount of net written premiums by the reinsurance subsidiary were $9.8 million, $5.9 million, and $6.6 million, respectively, and the amount of earned premiums were $7.6 million, $6.0 million, and $6.2 million, respectively.

The Company maintains a cash reserve for claims in an amount determined by the ceding company, and as of March 31, 2022 and 2021, the cash reserves were $6.4 million and $4.3 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, 2022, 2021, and 2020:

	2022	2021	2020
Insurance premiums written	**$ 8,804,046**	7,072,647	8,251,927
Recoveries on claims paid	**$ 982,025**	959,620	1,001,288
Claims paid	**$ 6,336,549**	5,223,484	7,570,126

(9) Leases

Accounting Policies and Matters Requiring Management's Judgment

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 2021’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 2022 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 operating leases consist of real estate leases for office space as well as office equipment. Both the branch real estate and office equipment lease terms generally range from three years to five years, and generally contain options to extend which mirror the original terms of the lease. The Company's finance leases consist of IT equipment which have a three year lease term and do not contain an option to extend the lease term.

The following table reports information about the Company's lease costs for the years ended March 31, 2022, 2021, and 2020:

		2022		2021		2020
Lease Cost						
Finance lease cost	**$**	**427,619**	$	466,168	$	430,744
Amortization of right-of-use assets		**407,624**		407,624		347,703
Interest on lease liabilities		**19,995**		58,544		83,041
Operating lease cost	**$**	**27,529,425**	$	27,977,226	$	26,244,323
Short-term lease cost		**—**		1,800		4,500
Variable lease cost		**3,629,903**		3,621,748		3,376,275
Total lease cost	**$**	**31,586,947**	$	32,066,942	$	30,055,842

The following table reports other information about the Company's leases for the years ended March 31, 2022, 2021, and 2020:

		2022		2021		2020
Other Lease Information						
Cash paid for amounts included in the measurement of lease liabilities	**$**	**27,936,317**	$	28,211,828	$	26,212,843
Operating cash flows from finance leases		**19,994**		58,544		83,041
Operating cash flows from operating		**27,411,037**		27,559,260		25,618,886
Financing cash flows from finance leases		**505,286**		594,024		510,916
Right-of-use assets obtained in exchange for new finance lease liabilities	**$**	**—**	$	—	$	753,736
Right-of-use assets obtained in exchange for new operating lease liabilities	**$**	**15,381,953**	$	12,482,167	$	36,826,045
Weighted-average remaining lease term — finance leases		**0.4 years**		0.8 years		1.5 years
Weighted average remaining lease term — operating leases		**7.3 years**		7.3 years		8.4 years
Weighted-average discount rate (monthly) — finance leases		**6.0 %**		6.4 %		6.5 %
Weighted-average discount rate — operating leases		**6.1 %**		6.3 %		6.7 %

The aggregate annual lease obligations as of fiscal year March 31, 2022, are as follows:

		Operating	Finance
2023		24,112,009	80,06
2024		20,140,680	
2025		15,645,906	
2026		12,034,692	
2027		7,609,780	
Thereafter		30,106,884	
Total undiscounted lease liability	$	109,649,951	**$**
Imputed interest		22,250,902	
Total discounted lease liability	$	87,399,049	**$**

The Company had no leases with related parties as of fiscal year March 31, 2022 or 2021.

(10) Income Taxes

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) consists of:

	Current	Deferred	Total
Year ended March 31, 2022			
Federal	**$ 22,262,110**	**(11,892,354)**	**10,369,756**
State and local	**4,206,087**	**(2,916,361)**	**1,289,726**
	$ 26,468,197	**(14,808,715)**	**11,659,482**
Year ended March 31, 2021			
Federal	$ 16,443,592	4,077,609	20,521,201
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			
Federal	$ 3,307,872	(224,604)	3,083,268
State and local	2,871,179	797,518	3,668,697
	$ 6,179,051	572,914	6,751,965

The differences between income taxes expected at the U.S. federal statutory income tax rate of 21% and the reported income tax expense for March 31, 2022, 2021 and 2020 are summarized as follows:

	2022	2021	2020
Expected income tax	**$ 13,771,657**	23,394,720	7,330,983
Increase (reduction) in income taxes resulting from:			
State tax (excluding state tax credits), net of federal benefit	**1,489,800**	2,053,524	3,398,271
Federal tax credits (net)	**(1,193,021)**	(1,173,435)	(7,616,236)
State tax credits	**(470,916)**	—	(500,000)
Uncertain tax positions	**(555,252)**	(2,107,263)	(167,455)
Nondeductible penalties	**2,866**	8,274	4,562,830
Executive compensation limitation under Section 162(m)	**1,918,618**	1,203,203	1,305,975
Excess tax benefits related to equity compensation	**(3,237,682)**	(996,769)	(612,987)
Prior year adjustments	**(51,728)**	(30,953)	(672,358)
Other, net	**(14,860)**	769,298	(277,058)
	$ 11,659,482	23,120,599	6,751,965

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at March 31, 2022 and 2021 are presented below:

	2022	2021
Deferred tax assets:		
Allowance for credit losses	**$ 33,481,188**	22,908,670
Unearned insurance commissions	**15,453,501**	10,080,766
Accrued expenses primarily related to employee benefits	**12,549,474**	13,676,701
Reserve for uncollectible interest	**1,261,035**	645,113
Lease liability	**21,575,596**	22,231,591
Intangible assets	**254,986**	—
Foreign tax credit carryforward	**3,254,926**	3,254,926
Capital loss carryforward	**7,966,326**	7,928,184
State net operating loss carryforwards	**3,849,158**	78,358
Gross deferred tax assets	**99,646,190**	80,804,309
Less valuation allowance	**(14,723,244)**	(11,184,384)
Net deferred tax assets	**84,922,946**	69,619,925
Deferred tax liabilities:		
Fair value adjustment for loans receivable	**(13,896,840)**	(12,362,590)
Property and equipment	**(4,875,859)**	(5,902,421)
Intangible assets	**—**	(243,574)
Deferred net loan origination costs	**(1,708,369)**	(1,268,653)
Prepaid expenses	**(1,785,906)**	(1,412,337)
Right-of-use asset	**(21,273,281)**	(21,826,178)
Other	**(1,581,234)**	(1,611,430)
Gross deferred tax liabilities	**(45,121,489)**	(44,627,183)
Deferred income taxes, net	**$ 39,801,457**	24,992,742

At March 31, 2022, the Company had state net operating loss carryforwards of approximately $63.8 million. A deferred tax asset of approximately $3.8 million has been recorded to reflect the benefit of these losses. Of this $3.8 million, $0.3 million is expected to be recognized. Approximately $1,000 of the state net operating loss carryforward will expire in 2025 with the remaining carryforward expiring between 2031 and 2040.

The valuation allowance for deferred tax assets increased by $3.5 million for the year ended March 31, 2022 when compared to March 31, 2021. The valuation allowance at March 31, 2022 and 2021 was $14.7 million and $11.2 million, respectively. The valuation allowance against the total deferred tax assets as of March 31, 2022 consisted of $3.5 million from state net operating loss carryforwards in the amount of $55.4 million which expire from 2025 to 2040, 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, $7.7 million related to the $37.0 million capital loss carryforward from the sale of the Mexican operations in fiscal 2019 which expires in 2024 and $0.2 million related to the $0.9 million capital loss on the sale of the former headquarters buildings which expire from 2026 to 2027. The Company does not expect to generate enough foreign source income, state taxable income in the respective jurisdictions 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. 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.

As of March 31, 2022, 2021, and 2020, the Company had $2.2 million, $3.1 million, and $5.8 million of total gross unrecognized tax benefits including interest, respectively. Of these totals, approximately $2.0 million, $2.6 million, and $5.2 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, 2022, 2021, and 2020 are presented below:

	2022	2021	2020
Unrecognized tax benefit balance beginning of year	**$ 1,811,244**	4,351,811	4,043,623
Gross increases for tax positions of current year	**153,754**	36,541	246,725
Gross increases (decreases) for tax positions of prior years	**—**	—	786,674
Settlements with tax authorities	**—**	(1,968,702)	—
Lapse of statute of limitations	**(348,882)**	(608,406)	(725,211)
Unrecognized tax benefit balance end of year	**$ 1,616,116**	1,811,244	4,351,811

At March 31, 2022, approximately $1.3 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, 2022, 2021, and 2020, the Company had $0.6 million, $1.2 million, and $1.4 million accrued for gross interest, respectively, of which $0.2 million, $0.3 million, and $(0.1) million represented the current period expense for the periods ended March 31, 2022, 2021, and 2020.

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 2017, although carryforward attributes that were generated prior to 2017 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 calculations:

	For the year ended March 31, 2022		
	Income (Numerator)	**Shares (Denominator)**	**Per Share Amount**
Basic EPS			
Net income available to common shareholders	**$ 53,919,837**	**6,072,170**	**$ 8.88**
Effect of dilutive securities options and restricted stock	**—**	**291,896**	
Diluted EPS			
Net income available to common shareholders including dilutive securities	**$ 53,919,837**	**6,364,066**	**$ 8.47**

	For the year ended March 31, 2021		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS			
Net income available to common shareholders	$ 88,282,828	6,493,898	$ 13.59
Effect of dilutive securities options and restricted stock	—	178,212	
Diluted EPS			
Net income 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			
Net income available to common shareholders	$ 28,157,478	7,688,242	$ 3.66
Effect of dilutive securities options and restricted stock	—	264,658	
Diluted EPS			
Net income available to common shareholders including dilutive securities	$ 28,157,478	7,952,900	$ 3.54

Options to purchase 412,015, 608,087, and 656,347 shares of common stock at various prices were outstanding during the years ended March 31, 2022, 2021, and 2020, 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 $1.8 million, $1.6 million, and $1.6 million, for the years ended March 31, 2022, 2021, and 2020, 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, 2022, 2021, and 2020, contributions of $0.5 million, $0.6 million, and $0.6 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 $5.9 million and $6.4 million as of March 31, 2022 and 2021, 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, 2022 and 2021 no executive or director had deferred any 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 Committee. 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, 2022 there were a total of 105,660 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 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, 2022, 2021, and 2020 was $99.14, $58.48, and $57.69 per share, respectively. This fair value was estimated at grant date using the weighted-average assumptions listed below.

	2022	2021	2020
Dividend yield	**0 %**	0 %	0 %
Expected volatility	**57.82 %**	57.53 %	52.28 %
Average risk-free interest rate	**1.02 %**	0.59 %	1.58 %
Expected life	**6.0 years**	6.3 years	6.3 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, 2022 was as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding, beginning of year	500,168	$ 93.89		
Granted	22,255	184.76		
Exercised	(154,699)	82.78		
Forfeited	(19,158)	99.25		
Expired	—	—		
Options outstanding, end of period	348,566[(1)]	$ 104.33	6.43	$ 30,551,741
Options exercisable, end of period	101,029	$ 89.77	4.76	$ 10,312,456

(1) Of the 348,566 options outstanding, 126,853 are not yet exercisable based solely on fulfilling a service condition and another 120,684 are not yet exercisable based solely on fulfilling the performance condition described further above.

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, 2022 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, 2022. This amount will change as the stock's market price changes. The total intrinsic value of options exercised during the years ended March 31, 2022, 2021, and 2020 was as follows:

2022	2021	2020
$17,494,865	$9,996,167	$5,083,094

As of March 31, 2022, total unrecognized stock-based compensation expense related to non-vested stock options amounted to approximately $6.1 million, which is expected to be recognized over a weighted-average period of approximately 2.3 years.

Restricted Stock

During fiscal 2022, the Company granted 4,062 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 $188.38 per share.

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 executive officers, with a grant date weighted average fair value of $90.23 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 $14.1 million, $15.5 million, and $23.4 million for the years ended March 31, 2022, 2021, and 2020, respectively, which is included as a component of general and administrative expenses in the Company's Consolidated Statements of Operations.

As of March 31, 2022, there was approximately $13.9 million of unrecognized compensation cost related to unvested restricted stock awards, which is expected to be recognized over the next 1.7 years based on current estimates.

A summary of the status of the Company’s restricted stock as of March 31, 2022 and changes during the year ended March 31, 2022, are presented below:

	Shares	Weighted Average Fair Value at Grant Date
Outstanding at March 31, 2021	614,739	$ 101.99
Granted during the period	4,062	188.38
Vested during the period	(66,299)	102.93
Forfeited during the period	—	—
Outstanding at March 31, 2022	552,502	$ 102.51

Total Stock-Based Compensation

Total stock-based compensation included as a component of net income during the years ended March 31, 2022, 2021, and 2020 was as follows:

	2022	2021	2020
Stock-based compensation related to equity classified units:			
Stock-based compensation related to stock options	**$ 3,473,913**	3,804,674	5,522,883
Stock-based compensation related to restricted stock	**14,109,082**	15,476,604	23,429,278
Total stock-based compensation related to equity classified awards	**$ 17,582,995**	19,281,278	28,952,161

(13) <u>Acquisitions</u>

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, 2022, 2021, and 2020:

	2022	2021	2020
Number of branches acquired through business combinations	**—**	—	38
Number of asset purchases	**50**	50	140
Total acquisitions	**50**	50	178
Purchase price	**$ 10,859,984**	$ 19,774,252	$ 61,555,973
Tangible assets:			
Loans receivable, net	**9,631,112**	15,210,973	47,026,694
Property and equipment	**—**	—	74,000
	9,631,112	15,210,973	47,100,694
Excess of purchase prices over fair value of net tangible assets	**$ 1,228,872**	$ 4,563,279	$ 14,455,279
Customer lists	**$ 952,872**	$ 4,365,779	$ 13,228,951
Non-compete agreements	**276,000**	197,500	890,000
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, the senior notes payable, and the senior unsecured notes payable. 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 senior notes payable has a variable rate based on a margin over LIBOR and reprices with any changes in LIBOR. The fair value of the senior unsecured notes payable is estimated based on quoted prices in markets that are not active. 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, 2022		March 31, 2021	
	Input Level	**Carrying Value**	**Estimated Fair Value**	Carrying Value	Estimated Fair Value
ASSETS					
Cash and cash equivalents	1	**$ 19,236,322**	**$ 19,236,322**	$ 15,746,454	$ 15,746,454
Loans receivable, net	3	**985,515,154**	**985,515,154**	733,659,389	733,659,389
LIABILITIES					
Senior unsecured notes	2	**300,000,000**	**264,639,000**	—	—
Senior notes payable	3	**396,972,746**	**396,972,746**	405,007,500	405,007,500

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, 2022		March 31, 2021	
	Input Level	**Carrying Value**	**Estimated Fair Value**	Carrying Value	Estimated Fair Value
ASSETS					
Assets held for sale	2	**$ —**	**$ —**	$ 1,143,528	$ 1,143,528

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, 2022 and 2021.

(15) Quarterly Information (Unaudited)

The following sets forth selected quarterly operating data:

	Fiscal 2022				Fiscal 2021			
	First	**Second**	**Third**	**Fourth**	First	Second	Third	Fourth
	(Dollars in thousands, except for earnings per share data)							
Total revenues	**$129,659**	**137,827**	**148,572**	**166,329**	123,867	124,441	130,946	146,280
Provision for credit losses	**30,266**	**42,044**	**56,459**	**57,439**	25,661	26,090	28,857	5,636
General and administrative expenses	**73,351**	**74,989**	**74,229**	**74,607**	71,608	75,293	77,875	77,411
Interest expense	**5,501**	**6,714**	**10,166**	**11,044**	5,562	5,893	7,305	6,940
Income tax expense	**4,770**	**1,641**	**391**	**4,857**	5,527	3,767	2,418	11,409
Net income	**$ 15,771**	**12,439**	**7,327**	**18,382**	15,509	13,398	14,491	44,884
Net income per common share:								
Basic	**$ 2.56**	**2.04**	**1.20**	**3.10**	2.26	2.01	2.32	7.25
Diluted	**$ 2.44**	**1.94**	**1.14**	**2.97**	2.24	1.96	2.25	6.96

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

Derivative Litigation

On September 25, 2020, a shareholder filed a derivative complaint in South Carolina state court, Paul Parshall v. World Acceptance et al., against the Company as the nominal defendant and certain current and former directors and officers as defendants. Pointing to the Company’s resolution with the SEC and DOJ of the Mexico investigation previously disclosed, the complaint alleges violations of South Carolina law, including breaches of fiduciary duties and corporate waste, and that the Company has suffered damages as a result of those alleged breaches. The complaint seeks unspecified monetary damages from the individual defendants, equitable and/or injunctive relief, disgorgement of compensation from the individual defendants, and attorneys’ fees and costs. Because the complaint is derivative in nature, it does not seek monetary damages from the Company. However, the Company may be required to advance, and ultimately be responsible for, the legal fees and costs incurred by the individual defendants.

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, any currently pending claims. Based on information currently available, the Company does not believe that any reasonably probable 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 $37.0 thousand. The loss on sale of assets held for sale is included as a component of Insurance and other income, net in the Company's Consolidated Statement of Operations. During the second quarter of fiscal 2022 the Company completed the sale of the last held for sale building, and recorded $39.0 thousand loss on sale which is included as a component of Insurance and other income, net in the Consolidated Statements of Operations.

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

	March 31, 2022	March 31, 2021
Assets held for sale:		
Property and equipment, net	**$ —**	$ 1,143,528
Total assets held for sale	**$ —**	$ 1,143,528

(18) Subsequent Events

Seventh Amendment to Amended and Restated Revolving Credit Facility

On May 3rd, 2022, the Company entered into the Seventh Amendment among the Company, the lenders named therein, and Wells Fargo Bank, National Association, as Administrative Agent and Collateral Agent. The Seventh Amendment amends its Amended and Restated Revolving Credit Agreement to, among other things:

- Reduce the required ratio for Net Income Available for Fixed Charges to Fixed Charges to 2.10 to 1.0 for the fiscal quarters ending March 31, 2022, June 30, 2022, September 30, 2022, December 31, 2022, March 31, 2023 and June 30, 2023, with the ratio increasing to 2.75 to 1.0 for each fiscal quarter thereafter.
- Allow the Company to form up to two SPV Subsidiaries for purposes of an anticipated warehouse facility or securitization.
- Transition from a benchmark rate of 1-month LIBOR to a term rate based on SOFR.

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, 2022. 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, 2022 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
R. Chad Prashad
President and Chief Executive Officer
Date: May 26, 2022

By: /s/ John L. Calmes, Jr.
John L. Calmes, Jr.
Executive Vice President and Chief Financial and Strategy Officer
Date: May 26, 2022

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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2022, 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, 2022, 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 May 26, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with 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 matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) 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 matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses

As described in Notes 1 and 2 to the Consolidated Financial Statements, the Company established an allowance for credit losses of $134.2 million as of March 31, 2022, which was estimated using the Company’s current expected credit loss (CECL) model. The Company’s CECL model estimates 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 considers whether current credit and economic 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 (qualitative factors). Management also utilizes a reasonable and supportable forecast 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. Management utilized significant judgment in 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 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 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 the assessment of reasonable and supportable forecasts and qualitative factors.
b. We tested the completeness and accuracy of data inputs into the CECL model by comparing to internal data sources.
c. We evaluated reasonable and supportable forecasts and qualitative factors, including customer tenure loss rate trends and delinquency, for reasonableness by comparing to internal source data.
d. We tested management’s historical loss rates by customer tenure and loan type by recalculating customer tenure for a sample of charge-offs to ensure they had the correct customer tenure classification within the CECL model, which impacted both the CECL model calculation and the reasonable and supportable forecasts used.

/s/ RSM US LLP

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

Raleigh, North Carolina
May 26, 2022

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, 2022, 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, 2022, 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, 2022 and 2021 and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2022, and our report dated May 26, 2022 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

Raleigh, North Carolina
May 26, 2022

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, 2022, 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 errors 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.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

PART III.

Item 10. Directors, Executive Officers and Corporate Governance

Information contained under the captions “Proposal 1 - Election of Directors,” “Corporate Governance,” and “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, 2022.

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 proposal captioned "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, 2022 and 2021
Consolidated Statements of Operations for the fiscal years ended March 31, 2022, 2021, and 2020
Consolidated Statements of Shareholders' Equity for the fiscal years ended March 31, 2022, 2021, and 2020
Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2022, 2021, and 2020
Notes to Consolidated Financial Statements

Reports of Independent Registered Public Accounting Firm (PCAOB ID: 49)

(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: May 26, 2022

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: May 26, 2022

/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: May 26, 2022

/s/ Scott McIntyre

Scott McIntyre

Senior Vice President of Accounting

Signing on behalf of the registrant and as principal accounting officer

Date: May 26, 2022

/s/ Ken R. Bramlett, Jr.

Ken R. Bramlett, Jr.

Chairman of the Board of Directors and a Director

Date: May 26, 2022

/s/ Scott J. Vassalluzzo

Scott J. Vassalluzzo

Director

Date: May 26, 2022

/s/ Charles D. Way

Charles D. Way

Director

Date: May 26, 2022

/s/ Darrell Whitaker

Darrell Whitaker

Director

Date: May 26, 2022

/s/ Beth Neuhoff

Beth Nuehoff

Director

Date: May 26, 2022

/s/ Benjamin Robinson

Benjamin Robinson

Director

Date: May 26, 2022

BOARD OF DIRECTORS

Ken R. Bramlett Jr.
Private Investor

Elizabeth R. Neuhoff
President and CEO
Neuhoff Communications

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

Benjamin E. Robinson, III
Private Investor

Scott J. Vassalluzzo
Managing Member
Prescott General Partners, LLC

Charles D. Way
Private Investor

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

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

Katie Deuben
Deputy General Counsel

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 July 6, 2022, there were 24 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 6,280,721 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 July 6, 2022, was $108.78.

Market Price of Common Stock

Fiscal 2022

Quarter	High	Low
First	$ 175.00	$ 123.17
Second	209.00	156.92
Third	265.00	150.26
Fourth	243.00	162.89

Fiscal 2021

Quarter	High	Low
First	$ 82.12	$ 43.16
Second	106.94	60.95
Third	124.02	82.44
Fourth	170.98	100.71

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 ("SEC"), may be obtained without charge by writing to the Corporate Secretary at the executive offices of the Company, or may be viewed at the SEC's website (SEC.gov). 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

Secretary and General Counsel
World Acceptance Corporation
legal@worldacceptance.com
(864) 298-9800

World Acceptance Corporation
2022 Annual Report