

REFINITIV

DELTA REPORT

10-Q

WRLD - WORLD ACCEPTANCE CORP

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

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TOTAL DELTAS 450

█ CHANGES 256

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2023 September 30, 2023

OR

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

For the transition period from _____ to _____

Commission File Number: 000-19599

WORLD ACCEPTANCE CORPORATION

(Exact name of registrant as specified in its charter.)

South Carolina

57-0425114

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

104 S Main Street

Greenville,

South Carolina

29601

(Address of principal executive offices)

(Zip Code)

(864) 298-9800

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, no par value	WRLD	The NASDAQ Stock Market LLC (NASDAQ Global Select Market)

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

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

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

Large Accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. No Yes

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

The number of outstanding shares of the issuer's common stock, no par value, as of **July 28, 2023** **October 27, 2023** was **6,242,160,6,224,831**.

WORLD ACCEPTANCE CORPORATION
FORM 10-Q

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Introductory Note: As used herein, the "Company," "we," "our," "us," or similar formulations include World Acceptance Corporation and each of its subsidiaries, unless otherwise expressly noted or the context otherwise requires that it include only World Acceptance Corporation. All references in this report to "fiscal 2024" are to the Company's fiscal year ending March 31, 2024; all references in this report to "fiscal 2023" are to the Company's fiscal year ended March 31, 2023; all references in this report to "fiscal 2022" are to the Company's fiscal year ended March 31, 2022; and all references to "fiscal 2019" are to the Company's fiscal year ended March 31, 2019.

GLOSSARY OF DEFINED TERMS

The following terms may be used throughout this Report, including consolidated financial statements and related notes.

Term	Definition
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
CECL	Current Expected Credit Loss
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFPB	U.S. Consumer Financial Protection Bureau
Compensation Committee	Compensation and Stock Option Committee
Customer Tenure	The number of years since a customer was first serviced by the Company
DOJ	U.S. Department of Justice
ERISA	Employee Retirement Income Security Act
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FICO	The Fair Isaac Corporation
G&A	General and administrative
GAAP	U.S. generally accepted accounting principles
HTC	Historic Tax Credit
IRS	U.S. Internal Revenue Service
Notes	\$300 million in aggregate principal amount of 7.0% unsecured senior notes due 2026 issued on September 27, 2021
Option Measurement Period	The 6.5 year performance period beginning on September 30, 2018 and ending on March 31, 2025 over which the Performance Options are eligible to vest, following certification by the Compensation Committee of achievement
PCD	Purchased Assets with Credit Deterioration
Performance Options	Performance-based stock options
Performance Share Measurement Period	The 6.5 year performance period beginning on September 30, 2018 and ending on March 31, 2025 over which the Performance Shares are eligible to vest, following certification by the Compensation Committee of achievement
Performance Shares	Service- and performance-based restricted stock awards
Rehab Rate	Percentage of 91 days or more delinquent that do not charge off
Restricted Stock	Service-based restricted stock awards
SEC	U.S. Securities and Exchange Commission
Service Options	Service-based stock options
SOFR	Secured Overnight Finance Rate
TAL	Tax Advance Loan

PART I. FINANCIAL INFORMATION

WORLD ACCEPTANCE CORPORATION AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (Unaudited)

ASSETS	June 30, 2023		March 31, 2023		September 30, 2023		March 31, 2023	
	ASSETS							

Cash and cash equivalents	Cash and cash equivalents	\$ 15,988,798	\$ 16,508,935	Cash and cash equivalents	\$ 18,785,970	\$ 16,508,935
Gross loans receivable	Gross loans receivable	1,397,965,921	1,390,015,568	Gross loans receivable	1,379,513,967	1,390,015,568
Less:	Less:			Less:		
Unearned interest, insurance and fees	Unearned interest, insurance and fees	(379,966,515)	(376,674,349)	Unearned interest, insurance and fees	(370,312,342)	(376,674,349)
Allowance for credit losses	Allowance for credit losses	(129,342,988)	(125,552,733)	Allowance for credit losses	(128,892,192)	(125,552,733)
Loans receivable, net	Loans receivable, net	888,656,418	887,788,486	Loans receivable, net	880,309,433	887,788,486
Operating lease right-of-use assets, net	Operating lease right-of-use assets, net	79,462,179	81,289,240	Operating lease right-of-use assets, net	80,396,803	81,289,240
Property and equipment, net	Property and equipment, net	23,856,064	23,926,080	Property and equipment, net	23,695,862	23,926,080
Deferred income taxes, net	Deferred income taxes, net	43,271,950	41,722,361	Deferred income taxes, net	41,857,758	41,722,361
Other assets, net	Other assets, net	41,147,435	43,422,669	Other assets, net	40,125,544	43,422,669
Goodwill	Goodwill	7,370,791	7,370,791	Goodwill	7,370,791	7,370,791
Intangible assets, net	Intangible assets, net	14,220,264	15,289,579	Intangible assets, net	13,157,700	15,289,579
Total assets	Total assets	\$ 1,113,973,899	\$ 1,117,318,141	Total assets	\$ 1,105,699,861	\$ 1,117,318,141
LIABILITIES & SHAREHOLDERS' EQUITY	LIABILITIES & SHAREHOLDERS' EQUITY			LIABILITIES & SHAREHOLDERS' EQUITY		
Liabilities:	Liabilities:			Liabilities:		
Senior notes payable	Senior notes payable	\$ 299,776,031	\$ 307,910,824	Senior notes payable	\$ 276,555,903	\$ 307,910,824
Senior unsecured notes payable, net	Senior unsecured notes payable, net	285,620,007	287,352,892	Senior unsecured notes payable, net	284,378,749	287,352,892
Income taxes payable	Income taxes payable	3,812,177	2,532,766	Income taxes payable	1,946,851	2,532,766
Operating lease liability	Operating lease liability	81,988,898	83,735,002	Operating lease liability	82,948,163	83,735,002
Accounts payable and accrued expenses	Accounts payable and accrued expenses	45,889,309	50,559,920	Accounts payable and accrued expenses	49,847,400	50,559,920
Total liabilities	Total liabilities	717,086,422	732,091,404	Total liabilities	695,677,066	732,091,404
Commitments and contingencies	Commitments and contingencies			Commitments and contingencies		
Shareholders' equity:	Shareholders' equity:			Shareholders' equity:		
Preferred stock, no par value Authorized 5,000,000, no shares issued or outstanding	Preferred stock, no par value Authorized 5,000,000, no shares issued or outstanding	—	—	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 6,240,497 and 6,231,082 shares at June 30, 2023 and March 31, 2023, respectively	Common stock, no par value Authorized 95,000,000 shares; issued and outstanding 6,240,497 and 6,231,082 shares at June 30, 2023 and March 31, 2023, respectively	—	—	Common stock, no par value Authorized 95,000,000 shares; issued and outstanding 6,246,818 and 6,231,082 shares at September 30, 2023 and March 31, 2023, respectively	—	—
Common stock, no par value Authorized 95,000,000 shares; issued and outstanding 6,246,818 and 6,231,082 shares at September 30, 2023 and March 31, 2023, respectively	Common stock, no par value Authorized 95,000,000 shares; issued and outstanding 6,246,818 and 6,231,082 shares at September 30, 2023 and March 31, 2023, respectively			Common stock, no par value Authorized 95,000,000 shares; issued and outstanding 6,246,818 and 6,231,082 shares at September 30, 2023 and March 31, 2023, respectively		

Additional paid-in capital	Additional paid-in capital	290,193,831	288,071,839	Additional paid-in capital	287,246,730	288,071,839
Retained earnings	Retained earnings	106,693,646	97,154,898	Retained earnings	122,776,065	97,154,898
Total shareholders' equity	Total shareholders' equity	396,887,477	385,226,737	Total shareholders' equity	410,022,795	385,226,737
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	\$ 1,113,973,899	\$ 1,117,318,141	Total liabilities and shareholders' equity	\$ 1,105,699,861	\$ 1,117,318,141

See accompanying notes to consolidated financial statements.

**WORLD ACCEPTANCE CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)**

		Three months ended June 30,		Three months ended September 30,		Six months ended September 30,	
		2023	2022	2023	2022	2023	2022
Revenues:	Revenues:			Revenues:			
Interest and fee income	Interest and fee income	\$ 116,618,914	\$ 130,205,390	Interest and fee income	\$ 116,953,114	\$ 130,461,548	\$ 233,572,028
Insurance and other income, net	Insurance and other income, net	22,704,877	27,712,898	Insurance and other income, net	19,922,207	20,796,630	42,627,084
Total revenues	Total revenues	139,323,791	157,918,288	Total revenues	136,875,321	151,258,178	276,199,112
Expenses:	Expenses:			Expenses:			
Provision for credit losses	Provision for credit losses	46,602,012	85,822,267	Provision for credit losses	40,463,066	68,620,146	87,065,078
General and administrative expenses:	General and administrative expenses:			General and administrative expenses:			
Personnel	Personnel	41,792,087	45,178,345	Personnel	38,437,364	45,294,668	80,229,451
Occupancy and equipment	Occupancy and equipment	12,619,740	13,234,697	Occupancy and equipment	12,428,506	13,490,914	25,048,246
Advertising	Advertising	2,749,544	2,208,395	Advertising	2,241,707	1,009,797	4,991,251
Amortization of intangible assets	Amortization of intangible assets	1,069,316	1,132,104	Amortization of intangible assets	1,062,563	1,106,050	2,131,879
Other	Other	9,894,517	9,896,854	Other	8,777,372	8,792,876	18,671,889
Total general and administrative expenses	Total general and administrative expenses	68,125,204	71,650,395	Total general and administrative expenses	62,947,512	69,694,305	131,072,716
Interest expense	Interest expense	12,242,249	11,174,347	Interest expense	12,543,238	13,032,418	24,785,487
Total expenses	Total expenses	126,969,465	168,647,009	Total expenses	115,953,816	151,346,869	242,923,281
Income (loss) before income taxes	Income (loss) before income taxes	12,354,326	(10,728,721)	Income (loss) before income taxes	20,921,505	(88,691)	33,275,831
Income tax expense (benefit)	Income tax expense (benefit)	2,815,578	(2,162,249)	Income tax expense (benefit)	4,839,086	548,888	7,654,664
Net income (loss)	Net income (loss)	\$ 9,538,748	\$ (8,566,472)	Net income (loss)	\$ 16,082,419	\$ (637,579)	\$ 25,621,167
Net income (loss) per common share:	Net income (loss) per common share:			Net income (loss) per common share:			
Basic	Basic	\$ 1.65	\$ (1.49)	Basic	\$ 2.78	\$ (0.11)	\$ 4.44
Diluted	Diluted	\$ 1.62	\$ (1.49)	Diluted	\$ 2.71	\$ (0.11)	\$ 4.33

Weighted average common shares outstanding:	Weighted average common shares outstanding:	Weighted average common shares outstanding:
Basic	Basic	Basic
Diluted	Diluted	Diluted

See accompanying notes to consolidated financial statements.

**WORLD ACCEPTANCE CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)**

Three months ended June 30, 2023				Three months ended September 30, 2023				
Common Stock	Additional Paid-in Capital			Common Stock	Additional Paid-in Capital			
	Shares	Retained Earnings	Total Shareholders' Equity		Shares	Retained Earnings	Total Shareholders' Equity	
Balances at March 31, 2023 6,231,082 \$288,071,839 \$ 97,154,898 \$385,226,737								
Balances at June 30, 2023								
Proceeds from exercise of stock options	7,540	709,294	—	709,294	Proceeds from exercise of stock options	4,203	360,676	
Restricted common stock expense under stock option plan, net of cancellations (\$0)	1,875	1,099,351	—	1,099,351				
Stock option expense	—	313,347	—	313,347				
Stock-based compensation related to restricted stock, net of cancellations (\$0)					Stock-based compensation related to restricted stock, net of cancellations (\$0)	2,118	1,066,500	
Stock-based compensation (reversal) related to stock options					Stock-based compensation (reversal) related to stock options	—	(4,374,277)	
Net income	—	—	9,538,748	9,538,748	Net income	—	—	
Balances at June 30, 2023	6,240,497	\$290,193,831	\$106,693,646	\$396,887,477				
Balances at September 30, 2023								
					Balances at September 30, 2023	6,246,818	\$287,246,730	
						\$122,776,065	\$410,022,795	

Three months ended June 30, 2022							
Common Stock				Additional Paid-in Capital			
Shares		Capital		Retained Earnings		Total Shareholders' Equity	
Balances at March 31, 2022	6,348,314	\$ 280,907,085	\$ 92,117,343	\$ 373,024,428			

Proceeds from exercise of stock options	4,300	403,547	—	403,547
Common stock repurchases	(73,643)	—	(14,314,088)	(14,314,088)
Restricted common stock expense under stock option plan, net of cancellations (\$0)	1,750	3,048,003	—	3,048,003
Stock option expense	—	768,055	—	768,055
Cumulative effect of adoption of ASU 2023-02	—	—	(1,880,346)	(1,880,346)
Net loss	—	—	(8,566,472)	(8,566,472)
Balances at June 30, 2022	6,280,721	\$ 285,126,690	\$ 67,356,437	\$ 352,483,127

Three months ended September 30, 2022					
Common Stock					
	Shares	Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity	
Balances at June 30, 2022	6,280,721	\$ 285,126,690	\$ 67,356,437	\$	352,483,127
Stock-based compensation related to restricted stock, net of cancellations (\$0)	1,000	3,143,874	—		3,143,874
Stock-based compensation related to stock options	—	676,704	—		676,704
Net loss	—	—	(637,579)		(637,579)
Balances at September 30, 2022	6,281,721	\$ 288,947,268	\$ 66,718,858	\$	355,666,126

Six months ended September 30, 2023					
Common Stock					
	Shares	Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity	
Balances at March 31, 2023	6,231,082	\$ 288,071,839	\$ 97,154,898	\$	385,226,737
Proceeds from exercise of stock options	11,743	1,069,970	—		1,069,970
Stock-based compensation related to restricted stock, net of cancellations (\$0)	3,993	2,165,851	—		2,165,851
Stock-based compensation (reversal) related to stock options	—	(4,060,930)	—		(4,060,930)
Net income	—	—	25,621,167		25,621,167
Balances at September 30, 2023	6,246,818	\$ 287,246,730	\$ 122,776,065	\$	410,022,795

Six months ended September 30, 2022					
Common Stock					
	Shares	Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity	
Balances at March 31, 2022	6,348,314	\$ 280,907,085	\$ 92,117,343	\$	373,024,428
Proceeds from exercise of stock options	4,300	403,547	—		403,547
Common stock repurchases	(73,643)	—	(14,314,088)		(14,314,088)
Stock-based compensation related to restricted stock, net of cancellations (\$0)	2,750	6,191,877	—		6,191,877
Stock-based compensation related to stock options	—	1,444,759	—		1,444,759
Cumulative effect of adoption of ASU 2023-02	—	—	(1,880,346)		(1,880,346)
Net loss	—	—	(9,204,051)		(9,204,051)
Balances at September 30, 2022	6,281,721	\$ 288,947,268	\$ 66,718,858	\$	355,666,126

See accompanying notes to consolidated financial statements.

**WORLD ACCEPTANCE CORPORATION
AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF CASH FLOWS

	(Unaudited)			
	Three months ended June 30,		Six months ended September 30,	
	2023	2022	2023	2022
Cash flow from operating activities:	Cash flow from operating activities:		Cash flow from operating activities:	
Net income (loss)	Net income (loss) \$ 9,538,748	\$ (8,566,472)	Net income (loss) \$ 25,621,167	\$ (9,204,051)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	Adjustments to reconcile net income (loss) to net cash provided by operating activities:		Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Amortization of intangible assets	Amortization of intangible assets 1,069,316	1,132,104	Amortization of intangible assets 2,131,879	2,238,154
Accrued unearned interest	Accrued unearned interest (879,946)	(6,442,480)	Accrued unearned interest (1,861,155)	(3,205,855)
Amortization of deferred loan cost	Amortization of deferred loan cost 3,198,092	4,404,042	Amortization of deferred loan cost 6,613,208	8,007,538
Gain on extinguishment of senior unsecured notes payable	Gain on extinguishment of senior unsecured notes payable (435,885)	—	Gain on extinguishment of senior unsecured notes payable (621,776)	—
Amortization of debt issuance costs	Amortization of debt issuance costs 484,571	382,230	Amortization of debt issuance costs 995,155	745,810
Provision for credit losses	Provision for credit losses 46,602,012	85,822,267	Provision for credit losses 87,065,078	154,442,413
Depreciation	Depreciation 1,574,515	1,510,599	Depreciation 3,230,062	3,016,033
Amortization of finance leases	Amortization of finance leases —	102,278	Amortization of finance leases —	204,552
Gain on asset acquisitions, net of income tax	Gain on asset acquisitions, net of income tax —	(3,144,722)	Gain on asset acquisitions, net of income tax —	(3,708,344)
Gain on sale of property and equipment	Gain on sale of property and equipment (11,753)	(129,476)	Gain on sale of property and equipment (62,085)	(29,962)
Deferred income tax benefit	Deferred income tax benefit (1,549,589)	(6,695,391)	Deferred income tax benefit (135,397)	(8,579,264)
Compensation related to stock option and restricted stock plans, net of taxes and adjustments	1,412,698	3,816,058		
Stock-based compensation (reversal) related to stock option and restricted stock plans, net of cancellations			Stock-based compensation (reversal) related to stock option and restricted stock plans, net of cancellations (1,895,079)	7,636,636
Change in accounts:	Change in accounts:		Change in accounts:	
Other assets, net	Other assets, net 2,114,620	(8,573,847)	Other assets, net 3,303,326	(6,307,587)

Income taxes payable/ receivable	1,279,411	(323,270)	Income taxes payable	(585,915)	(5,067,372)	
Income taxes payable			Accounts payable and accrued expenses	(712,520)	(3,531,037)	
Accounts payable and accrued expenses	Accounts payable and accrued expenses		Net cash provided by operating activities	123,085,948	136,657,664	
Net cash provided by operating activities	Net cash provided by operating activities	59,726,199	58,177,495			
Cash flows from investing activities:	Cash flows from investing activities:		Cash flows from investing activities:			
Increase in loans receivable, net	Increase in loans receivable, net	(49,788,091)	(113,577,559)	Increase in loans receivable, net	(84,338,078)	(149,437,154)
Cash paid for acquisitions, primarily loans	Cash paid for acquisitions, primarily loans	—	(19,700,844)	Cash paid for acquisitions, primarily loans	—	(22,314,902)
Purchases of property and equipment	Purchases of property and equipment	(1,658,199)	(1,353,135)	Purchases of property and equipment	(3,198,907)	(3,132,033)
Proceeds from the sale of property and equipment	Proceeds from the sale of property and equipment	165,453	283,927	Proceeds from the sale of property and equipment	261,148	283,927
Net cash used in investing activities	Net cash used in investing activities	(51,280,837)	(134,347,611)	Net cash used in investing activities	(87,275,837)	(174,600,162)
Cash flow from financing activities:	Cash flow from financing activities:		Cash flow from financing activities:			
Borrowings from senior notes payable	Borrowings from senior notes payable	65,529,224	127,920,704	Borrowings from senior notes payable	123,726,963	182,426,096
Payments on senior notes payable	Payments on senior notes payable	(73,664,017)	(43,500,000)	Payments on senior notes payable	(155,081,884)	(128,500,000)
Payments for extinguished senior unsecured notes payable	Payments for extinguished senior unsecured notes payable	(1,535,000)	—	Payments for extinguished senior unsecured notes payable	(2,829,375)	—
Debt issuance costs associated with senior unsecured notes payable			Debt issuance costs associated with senior unsecured notes payable	—	(104,656)	
Payments for debt extinguishment costs	Payments for debt extinguishment costs	(5,000)	—	Payments for debt extinguishment costs	(8,750)	—
Debt issuance costs associated with senior notes payable	Debt issuance costs associated with senior notes payable	—	(239,636)	Debt issuance costs associated with senior notes payable	(410,000)	(430,136)
Proceeds from exercise of stock options	Proceeds from exercise of stock options	709,294	403,547	Proceeds from exercise of stock options	1,069,970	403,547
Repayment of finance lease	Repayment of finance lease	—	(34,143)	Repayment of finance lease	—	(80,067)
Repurchase of common stock	Repurchase of common stock	—	(14,314,088)	Repurchase of common stock	—	(14,314,088)
Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities	(8,965,499)	70,236,384	Net cash provided by (used in) financing activities	(33,533,076)	39,400,696

Net change in cash and cash equivalents	Net change in cash and cash equivalents	(520,137)	(5,933,732)	Net change in cash and cash equivalents	2,277,035	1,458,198
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	16,508,935	19,236,322	Cash and cash equivalents at beginning of period	16,508,935	19,236,322
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$ 15,988,798	\$ 13,302,590	Cash and cash equivalents at end of period	\$ 18,785,970	\$ 20,694,520
Supplemental Disclosures:	Supplemental Disclosures:			Supplemental Disclosures:		
Interest paid during the period	Interest paid during the period	\$ 17,301,329	\$ 17,698,537	Interest paid during the period	\$ 24,526,424	\$ 24,513,429
Income taxes paid during the period	Income taxes paid during the period	\$ 2,466,889	\$ 4,007,869	Income taxes paid during the period	\$ 7,171,889	\$ 10,772,869
Finance lease right-of-use assets, net transferred to property and equipment, net				Finance lease right-of-use assets, net transferred to property and equipment, net	\$ —	\$ 402,960

See accompanying notes to consolidated financial statements.

WORLD ACCEPTANCE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – BASIS OF PRESENTATION

The consolidated financial statements of the Company at **June 30, 2023** **September 30, 2023** and 2022 and for the three and six months then ended were prepared in accordance with the instructions for Form 10-Q and are unaudited; however, in the opinion of management, all adjustments (consisting only of items of a normal, recurring nature) necessary for a fair presentation of the financial position at **June 30, 2023** **September 30, 2023**, and the results of operations and cash flows for the periods ended **June 30, 2023** **September 30, 2023** and 2022, have been included. The results for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.

The preparation of consolidated 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 consolidated financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The consolidated financial statements do not include all disclosures required by GAAP and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the fiscal year ended March 31, 2023, included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2023, as filed with the SEC. The Company applies the accounting policies contained in Note 1 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended March 31, 2023. The Company believes that the disclosures are adequate to make the information presented not misleading.

NOTE 2 – SUMMARY OF SIGNIFICANT POLICIES

Nature of Operations

The Company is a small-loan consumer finance 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. The Company offers income tax return preparation services to its loan customers and other individuals.

Seasonality

The Company's loan volume and corresponding loans receivable follow seasonal trends. The Company's highest loan demand generally occurs 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. Loan volume and average balances remain relatively level during the remainder of the year. 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.

Loans receivable, net

Loans receivable 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. 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. Net unamortized deferred origination costs were ~~\$5.2~~ \$5.4 million and \$4.9 million as of ~~June 30, 2023~~ September 30, 2023 and March 31, 2023, respectively.

From time to time, the Company may sell charged off loans receivable, which are accounted for as a sale in accordance with ASC 860, *Transfers and Servicing*.

Allowance for credit losses

Refer to Note 4, "Loans Receivable and Allowance for Credit Losses," for information regarding the Company's CECL allowance model and a description of the methodology it utilizes.

Reclassification

Certain prior period amounts have been reclassified to conform to the current presentation. Such reclassifications had no impact on previously reported net income (loss) or shareholders' equity, with the exception of the following.

As a result of adopting ASU 2023-02, *Investments- Equity Method and Joint Venture (Topic 323)*, in March 2023 with an effective date of April 1, 2022, previously reported net loss for the three and six months ended ~~June 30, 2022~~ September 30, 2022 and shareholders' equity as of ~~June 30, 2022~~ September 30, 2022 were immaterially impacted to conform to the modified retrospective application of this newly adopted ASU.

Recently Adopted Accounting Standards

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~~ eliminated 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*. The adoption of ASU 2022-02 on April 1, 2023 expanded our write-off disclosures, but had no other impact on the Company's Consolidated Financial Statements.

Recently Issued Accounting Standards Not Yet Adopted

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

NOTE 3 – FAIR VALUE

Fair Value Disclosures

The Company may carry certain financial instruments and derivative assets and liabilities at fair value measured 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 measures 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 consist of cash and cash equivalents, loans receivable, net, senior notes payable, and senior unsecured notes payable. Loans receivable are originated at prevailing market rates and have an average life of approximately less than twelve months. Given the short-term nature of these loans, they are continually repriced at current market rates. The Company's senior notes payable, consisting of a senior revolving credit facility has a variable rate based on a margin over SOFR and reprices with any

changes in SOFR. The fair value of the senior unsecured notes payable is estimated based on quoted prices in markets that are not active. The Company also considers its creditworthiness in its estimation 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.

	ASSETS	June 30, 2023			March 31, 2023		ASSETS	September 30, 2023			March 31, 2023	
		Input Level	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value		Input Level	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Cash and cash equivalents	Cash and cash equivalents	1	\$ 15,988,798	\$ 15,988,798	\$ 16,508,935	\$ 16,508,935	Cash and cash equivalents	1	\$ 18,785,970	\$ 18,785,970	\$ 16,508,935	\$ 16,508,935
Loans receivable, net	Loans receivable, net	3	888,656,418	888,656,418	887,788,486	887,788,486	Loans receivable, net	3	880,309,433	880,309,433	887,788,486	887,788,486
LIABILITIES	LIABILITIES						LIABILITIES					
Senior unsecured notes payable	Senior unsecured notes payable	2	288,860,000	252,752,500	290,860,000	218,127,548	Senior unsecured notes payable	2	287,360,000	246,175,565	290,860,000	218,127,548
Senior notes payable	Senior notes payable	3	299,776,031	299,776,031	307,910,824	307,910,824	Senior notes payable	3	276,555,903	276,555,903	307,910,824	307,910,824

There were no significant assets or liabilities measured at fair value on a non-recurring basis as of June 30, 2023 September 30, 2023 or March 31, 2023.

NOTE 4 – LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

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

Customer Tenure	Customer Tenure	June 30, 2023		March 31, 2023		Customer Tenure	September 30, 2023		March 31, 2023	
0 to 5 months	0 to 5 months	\$ 77,832,233	\$	81,803,668		0 to 5 months	\$ 78,905,707	\$	81,803,668	
6 to 17 months	6 to 17 months	115,061,651		133,650,188		6 to 17 months	98,860,782		133,650,188	
18 to 35 months	18 to 35 months	149,142,504		135,396,187		18 to 35 months	151,877,424		135,396,187	
36 to 59 months	36 to 59 months	240,921,979		244,414,255		36 to 59 months	226,824,412		244,414,255	
60+ months	60+ months	813,633,836		792,189,216		60+ months	822,888,964		792,189,216	
Tax advance loans	Tax advance loans	1,373,718		2,562,054		Tax advance loans	156,678		2,562,054	
Total gross loans	Total gross loans	\$ 1,397,965,921	\$	1,390,015,568		Total gross loans	\$ 1,379,513,967	\$	1,390,015,568	

Current payment performance is used to assess the capability of the borrower to repay contractual obligations of the loan agreements as scheduled, which 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 table provides a breakdown of the Company's gross loans receivable by current payment performance on a recency basis and year of origination at June 30, 2023 September 30, 2023:

Term Loans By Origination	Term Loans By Origination
---------------------------	---------------------------

Loans	Loans	More										More										
		Between					Between					Between					Between					
		Up to 1 Year Ago	Between 1 and 2 Years Ago	Between 2 and 3 Years Ago	3 and 4 Ago	4 and 5 Ago	5 Ago	Total	Up to 1 Year Ago	Between 1 and 2 Years Ago	Between 2 and 3 Years Ago	3 and 4 Ago	4 and 5 Ago	5 Ago	Total	Up to 1 Year Ago	Between 1 and 2 Years Ago	Between 2 and 3 Years Ago	3 and 4 Ago	4 and 5 Ago	5 Ago	
Current	Current	\$1,192,066,728	\$77,308,971	\$3,044,992	\$120,623	\$33,744	\$8,848	\$1,272,583,906	Current	\$1,169,455,712	\$72,966,809	\$4,066,741	\$113,411	\$22,705	\$6,064							
30 - 60 days past due	30 - 60 days past due	40,945,038	6,398,969	305,901	21,491	9,068	857	47,681,324	30 - 60 days past due	44,868,140	6,430,788	458,895	53,300	24,474	2,567							
61 - 90 days past due	61 - 90 days past due	24,455,047	4,170,062	166,843	34,662	6,921	—	28,833,535	61 - 90 days past due	26,627,657	3,480,427	143,063	5,984	9,473	4,000							
91 or more days past due	91 or more days past due	38,396,407	8,793,831	285,866	9,021	8,313	—	47,493,438	91 or more days past due	42,123,820	8,031,158	446,165	13,578	2,358	—							
Total	Total	\$1,295,863,220	\$96,671,833	\$3,803,602	\$185,797	\$58,046	\$9,705	\$1,396,592,203	Total	\$1,283,075,329	\$90,909,182	\$5,114,864	\$186,273	\$59,010	\$12,631							
Term Loans By Origination																						
Tax advance loans	Tax advance loans	More										More										
		Between					Between					Between					Between					
		Up to 1 Year Ago	Between 1 and 2 Years Ago	Between 2 and 3 Years Ago	3 and 4 Ago	4 and 5 Ago	5 Ago	Total	Up to 1 Year Ago	Between 1 and 2 Years Ago	Between 2 and 3 Years Ago	3 and 4 Ago	4 and 5 Ago	5 Ago	Total	Up to 1 Year Ago	Between 1 and 2 Years Ago	Between 2 and 3 Years Ago	3 and 4 Ago	4 and 5 Ago	5 Ago	
Current	Current	\$8,436	\$2,475	\$—	\$—	\$—	\$—	10,911	Current	\$33,367	\$1,850	\$—	\$—	\$—	\$—	30 - 60 days past due	34,884	\$—	\$—	\$—	\$—	\$—
30 - 60 days past due	30 - 60 days past due	92,644	406	—	—	—	—	93,050	61 - 90 days past due	27,612	188	—	—	—	—	91 or more days past due	58,777	—	—	—	—	—
61 - 90 days past due	61 - 90 days past due	150,173	376	—	—	—	—	150,549	Total	\$154,640	\$2,038	\$—	\$—	\$—	\$—	Total	\$154,640	\$2,038	\$—	\$—	\$—	\$—
91 or more days past due	91 or more days past due	1,118,587	621	—	—	—	—	1,119,208	Total gross loans	\$1,369,840	\$3,878	\$—	\$—	\$—	\$—	Total gross loans	\$1,369,840	\$3,878	\$—	\$—	\$—	\$—
Total	Total	\$1,369,840	\$3,878	\$—	\$—	\$—	\$—	1,373,718	Total gross loans	\$1,397,965,921						Total gross loans	\$1,397,965,921					

The following table provides a breakdown of the Company's gross loans receivable by current payment performance on a recency basis and year of origination at March 31, 2023:

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
	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	\$1,200,504,088	\$62,076,656	\$1,998,218	\$148,662	\$23,046	\$6,863	\$1,264,757,533						
30 - 60 days past due	40,791,746	4,689,867	160,956	42,700	8,504	2,988	45,696,761						
61 - 90 days past due	26,319,250	2,572,733	92,088	40,281	884	—	29,025,236						

91 or more days past due	41,832,821	5,944,645	160,361	29,494	4,430	2,233	47,973,984
Total	\$ 1,309,447,905	\$ 75,283,901	\$ 2,411,623	\$ 261,137	\$ 36,864	\$ 12,084	\$ 1,387,453,514
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	\$ 1,932,607	\$ 3,524	\$ —	\$ —	\$ —	\$ —	\$ 1,936,131
30 - 60 days past due	609,844	736	—	—	—	—	610,580
61 - 90 days past due	—	4,845	—	—	—	—	4,845
91 or more days past due	409	10,089	—	—	—	—	10,498
Total	\$ 2,542,860	\$ 19,194	\$ —	\$ —	\$ —	\$ —	\$ 2,562,054
Total gross loans							
							\$ 1,390,015,568

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 **June 30, 2023** **September 30, 2023**:

		Term Loans By Origination							Term Loans By Origination						
Loans	Loans	More							More						
		Up to 1 Year Ago	Between 1 and 2 Years Ago	Between 2 and 3 Years Ago	3 and 4 Ago	4 and 5 Ago	5 Ago	Total	Up to 1 Year Ago	Between 1 and 2 Years Ago	Between 2 and 3 Years Ago	3 and 4 Ago	4 and 5 Ago	5 Ago	
Current	Current	\$ 1,171,894,227	\$ 67,248,005	\$ 2,360,641	\$ 41,757	\$ 14,047	\$ 3,465	\$ 1,241,562,142	Current	\$ 1,148,997,074	\$ 63,198,145	\$ 3,210,332	\$ 36,714	\$ 12,494	\$ 296
30 - 60 days past due	30 - 60 days past due	45,623,659	5,538,291	133,436	6,006	—	—	51,301,392	30 - 60 days past due	49,700,949	5,031,320	205,934	1,533	—	3,082
61 - 90 days past due	61 - 90 days past due	29,268,423	4,820,038	126,494	5,572	—	—	34,220,527	61 - 90 days past due	32,676,887	4,570,414	146,508	2,939	1,218	—
91 or more days past due	91 or more days past due	49,076,912	19,065,498	1,183,032	132,462	43,999	6,239	69,508,142	91 or more days past due	51,700,417	18,109,303	1,552,092	145,088	45,298	9,252
Total	Total	\$ 1,295,863,221	\$ 96,671,832	\$ 3,803,603	\$ 185,797	\$ 58,046	\$ 9,704	\$ 1,396,592,203	Total	\$ 1,283,075,327	\$ 90,909,182	\$ 5,114,866	\$ 186,274	\$ 59,010	\$ 12,630
		Term Loans By Origination							Term Loans By Origination						
Tax advance loans	Tax advance loans	More							More						
		Up to 1 Year Ago	Between 1 and 2 Years Ago	Between 2 and 3 Years Ago	3 and 4 Ago	4 and 5 Ago	5 Ago	Total	Up to 1 Year Ago	Between 1 and 2 Years Ago	Between 2 and 3 Years Ago	3 and 4 Ago	4 and 5 Ago	5 Ago	
Current	Current	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	—	Current	\$ 21,277	\$ —	\$ —	\$ —	\$ —	\$ —
30 - 60 days past due	30 - 60 days past due	87,950	—	—	—	—	—	87,950	30 - 60 days past due	24,279	—	—	—	—	—

61 - 90 days past due	61 - 90 days past due	164,821	—	—	—	—	164,821	61 - 90 days past due	27,076	—	—	—	—
91 or more days past due	91 or more days past due	1,117,069	3,878	—	—	—	1,120,947	91 or more days past due	82,008	2,038	—	—	—
Total	Total	\$ 1,369,840	\$ 3,878	— \$	— \$	— \$	\$ 1,373,718	Total	\$ 154,640	\$ 2,038	— \$	— \$	— \$
Total gross loans	Total gross loans						\$1,397,965,921	Total gross loans					

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, 2023:

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	\$ 1,174,237,761	\$ 53,652,011	\$ 1,554,144	\$ 64,233	\$ 5,142	\$ 1,491	\$ 1,229,514,782
30 - 60 days past due	47,346,331	3,661,493	77,857	6,714	—	—	51,092,395
61 - 90 days past due	33,012,804	3,030,052	44,129	7,643	—	—	36,094,628
91 or more days past due	54,851,010	14,940,345	735,493	182,547	31,721	10,593	70,751,709
Total	\$ 1,309,447,906	\$ 75,283,901	\$ 2,411,623	\$ 261,137	\$ 36,863	\$ 12,084	\$ 1,387,453,514

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	\$ 1,932,607	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,932,607
30 - 60 days past due	609,844	—	—	—	—	—	609,844
61 - 90 days past due	—	—	—	—	—	—	—
91 or more days past due	409	19,194	—	—	—	—	19,603
Total	\$ 2,542,860	\$ 19,194	\$ —	\$ —	\$ —	\$ —	\$ 2,562,054
Total gross loans							\$ 1,390,015,568

The following table provides a breakdown of the Company's gross charge-offs by year of origination at June 30, 2023 for the three and six months ended September 30, 2023:

Origination by Calendar Year	Gross Charge-offs by Origination			Origination by Calendar Year	Three months ended September 30,			Six months ended September 30,			
					Gross Charge-offs by Origination			Gross Charge-offs by Origination			
	Origination by Calendar Year	Loans	Tax advance loans	Total	Loans	Tax advance loans	Total	Loans	Tax advance loans	Total	
2018 and prior	2018 and prior	\$ 5,007	\$ —	\$ 5,007	2018 and prior	\$ 2,721	\$ —	\$ 2,721	\$ 7,728	\$ —	\$ 7,728
2019	2019	12,727	—	12,727	2019	4,811	—	4,811	17,538	—	17,538
2020	2020	104,287	—	104,287	2020	40,176	—	40,176	144,463	—	144,463

2021	2021	2,943,366	—	2,943,366	2021	1,703,191	—	1,703,191	4,646,557	—	4,646,557
2022	2022	47,396,816	4,627	47,401,443	2022	33,423,002	621	33,423,623	80,819,818	5,248	80,825,066
2023	2023	253,212	3,000	256,212	2023	15,457,320	1,138,748	16,596,068	15,710,532	1,141,748	16,852,280
Total	Total	\$ 50,715,415	\$ 7,627	\$ 50,723,042	Total	\$50,631,221	\$1,139,369	\$51,770,590	\$101,346,636	\$1,146,996	\$102,493,632

The following table provides a breakdown of the Company's gross charge-offs by year of origination at June 30, 2022 for the three and six months ended September 30, 2022:

Origination by Calendar Year	Origination by Calendar Year	Gross Charge-offs by Origination			Origination by Calendar Year	Three months ended September 30,			Six months ended September 30,			
						Gross Charge-offs by Origination			Gross Charge-offs by Origination			
		Loans	Tax advance loans	Total		Loans	Tax advance loans	Total	Loans	Tax advance loans	Total	
2017 and prior	2017 and prior	\$ 5,663	\$ —	\$ 5,663	2017 and prior	\$ 3,783	\$ —	\$ 3,783	\$ 9,446	\$ —	\$ 9,446	
2018	2018	13,855	—	13,855	2018	6,739	—	6,739	20,594	—	20,594	
2019	2019	138,663	—	138,663	2019	37,082	—	37,082	175,745	—	175,745	
2020	2020	1,509,992	—	1,509,992	2020	640,303	—	640,303	2,150,295	—	2,150,295	
2021	2021	65,867,200	14,163	65,881,363	2021	40,824,718	5,459	40,830,177	106,691,918	19,622	106,711,540	
2022	2022	1,649,742	67,104	1,716,846	2022	29,602,144	1,962,912	31,565,056	31,251,886	2,030,016	33,281,902	
Total	Total	\$ 69,185,115	\$ 81,267	\$ 69,266,382	Total	\$71,114,769	\$1,968,371	\$73,083,140	\$140,299,884	\$2,049,638	\$142,349,522	

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

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

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

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

To determine how well each metric predicts default risk the Company uses loss rate data over an observation period of twelve months at the loan level.

The information value was then calculated for each metric. From this analysis management determined the metric that had the strongest predictor of default risk was Customer Tenure. The Customer Tenure buckets used in the allowance for credit loss calculation are:

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

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

Management estimates an allowance for each Customer Tenure bucket by performing a historical migration analysis of loans in that bucket for the twelve most recent historical twelve-month migration periods. 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. Loans are charged-off at the earlier of 120 days past due on a recency basis or when deemed uncollectible. Management considers whether current credit conditions might suggest a change is needed to the allowance for credit losses by monitoring trends in first pay success for new borrowers, 60-89 day delinquencies on a recency basis, FICO scores, percent of loan balances that are paying and percentage of gross loans that are acquired loans. From time to time, the Company will make changes, as deemed appropriate, to our new borrower underwriting guidance. As a result, management also considers whether a change in our new borrower underwriting might suggest a change is needed to the allowance for credit losses. If a change is determined necessary, then the Company has elected to immediately revert back to historical experience past the forecast 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 six-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 management determines that historical migration rates should be adjusted to reflect expected credit losses, a qualitative adjustment is made to reflect management's judgment regarding observable changes in recent or expected economic trends and conditions, portfolio composition, or other significant events or conditions that affect the current estimate.

The following table presents a roll forward of the allowance for credit losses for the three and six months ended June 30, 2023 September 30, 2023 and 2022:

		Three months ended June 30,				Three months ended September 30,				Six months ended September 30,				
		2023		2022		2023		2022		2023		2022		
		Beginning balance	\$ 125,552,733	Beginning balance	\$ 134,242,862	Beginning balance	\$ 129,342,988	Beginning balance	\$ 155,650,679	Beginning balance	\$ 125,552,733	Beginning balance	\$ 134,242,862	
Beginning balance	Beginning balance	\$ 125,552,733	\$ 134,242,862	Beginning balance	\$ 129,342,988	\$ 155,650,679	\$ 125,552,733	\$ 134,242,862	Beginning balance	\$ 129,342,988	\$ 155,650,679	\$ 125,552,733	\$ 134,242,862	
Provision for credit losses	Provision for credit losses	46,602,012	85,822,267	Provision for credit losses	40,463,066	68,620,146	87,065,078	154,442,413	Provision for credit losses	40,463,066	68,620,146	87,065,078	154,442,413	
Charge-offs	Charge-offs	(50,723,042)	(69,266,382)	Charge-offs	(51,770,590)	(73,083,140)	(102,493,632)	(142,349,522)	Charge-offs	(51,770,590)	(73,083,140)	(102,493,632)	(142,349,522)	
Recoveries ¹	Recoveries ¹	7,911,285	4,851,932	Recoveries ¹	10,856,728	4,704,415	18,768,013	9,556,347	Recoveries ¹	10,856,728	4,704,415	18,768,013	9,556,347	
Net charge-offs	Net charge-offs	(42,811,757)	(64,414,450)	Net charge-offs	(40,913,862)	(68,378,725)	(83,725,619)	(132,793,175)	Net charge-offs	(40,913,862)	(68,378,725)	(83,725,619)	(132,793,175)	
Ending Balance	Ending Balance	\$ 129,342,988	\$ 155,650,679	Ending Balance	\$ 128,892,192	\$ 155,892,100	\$ 128,892,192	\$ 155,892,100	Ending Balance	\$ 128,892,192	\$ 155,892,100	Ending Balance	\$ 128,892,192	\$ 155,892,100

The following table is an aging analysis on a recency basis at amortized cost of the Company's gross loans receivable at June 30, 2023 September 30, 2023:

Customer Tenure	Customer Tenure	Days Past Due - Recency Basis				Total Loans	Days Past Due - Recency Basis				Total Loans		
		Current	30 - 60	61 - 90	Over 90		Total Past Due	Customer Tenure	Current	30 - 60	61 - 90	Over 90	Total Loans
0 to 5 months	0 to 5 months	\$ 61,192,949	\$ 5,159,304	\$ 3,946,507	\$ 7,533,473	\$ 16,639,284	\$ 77,832,233	0 to 5 months	\$ 61,025,284	\$ 5,443,334	\$ 4,574,581	\$ 7,862,508	\$ 17,8
6 to 17 months	6 to 17 months	97,270,965	6,044,736	4,167,086	7,578,864	17,790,686	115,061,651	6 to 17 months	83,064,106	5,500,634	3,587,259	6,708,783	15,7
18 to 35 months	18 to 35 months	133,608,163	6,116,113	3,508,885	5,909,343	15,534,341	149,142,504	18 to 35 months	133,577,220	6,989,457	4,294,465	7,016,282	18,3
36 to 59 months	36 to 59 months	219,635,566	8,468,545	4,959,167	7,858,701	21,286,413	240,921,979	36 to 59 months	203,744,178	9,098,337	5,316,135	8,665,762	23,0
60+ months	60+ months	760,876,263	21,892,627	12,251,890	18,613,056	52,757,573	813,633,836	60+ months	765,220,654	24,806,402	12,498,164	20,363,744	57,6
Tax advance loans	Tax advance loans	10,912	93,049	150,549	1,119,208	1,362,806	1,373,718	Tax advance loans	35,217	34,884	27,800	58,777	1
Total gross loans	Total gross loans	1,272,594,818	47,774,374	28,984,084	48,612,645	125,371,103	1,397,965,921	Total gross loans	1,246,666,659	51,873,048	30,298,404	50,675,856	132,8
Unearned interest, insurance and fees	Unearned interest, insurance and fees	(345,890,705)	(12,985,054)	(7,877,861)	(13,212,895)	(34,075,810)	(379,966,515)	Unearned interest, insurance and fees	(336,723,807)	(10,890,630)	(8,467,754)	(14,230,151)	(33,5
Total net loans	Total net loans	\$ 926,704,113	\$ 34,789,320	\$ 21,106,223	\$ 35,399,750	\$ 91,295,293	\$ 1,017,999,406	Total net loans	\$ 909,942,852	\$ 40,982,418	\$ 21,830,650	\$ 36,445,705	\$ 99,2
Percentage of period-end gross loans receivable	Percentage of period-end gross loans receivable	3.4%	2.1%	3.5%	9.0%			Percentage of period-end gross loans receivable	3.8%	2.2%	3.7%	9.	

The following table is an aging analysis on a recency basis at amortized cost of the Company's gross loans receivable at March 31, 2023:

¹ Recoveries during the **three** six months ended **June 30, 2023** **September 30, 2023** include **\$4.4** **\$12.5** million in proceeds related to the **sales of charge-offs**, for which **\$4.9** million relates to bulk sales of charge-offs from prior periods and **\$7.6** million relates to recurring sales of charge-offs. This gain on sale is included as a component of Provision for credit losses in the Consolidated Statements of Operations. **There were no sales of charge-offs during the six months ended September 30, 2022.**

Customer Tenure	Days Past Due - Recency Basis					Total Past Due	Total Loans
	Current	30 - 60	61 - 90	Over 90			
0 to 5 months	\$ 64,615,314	\$ 5,451,276	\$ 4,407,751	\$ 7,329,327	\$ 17,188,354	\$ 81,803,668	
6 to 17 months	113,946,833	6,527,355	4,655,441	8,520,559	19,703,355	133,650,188	
18 to 35 months	120,125,821	5,336,994	3,727,331	6,206,041	15,270,366	135,396,187	
36 to 59 months	223,734,062	8,070,011	4,839,000	7,771,182	20,680,193	244,414,255	
60+ months	742,335,503	20,311,125	11,395,713	18,146,875	49,853,713	792,189,216	
Tax advance loans	1,936,131	610,580	4,845	10,498	625,923	2,562,054	
Total gross loans	1,266,693,664	46,307,341	29,030,081	47,984,482	123,321,904	1,390,015,568	
Unearned interest, insurance and fees	(343,255,876)	(12,548,627)	(7,866,737)	(13,003,109)	(33,418,473)	(376,674,349)	
Total net loans	\$ 923,437,788	\$ 33,758,714	\$ 21,163,344	\$ 34,981,373	\$ 89,903,431	\$ 1,013,341,219	

Percentage of period-end gross loans receivable 3.3 % 2.1 % 3.5 % 8.9 %

The following table is an aging analysis on a contractual basis at amortized cost of the Company's gross loans receivable at **June 30, 2023** **September 30, 2023**:

Customer Tenure	Customer Tenure	Days Past Due - Contractual Basis					Customer Tenure	Days Past Due - Contractual Basis					
		Current	30 - 60	61 - 90	Over 90	Total Past Due		Current	30 - 60	61 - 90	Over 90	Total	
0 to 5 months	0 to 5 months	\$ 59,258,540	\$ 5,113,469	\$ 4,075,349	\$ 9,384,875	\$ 18,573,693	\$ 77,832,233	0 to 5 months	\$ 59,438,082	\$ 5,368,315	\$ 4,770,167	\$ 9,329,143	\$ 133,650,188
6 to 17 months	6 to 17 months	93,865,123	6,127,267	4,571,045	10,498,216	21,196,528	115,061,651	6 to 17 months	79,867,971	5,551,390	4,201,751	9,239,670	
18 to 35 months	18 to 35 months	129,848,141	6,471,807	4,158,292	8,664,264	19,294,363	149,142,504	18 to 35 months	129,875,077	7,216,599	5,118,286	9,667,462	
36 to 59 months	36 to 59 months	214,011,449	9,223,244	5,966,254	11,721,032	26,910,530	240,921,979	36 to 59 months	198,055,342	9,700,757	6,631,090	12,437,223	
60+ months	60+ months	744,578,889	24,365,605	15,449,587	29,239,755	69,054,947	813,633,836	60+ months	748,218,582	27,105,757	16,676,672	30,887,953	
Tax advance loans	Tax advance loans	—	87,950	164,821	1,120,947	1,373,718	1,373,718	Tax advance loans	21,278	24,279	27,076	84,045	
Total gross loans	Total gross loans	1,241,562,142	51,389,342	34,385,348	70,629,089	156,403,779	1,397,965,921	Total gross loans	1,215,476,332	54,967,097	37,425,042	71,645,496	1,390,015,568
Unearned interest, insurance and fees	Unearned interest, insurance and fees	(337,456,038)	(13,967,600)	(9,345,922)	(19,196,955)	(42,510,477)	(379,966,515)	Unearned interest, insurance and fees	(329,722,233)	(10,789,771)	(10,392,242)	(19,408,096)	
Total net loans	Total net loans	\$ 904,106,104	\$ 37,421,742	\$ 25,039,426	\$ 51,432,134	\$ 113,893,302	\$ 1,017,999,406	Total net loans	\$ 885,754,099	\$ 44,177,326	\$ 27,032,800	\$ 52,237,400	\$ 1,013,341,219
Percentage of period-end gross loans receivable	Percentage of period-end gross loans receivable	3.7%	2.5%	5.1%	11.3 %			Percentage of period-end gross loans receivable	4.0%	2.7%	5.2%		

The following table is an aging analysis on a contractual basis at amortized cost of the Company's gross loans receivable at March 31, 2023:

Customer Tenure		Days Past Due - Contractual Basis							
		Current	30 - 60		61 - 90		Over 90		Total Past Due
0 to 5 months		\$ 61,850,142	\$ 5,320,659	\$ 4,864,498	\$ 9,768,369	\$ 19,953,526	\$ 81,803,668		
6 to 17 months		109,694,389	6,892,610	5,613,468	11,449,721	23,955,799	133,650,188		
18 to 35 months		115,711,782	5,721,694	4,499,010	9,463,701	19,684,405	135,396,187		
36 to 59 months		217,821,239	8,991,995	6,078,488	11,522,533	26,593,016	244,414,255		
60+ months		724,437,230	24,165,437	15,039,164	28,547,385	67,751,986	792,189,216		
Tax advance loans		1,932,607	609,844	—	19,603	629,447	2,562,054		
Total gross loans		1,231,447,389	51,702,239	36,094,628	70,771,312	158,568,179	1,390,015,568		
Unearned interest, insurance and fees		(333,704,639)	(14,010,568)	(9,781,128)	(19,178,014)	(42,969,710)	(376,674,349)		
Total net loans		\$ 897,742,750	\$ 37,691,671	\$ 26,313,500	\$ 51,593,298	\$ 115,598,469	\$ 1,013,341,219		

Percentage of period-end gross loans receivable

3.7 %	2.6 %	5.1 %	11.4 %
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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 **June 30, 2023** **September 30, 2023** and **June 30, 2022** **September 30, 2022**, the Company reversed a total of **\$6.3 million** **\$7.1 million** and **\$9.0 million** **\$11.4 million**, respectively, of unpaid accrued interest against interest income. During the six months ended **September 30, 2023** and **September 30, 2022**, the Company reversed a total of **\$13.4 million** and **\$20.4 million**, respectively, of unpaid accrued interest against interest income.

The following table presents the amortized cost basis of loans on nonaccrual status as of the beginning of the reporting period and the end of the reporting period, as well as interest income recognized on nonaccrual loans for the three and six months ended **June 30, 2023** **September 30, 2023** and **2022**:

Customer Tenure	Customer Tenure	Nonaccrual Loans Receivable				Nonaccrual Loans Receivable						
		As of June 30, 2023	As of March 31, 2023	Interest Income	Interest Income	As of September 30, 2023	As of March 31, 2023	Interest Income	Interest Income	As of September 30, 2022	As of September 30, 2023	
				Recognized for the three months ended June 30, 2023	Recognized for the three months ended June 30, 2022			Recognized for the three months ended September 30, 2023	Recognized for the three months ended September 30, 2022			
0 to 5 months	0 to 5 months	\$ 14,146,363	\$ 15,781,494	\$ 326,773	\$ 503,963	0 to 5 months	\$ 14,589,794	\$ 15,781,494	\$ 245,175	\$ 537,625	\$ 571,948	\$ 1,041,588
6 to 17 months	6 to 17 months	15,831,823	18,288,714	476,870	378,450	6 to 17 months	14,037,737	18,288,714	371,909	386,764	848,779	765,214
18 to 35 months	18 to 35 months	13,705,732	15,551,806	464,668	628,781	18 to 35 months	15,425,066	15,551,806	387,714	568,310	852,382	1,197,091
36 to 59 months	36 to 59 months	18,983,213	19,745,397	609,507	503,362	36 to 59 months	20,205,905	19,745,397	571,850	548,019	1,181,357	1,051,381
60+ months	60+ months	48,292,974	49,285,814	1,737,871	1,658,281	60+ months	50,445,844	49,285,814	1,550,214	1,606,056	3,288,085	3,264,337
Tax advance loans	Tax advance loans	1,299,860	19,603	—	—	Tax advance loans	152,773	19,603	—	—	—	—
Unearned interest, insurance and fees	Unearned interest, insurance and fees	(30,512,209)	(32,158,640)	—	—	Unearned interest, insurance and fees	(30,831,880)	(32,158,640)	—	—	—	—
Total	Total	\$ 81,747,756	\$ 86,514,188	\$ 3,615,689	\$ 3,672,837	Total	\$ 84,025,239	\$ 86,514,188	\$ 3,126,862	\$ 3,646,774	\$ 6,742,551	\$ 7,319,611

As of **June 30, 2023** **September 30, 2023** and **March 31, 2023**, there were no loans receivable 61 days or more past due, not on nonaccrual status, and no loans receivable on nonaccrual status with no related allowance for credit losses.

NOTE 5 – LEASES

Accounting Policies and Matters Requiring Management's Judgment

The Company uses its effective annual interest rate, adjusted for certain assumptions, as the discount rate when evaluating leases under Topic 842. Management applies the adjusted effective annual interest rate to leases entered for the entirety of the subsequent year.

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 generally 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.

During the second quarter of fiscal 2023, the lease terms associated with the Company's finance leases expired and the Company exercised its purchase option to acquire the IT equipment. Because it was reasonably certain that the Company would obtain the assets at the end of their lease terms, the right-of-use assets have amortized over the useful life of the asset, rather than over the lease term. As of **June 30, 2023** **September 30, 2023**, the Company had no finance leases.

The following table reports information about the Company's lease cost for the three and six months ended **June 30, 2023** **September 30, 2023** and 2022:

Lease Cost	Lease Cost	Three months ended June 30,		Three months ended September 30,		Six months ended September 30,	
		2023	2022	2023	2022	2023	2022
Finance lease cost	Finance lease cost	\$ —	\$ 103,302	Finance lease cost	\$ —	\$ 102,673	\$ —
Amortization of right-of-use assets	Amortization of right-of-use assets	—	102,278	Amortization of right-of-use assets	—	102,274	—
Interest on lease liabilities	Interest on lease liabilities	—	1,024	Interest on lease liabilities	—	399	—
Operating lease cost	Operating lease cost	\$ 6,141,171	\$ 6,662,311	Operating lease cost	\$ 6,362,566	\$ 7,604,721	\$ 12,836,401
Variable lease cost	Variable lease cost	\$ 1,030,675	\$ 931,084	Variable lease cost	\$ 890,051	\$ 920,545	\$ 1,920,726
Total lease cost	Total lease cost	\$ 7,171,846	\$ 7,696,697	Total lease cost	\$ 7,252,617	\$ 8,627,939	\$ 14,757,127
							\$ 16,324,636

The following table reports other information about the Company's leases for the three and six months ended **June 30, 2023** **September 30, 2023** and 2022:

Other Lease Information	Other Lease Information	Three months ended June 30,		Three months ended September 30,		Six months ended September 30,	
		2023	2022	2023	2022	2023	2022
Cash paid for amounts included in the measurement of lease liabilities	Cash paid for amounts included in the measurement of lease liabilities	\$ 6,324,218	\$ 6,724,592	\$ 6,329,622	\$ 6,723,622	\$ 12,699,941	\$ 13,448,214

Operating cash flows from finance leases	Operating cash flows from finance leases	—	1,024	Operating cash flows from finance leases	—	399	—	1,423
Operating cash flows from operating leases	Operating cash flows from operating leases	6,324,218	6,689,425	Operating cash flows from operating leases	6,329,622	6,677,299	12,699,941	13,366,724
Financing cash flows from finance leases	Financing cash flows from finance leases	—	34,143	Financing cash flows from finance leases	—	45,924	—	80,067
Right-of-use assets obtained in exchange for new operating lease liabilities	Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 3,046,251	\$ 5,352,690	Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 5,946,228	\$ 5,112,689	\$ 8,992,479	\$ 10,465,379
Weighted-average remaining lease term — finance leases	Weighted-average remaining lease term — finance leases	—	0.4 years	Weighted-average remaining lease term — finance leases	—	—	—	—
Weighted average remaining lease term — operating leases	Weighted average remaining lease term — operating leases	7.1 years	7.2 years	Weighted average remaining lease term — operating leases	7.0 years	7.1 years	7.0 years	7.1 years
Weighted-average discount rate — finance leases	Weighted-average discount rate — finance leases	— %	6.0 %	Weighted-average discount rate — finance leases	— %	— %	— %	— %
Weighted-average discount rate — operating leases	Weighted-average discount rate — operating leases	6.1 %	6.1 %	Weighted-average discount rate — operating leases	6.2 %	6.1 %	6.2 %	6.1 %

The aggregate annual lease obligations as of **June 30, 2023** **September 30, 2023** are as follows:

		Operating Leases		Operating Leases	
Remainder of 2024	Remainder of 2024	\$ 17,407,197	Remainder of 2024	\$ 11,910,201	
2025	2025	19,180,075	2025	20,523,579	
2026	2026	15,695,818	2026	17,022,023	
2027	2027	11,797,164	2027	12,939,221	
2028	2028	9,231,916	2028	10,324,644	
Thereafter	Thereafter	28,762,038	Thereafter	30,418,206	
Total undiscounted lease liability	Total undiscounted lease liability	\$ 102,074,208	Total undiscounted lease liability	\$ 103,137,874	
Imputed interest	Imputed interest	20,085,310	Imputed interest	20,189,711	
Total discounted lease liability	Total discounted lease liability	\$ 81,988,898	Total discounted lease liability	\$ 82,948,163	

The Company had no leases with related parties at **June 30, 2023** **September 30, 2023** or March 31, 2023.

NOTE 6 – AVERAGE SHARE INFORMATION

The following is a summary of the basic and diluted average common shares outstanding:

Basic:	Basic:	Three months ended June 30,		Three months ended September 30,		Six months ended September 30,	
		2023	2022	2023	2022	2023	2022
Weighted average common shares outstanding (denominator)	Weighted average common shares outstanding (denominator)	5,772,733	5,740,835	5,780,061	5,726,469	5,776,417	5,733,613
Diluted:	Diluted:						
Weighted average common shares outstanding	Weighted average common shares outstanding	5,772,733	5,740,835	5,780,061	5,726,469	5,776,417	5,733,613
Dilutive potential common shares ²	Dilutive potential common shares ²	118,566	—	158,644	—	138,606	—
Weighted average diluted shares outstanding (denominator)	Weighted average diluted shares outstanding (denominator)	5,891,299	5,740,835	5,938,705	5,726,469	5,915,023	5,733,613

Options to purchase 309,371 298,954 and 341,880 340,236 shares of common stock at various prices were outstanding during the three months ended June 30, 2023 September 30, 2023 and 2022, respectively, but were not included in diluted shares outstanding because the option exercise price exceeded the market value of the shares.

Options to purchase 303,966 and 341,053 shares of common stock at various prices were outstanding during the six months ended September 30, 2023 and 2022, respectively, but were not included in diluted shares outstanding because the option exercise price exceeded the market value of the shares.

² Dilutive potential common shares have been excluded from the weighted average diluted shares outstanding calculation for the three and six months ended June 30, 2022 September 30, 2022. In accordance with ASC 260-10-45, shares which would otherwise be considered dilutive are deemed anti-dilutive when the entity incurs a loss from continuing operations in the period reported.

NOTE 7 – STOCK-BASED COMPENSATION

Stock Incentive Plans

The Company maintains a 2008 Stock Option Plan, a 2011 Stock Option Plan and a 2017 Stock Incentive Plan for the benefit of certain non-employee 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 term of 10 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 June 30, 2023 September 30, 2023, there were a total of 149,174 147,774 shares of common stock remaining 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 long-term incentive program that seeks to motivate and reward certain employees and to align management's interest with shareholders' interest 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, in fiscal 2019, 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 will 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, 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 typically 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 typically vest in three 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 have a 10-year term.

The Performance Options will 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 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

There were no options issued during the three months ended June 30, 2023. The weighted-average fair value at the grant date for options issued during the three months ended June 30, 2022 September 30, 2023 and 2022 was \$80.87, \$73.07 and \$71.32, respectively. The weighted-average fair value at the grant date for options issued during the six months ended September 30, 2023 and 2022 was \$73.07 and \$72.56, respectively.

Fair value was estimated at grant date using the weighted-average assumptions listed below:

	Three months ended June 30,		Three months ended September 30,		Six months ended September 30,	
	2023	2022	2023	2022	2023	2022
Dividend yield	Dividend yield	—%	Dividend yield	—%	—%	—%
Expected volatility	Expected volatility	—%	55.96%	62.67%	56.37%	62.67%
Average risk-free rate	Average risk-free rate	—%	2.94%	4.58%	2.92%	4.58%
Expected life	Expected life	—	5.9 years	4.6 years	5.8 years	4.6 years

The expected stock price volatility is based on the historical volatility of the Company's common 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 three six months ended June 30, 2023 September 30, 2023 was as follows:

		Weighted Average Remaining Contractual Term					Weighted Average Remaining Contractual Term					
		Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value					
Options outstanding, beginning of period	Options outstanding, beginning of period	314,742	\$ 104.41		Options outstanding, beginning of period	314,742	\$ 104.41					
Granted during period	Granted during period	—	—		Granted during period	274	132.16					
Exercised during period	Exercised during period	(7,540)	94.07		Exercised during period	(11,743)	91.12					
Forfeited during period	Forfeited during period	(6,018)	120.31		Forfeited during period	(6,018)	120.31					
Expired during period	Expired during period	—	—		Expired during period	(992)	176.51					
Options outstanding, end of period	Options outstanding, end of period	<u>301,184</u> ³	<u>\$ 104.35</u>	<u>5.6 years</u>	<u>\$ 9,920,060</u>	Options outstanding, end of period	<u>296,263</u> ³	<u>\$ 104.40</u>	<u>5.4 years</u>	<u>\$ 7,894,384</u>		
Options exercisable, end of period	Options exercisable, end of period	<u>107,217</u>	<u>\$ 100.66</u>	<u>4.8 years</u>	<u>\$ 3,943,955</u>	Options exercisable, end of period	<u>102,022</u>	<u>\$ 100.53</u>	<u>4.7 years</u>	<u>\$ 3,113,302</u>		

The aggregate intrinsic value reflected in the table above represents the total pre-tax intrinsic value (the difference between the closing stock price on **June 30, 2023** **September 30, 2023** and the exercise price, multiplied by the number of in-the-money options) **options that are currently exercisable** that would have been received by option holders had all option holders exercised their options as of **June 30, 2023** **September 30, 2023**. This amount will change as the market price of the common stock changes. The total intrinsic value of options exercised during the periods ended **June 30, 2023** **September 30, 2023** and 2022 was as follows:

³ Of the **301,184** **296,263** options outstanding, **80,793** **81,067** are not yet exercisable based solely on fulfilling a service condition and another 113,174 are not yet exercisable based solely on fulfilling the performance condition described further above.

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Three months ended	\$ 215,135	\$ 430,466
	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Three months ended	\$ 226,175	\$ —
Six months ended	\$ 441,310	\$ 430,466

As of **June 30, 2023** **September 30, 2023**, total unrecognized stock-based compensation expense related to non-vested stock options amounted to approximately **\$2.4 million** **\$0.7 million**, which is expected to be recognized over a weighted-average period of approximately **1.6** **1.2** years.

Restricted Stock

During the first **three** **six** months of fiscal 2024, the Company granted **1,875** **3,993** shares of restricted stock (which are equity classified) to certain vice presidents and senior vice presidents **executive officers, and non-employee directors** with a grant date weighted average fair value of **\$103.78** **\$120.12** per share.

During fiscal 2023, the Company granted 3,250 shares of restricted stock (which are equity classified) to certain vice presidents with a grant date weighted average fair value of \$129.85 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 \$1.1 million and **\$3.0 million** **\$3.1 million** for the three months ended **June 30, 2023** **September 30, 2023** and 2022, respectively, which

is included as a component of general and administrative expenses in the Company's Consolidated Statements of Operations.

As of **June 30, 2023** **September 30, 2023**, there was approximately **\$3.5 million** **\$2.7 million** of unrecognized compensation cost related to unvested restricted stock awards, which is expected to be recognized over the next **1.3 to 1.1 years** based on current estimates.

A summary of the status of the Company's restricted stock as of **June 30, 2023** **September 30, 2023**, and changes during the **three** **six** months ended **June 30, 2023** **September 30, 2023**, are presented below:

		Shares	Weighted Average Fair Value at Grant Date		Shares	Weighted Average Fair Value at Grant Date
Outstanding at March 31, 2023	Outstanding at March 31, 2023	460,614	\$ 101.82	Outstanding at March 31, 2023	460,614	\$ 101.82
Granted during the period	Granted during the period	1,875	103.78	Granted during the period	3,993	120.12
Vested during the period	Vested during the period	—	—	Vested during the period	—	—
Forfeited during the period	Forfeited during the period	—	—	Forfeited during the period	—	—
Outstanding at June 30, 2023		462,489	\$ 101.83			
Outstanding at September 30, 2023				Outstanding at September 30, 2023	464,607	\$ 105.82

Total Stock-Based Compensation

Total stock-based compensation included as a component of net income (loss) during the **three** **and six** month periods ended **June 30, 2023** **September 30, 2023** and 2022 was as follows:

	Three months ended June 30,	
	2023	2022
Stock-based compensation related to equity classified awards:		
Stock-based compensation related to stock options	\$ 313,347	\$ 768,055
Stock-based compensation related to restricted stock, net of adjustments and exclusive of cancellations	1,099,351	3,048,003
Total stock-based compensation related to equity classified awards	\$ 1,412,698	\$ 3,816,058

	Three months ended September 30,		Six months ended September 30,	
	2023	2022	2023	2022
Stock-based compensation related to equity classified awards:				
Stock-based compensation (reversal) related to stock options ⁴	\$ (4,374,277)	\$ 676,704	\$ (4,060,930)	\$ 1,444,759
Stock-based compensation related to restricted stock, net of adjustments and exclusive of cancellations	1,066,500	3,143,874	2,165,851	6,191,877
Total stock-based compensation (reversal) related to equity classified awards	\$ (3,307,777)	\$ 3,820,578	\$ (1,895,079)	\$ 7,636,636

NOTE 8 – ACQUISITIONS

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

The following table sets forth the Company's acquisition activity for the **three** **six** months ended **June 30, 2023** **September 30, 2023** and 2022.

Acquisitions:	Acquisitions:	Three months ended June 30,		Six months ended September 30,	
		2023	2022	2023	2022
				Acquisitions:	

Number of loan portfolios acquired through asset purchases	Number of loan portfolios acquired through asset purchases	—	35	Number of loan portfolios acquired through asset purchases	—	43
Total acquisitions	Total acquisitions	—	35	Total acquisitions	—	43
Purchase price	Purchase price	\$ —	\$ 19,700,844	Purchase price	\$ —	\$ 22,314,902
Tangible assets:	Tangible assets:			Tangible assets:		
Loans receivable, net	Loans receivable, net	—	23,547,972	Loans receivable, net	—	27,105,078
Purchase price amount below carrying value of net tangible assets ⁴		\$ —	\$ (3,847,128)	Purchase price amount below carrying value of net tangible assets ⁵		\$ — \$ (4,790,176)
Purchase price amount below carrying value of net tangible assets ⁵						
Non-compete agreements		\$ —	\$ 215,000			

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 market 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 market values at the acquisition date. In an asset purchase, no goodwill is recorded.

⁴ During the second quarter of fiscal 2024, it was determined that the Performance Option performance target is no longer probable of being achieved. In accordance with ASC 718, the Company reversed \$4.9 million in previously recognized stock-based compensation related to these Performance Options during the second quarter of fiscal 2024.

⁵ As a result of asset purchases during the first six months of fiscal 2023, the Company recorded a \$4.8 million gain, net of \$1.1 million income tax, which is included as a component of Insurance and other income, net in the Consolidated Statements of Operations. The transaction resulted in a gain as the acquired loan portfolios were purchased at a discount.

As an immediate gain would be recognized on the net loans acquired if the cost below fair value was allocated, it was not determined appropriate to reduce the basis of the net loans acquired.

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 less than twelve 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 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 PCDs during the ~~three~~ six months ended ~~June 30, 2023~~ September 30, 2023 and 2022.

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 their fair values.

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 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.

⁴ As a result of the asset purchase during the first quarter of fiscal 2023, the Company recorded a \$3.1 million gain, net of \$917.4 thousand income tax, which is included as a component of Insurance and other income, net in the Consolidated Statements of Operations. The transaction resulted in a gain as the acquired loan portfolios were purchased at a discount. As an immediate gain would be recognized on the net loans acquired if the cost below fair value was allocated, it was not determined appropriate to reduce the basis of the net loans acquired.

The estimated 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.

NOTE 9 – DEBT

Senior Notes Payable; Revolving Credit Facility

On July 18, 2023, the Company amended its revolving credit agreement ("Tenth Amendment") to, among other things, (i) reduce the total commitments under the facility from \$685 million to \$580 million; (ii) increase the amount available under the accordion feature from \$100 million to \$150 million (for a total commitment, if the full accordion is borrowed, of \$730 million); (iii) extend the maturity from June 7, 2024 to June 7, 2026; (iv) change the ratio of Net Income Available for Fixed Charges to Fixed Charges from not less than 2.75 to 1.0 to not less than 2.25 to 1.0 starting with the fiscal quarter ending March 31, 2024; and (v) replace certain lenders and amend the commitment levels of certain lenders.

At **June 30, 2023** **September 30, 2023**, the Company's senior notes payable consisted of a **\$685.0 million** **\$580.0 million** senior revolving credit facility, which has an accordion feature permitting the maximum aggregate commitments to increase to **\$785.0 million** **\$730.0 million** provided that certain conditions are met.

At **June 30, 2023** **September 30, 2023**, **\$299.8 million** **\$276.6 million** was outstanding under the Company's credit facility, not including a \$524.0 thousand outstanding standby letter of credit related to workers compensation under a \$1.5 million sub-facility. 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 **June 30, 2023** **September 30, 2023**. The letter of credit expires on December 31, 2023; 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 one month SOFR plus **.10%** **.10%** and 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 **\$0.5 million** **\$0.9 million** and **\$0.3 million** **\$0.6 million** for the **three** **six** months ended **June 30, 2023** **September 30, 2023** and 2022, respectively.

For the **three** **six** months ended **June 30, 2023** **September 30, 2023** and fiscal year ended March 31, 2023, the Company's effective interest rate, including the commitment fee and amortization of debt issuance costs, was **9.6%** **9.8%** annualized and 7.0%, respectively. At **June 30, 2023** **September 30, 2023**, the unused amount available under the revolving credit facility was **\$366.3 million** **\$302.9 million** and borrowings under the revolving credit facility mature on **June 7, 2024** **June 7, 2026**.

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 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.

During fiscal 2023, the Company repurchased and extinguished \$9.1 million of its Notes, net of \$0.1 million unamortized debt issuance costs related to the extinguished debt, on the open market for a reacquisition price of \$7.2 million.

During the first **three** **six** months of fiscal **2024**, **2024**, the Company repurchased and extinguished **\$2.0** **\$3.5 million** of its Notes, net of **\$24.1** **\$40.1** thousand unamortized debt issuance costs related to the extinguished debt, on the open market for a reacquisition price of **\$1.54** **\$2.9 million**. In accordance with ASC 470, the Company recognized the **\$0.4** **\$0.6 million** gain on extinguishment as a component of interest expense in the Company's Consolidated Statements of Operations.

Debt Covenants

The agreement governing the Company's revolving credit facility contains affirmative and negative covenants, including covenants that generally 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 (decreasing to 2.25 to 1.0 for the fiscal quarters ending March 31, 2023 and June 30, 2023, 2.0 to 1.0 for the fiscal quarter ending September 30, 2023, and 2.25 to 1.0 for the fiscal quarter ending December 31, 2023); (iii) a maximum collateral performance indicator of **26.0%** **26%** as of the end of each calendar month (increasing to 28% for the calendar months ending October 31, 2022 through June 30, 2023); and (iv) a minimum fixed charges coverage ratio of 1.25 to 1.0 for the fiscal quarter ended December 31, 2022, 1.15

to 1.0 for the fiscal quarters ending March 31, 2023 and June 30, 2023, 1.50 to 1.0 for the fiscal quarter ending September 30, 2023, 2.0 to 1.0 for the fiscal quarter ending December 31, 2023, and **2.75** to 1.0 for each fiscal quarter thereafter, where the ratio for the most recent four consecutive fiscal quarters must be at least 2.0 to 1.0 in order for the Company to declare dividends or purchase any class or series of its capital stock or other equity.

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 **June 30, 2023** **September 30, 2023** 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 loans receivable 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

The aggregate annual maturities of the Company's debt arrangements as of **June 30, 2023** **September 30, 2023** are as follows:

		Amount			Amount
Remainder of 2024	Remainder of 2024	\$ —	Remainder of 2024	\$ —	
2025	2025	299,776,031	2025	—	
2026	2026	—	2026	—	
2027	2027	288,860,000	2027	563,915,903	
2028	2028	—	2028	—	
Total future debt payments	Total future debt payments	\$ 588,636,031	Total future debt payments	\$ 563,915,903	

NOTE 10 – INCOME TAXES

As of **June 30, 2023** **September 30, 2023** and March 31, 2023, the Company had \$1.2 million and \$1.1 million, respectively, of total gross unrecognized tax benefits including interest. Approximately \$0.9 million and \$0.9 million, respectively, represent the amount of net unrecognized tax benefits that are permanent in nature and, if recognized, would affect the annual effective tax rate. At **June 30, 2023** **September 30, 2023**, approximately \$0.5 million of gross unrecognized tax benefits are expected to be resolved during the next twelve months through the expiration of the statute of limitations and settlement with taxing authorities. The Company's continuing practice is to recognize interest and penalties related to income tax matters in income tax expense. The Company had approximately **\$31.1** **\$33.3** thousand accrued for gross interest as of **June 30, 2023** **September 30, 2023**, and accrued **\$20.2** **\$40.5** thousand during the **three** **six** months ended **June 30, 2023** **September 30, 2023**.

Investment in HTC was **\$21.7** **\$20.6** million and \$23.0 million as of **June 30, 2023** **September 30, 2023** and March 31, 2023, respectively, which is included as a component of Other assets, net in the Consolidated Balance Sheets. For the three months ended June 30, 2023 and 2022, the Company recognized net amortization from these investments of \$0.8 million and \$0.4 million during the three months ended September 30, 2023 and 2022, respectively, and \$2.0 million and \$1.3 million during the six months ended September 30, 2023 and \$0.9 million, 2022, respectively, in income tax expense. For the three months ended June 30, 2023 and 2022, the Company recognized tax benefits from these investments of **\$1.5** \$0.9 million and \$0.5 million during the three months ended September 30, 2023 and 2022, respectively, and \$2.4 million and \$1.0 million during the six months ended September 30, 2023 and 2022, respectively, in income tax expense and in Income taxes payable in the Consolidated Statements of Cash Flows. The Company did not recognize any non-tax related activity or have any significant modifications in the investments during the current period.

The Company is subject to U.S. income taxes, as well as taxes in 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 2018, although carryforward attributes that were generated prior to 2018 may still be adjusted upon examination by the taxing authorities if they either have been or will be used in a future period.

The Company's effective income tax rate totaled 22.8% 23.1% for the quarter ended June 30, 2023 September 30, 2023 compared to 20.2% (618.9)% for the prior year quarter. The increase difference is primarily due to the tax benefit related to the bargain purchase recorded as a discrete item in the prior year quarter. This was partially offset by the effects of pretax book earnings relative to the effects of various permanent items including a decrease in the disallowed executive compensation under Section 162(m) and the recognition of additional HTCs when compared to the prior year quarter.

NOTE 11 – 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 alleged 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 sought 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 was derivative in nature, it did not seek monetary damages from the Company. On July 6, 2023, the Court issued a Final Order and Judgment approving the April 19, 2023 Stipulation and Agreement of Settlement dated March 31, 2023, by and among: the plaintiff, derivatively on behalf of the Company; (ii) the individual defendants; and (iii) the Company. The Final Order and Judgment resulted in a non-material payment by the Company.

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. However, in light of the inherent uncertainties involved, 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.

NOTE 12 – SUBSEQUENT EVENTS

On July 18, 2023, the Company amended its revolving credit agreement ("Tenth Amendment") to, among other things, (i) reduce the total commitments under the facility from \$685 million to \$580 million; (ii) increase the amount available under the accordion feature from \$100 million to \$150 million (for a total commitment, if the full accordion is borrowed, of \$730 million); (iii) extend the maturity from June 7, 2024 to June 7, 2026; (iv) change the ratio of Net Income Available for Fixed Charges to Fixed Charges from not less than 2.75 to 1.0 to not less than 2.25 to 1.0 starting with the fiscal quarter ending March 31, 2024; and (v) replace certain lenders and amend the commitment levels of certain lenders.

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

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Note Regarding Forward-Looking Information

This report on Form 10-Q, including "Management's Discussion and Analysis of Financial Condition and Results of Operations," 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 those identified by words such as "anticipate," "estimate," "intend," "plan," "expect," "believe," "may," "will," "should," "would," "could," "continue," "forecast," and any variation of the foregoing and similar expressions, are forward-looking statements. Although the Company believes that the expectations reflected in any such forward-looking statements are reasonable, it 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, the Company's actual financial results, performance or financial condition may vary materially from those anticipated, estimated or expected. Therefore, you should not rely on any of these forward-looking statements.

Among the key factors that could cause our actual financial results, performance or condition to differ from the expectations expressed or implied in such forward-looking statements are the following: recently enacted, proposed or future legislation and the manner in which it is implemented; changes in the U.S. tax code; the nature and scope of regulatory authority, particularly discretionary authority, that may be exercised by regulators, including, but not limited to, the U.S. Consumer Financial Protection Bureau, and individual state regulators having jurisdiction over the Company; the unpredictable nature of regulatory proceedings and litigation; employee misconduct or misconduct

by third parties; parties; uncertainties associated with management turnover and the effective succession of senior management; media and public characterization of consumer installment loans, loans; labor unrest, unrest; the impact of changes in accounting rules and regulations, or their interpretation or application, which could materially and adversely affect the Company's reported consolidated financial statements or necessitate material delays or changes in the issuance of the Company's audited consolidated financial statements; the Company's assessment of its internal control over financial reporting; changes in interest rates; the impact of inflation; risks relating to the acquisition or sale of assets or businesses or other strategic initiatives, including increased loan delinquencies or net charge-offs, the loss of key personnel, integration or migration issues, the failure to achieve anticipated synergies, increased costs of servicing, incomplete records, and retention of customers; risks inherent in making loans, including repayment risks and value of collateral; cybersecurity threats or incidents, including the potential or actual misappropriation of assets or sensitive information, corruption of data or operational disruption and the costs of the associated response thereto; our dependence on debt and the potential impact of limitations in the Company's amended revolving credit facility or other impacts on the Company's ability to borrow money on favorable terms, or at all; the timing and amount of revenues that may be recognized by the Company; changes in current revenue and expense trends (including trends affecting delinquency and charge-offs); the impact of extreme weather events and natural disasters; changes in the Company's markets and general changes in the economy (particularly in the markets served by the Company).

These and other risks are discussed in more detail in Part I, Item 1A "Risk Factors" in the Company's most recent annual report on Form 10-K for the fiscal year ended March 31, 2023 filed with the SEC, and in the Company's other reports filed with, or furnished to, the SEC from time to time. The Company does not undertake any obligation to update any forward-looking statements it may make, except to the extent required by law.

Results of Operations

The following table sets forth certain information derived from the Company's Consolidated Statements of Operations and Consolidated Balance Sheets (unaudited), as well as operating data and ratios, for the periods indicated:

	Three months ended June 30,				Three months ended September 30,				Six months ended September 30,			
	2023		2022		2023		2022		2023		2022	
	(Dollars in thousands)				(Dollars in thousands)							
Gross loans receivable	Gross loans receivable	\$ 1,397,966		\$ 1,641,798	Gross loans receivable	\$ 1,379,514		\$ 1,598,361	\$ 1,379,514		\$ 1,598,361	
Average gross loans receivable (1)	Average gross loans receivable (1)	1,388,662		1,575,548	Average gross loans receivable (1)	1,394,395		1,635,556	1,390,609		1,600,374	
Net loans receivable (2)	Net loans receivable (2)	1,017,999		1,194,508	Net loans receivable (2)	1,009,202		1,158,705	1,009,202		1,158,705	
Average net loans receivable (3)	Average net loans receivable (3)	1,013,007		1,152,981	Average net loans receivable (3)	1,017,773		1,187,295	1,015,017		1,166,656	
Expenses as a percentage of total revenue:	Expenses as a percentage of total revenue:				Expenses as a percentage of total revenue:				Expenses as a percentage of total revenue:			
Provision for credit losses	Provision for credit losses	33.4 %		54.3 %	Provision for credit losses	29.6 %		45.4 %	31.5 %		50.0 %	
General and administrative	General and administrative	48.9 %		45.4 %	General and administrative	46.0 %		46.1 %	47.5 %		45.7 %	
Interest expense	Interest expense	8.8 %		7.1 %	Interest expense	9.2 %		8.6 %	9.0 %		7.8 %	
Operating income as a % of total revenue (4)	Operating income as a % of total revenue (4)	17.7 %		0.3 %	Operating income as a % of total revenue (4)	24.4 %		8.6 %	21.0 %		4.3 %	
Loan volume (5)	Loan volume (5)	721,234		932,379	Loan volume (5)	668,215		756,477	1,389,449		1,688,856	
Net charge-offs as percent of average net loans receivable on an annualized basis	Net charge-offs as percent of average net loans receivable on an annualized basis	16.9 %		22.3 % annualized basis	Net charge-offs as percent of average net loans receivable on an annualized basis	16.1 %		23.0 %	16.5 %		22.8 %	
Return on average assets (trailing 12 months)	Return on average assets (trailing 12 months)	3.3 %		2.5 % months)	Return on average assets (trailing 12 months)	5.0 %		1.3 %	5.0 %		1.3 %	

Return on average equity (trailing 12 months)	Return on average equity (trailing 12 months)	10.7 %	7.5 %	Return on average equity (trailing 12 months)	15.2 %	4.1 %	15.2 %	4.1 %
Branches opened or acquired (merged or closed), net	Branches opened or acquired (merged or closed), net	(18)	(21)	Branches opened or acquired (merged or closed), net	(2)	(42)	(20)	(63)
Branches open (at period end)	Branches open (at period end)	1,055	1,146	Branches open (at period end)	1,053	1,104	1,053	1,104

(1) Average gross loans receivable has 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 has 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 three months ended **June 30, 2023 September 30, 2023** versus three months ended **June 30, 2022 September 30, 2022**

Gross loans outstanding decreased to **\$1.40 billion** **\$1.38 billion** as of **June 30, 2023 September 30, 2023**, a **14.9% 13.7%** decrease from the **\$1.64 billion** **\$1.60 billion** of gross loans outstanding as of **June 30, 2022 September 30, 2022**. During the most recent quarter, we saw a decrease in borrowing from new, former, and refinance customers compared to the same quarter of the prior year fiscal 2022 due to the tighter underwriting standards implemented in prior quarters. During the three months ended **June 30, 2023 September 30, 2023** our unique borrowers increased by **1.5% 1.0%** compared to an increase a decrease of **0.2% 5.1%** during the three months ended **June 30, 2022 September 30, 2022**.

Net income for the three months ended **June 30, 2023 September 30, 2023** increased to **\$9.5 million** **\$16.1 million**, a **211.3% 2,622.4%** increase from a net loss of **\$8.6 million** **\$0.6 million** for the same period of the prior year. Operating income, which is revenue less provision for credit losses and general and administrative expenses, increased by **\$24.2 million** **\$20.5 million**, or **5,419.6% 158.5%**, compared to the same period of the prior fiscal year.

Revenues for the three months ended **June 30, 2023 September 30, 2023** decreased by **\$18.6 million** **\$14.4 million**, or **11.8% 9.5%**, to **\$139.3 million** **\$136.9 million** from **\$157.9 million** **\$151.3 million** for the same period of the prior year. Interest and fee income for the three months ended **June 30, 2023 September 30, 2023** decreased by **\$13.6 million** **\$13.5 million**, or **10.4%**, from the same period of the prior year due to a decrease in loans outstanding. The decrease was primarily due to a **14.0% an 11.6%** decrease in average gross earning loans (total gross loans less gross loans 60 days or more contractually past due and tax advances).

Insurance and other income for the three months ended **June 30, 2023 September 30, 2023** decreased by **\$5.0 million** **\$0.9 million**, or **18.1% 4.2%**, from the same period of the prior year. Insurance income decreased by approximately **\$1.0 million** **\$1.3 million**, or **5.9% 7.8%**, during the three months ended **June 30, 2023 September 30, 2023** when compared to the three months ended **June 30, 2022 September 30, 2022**. Insurance commissions decreased primarily due to a decrease in loans where our insurance products are available to our customer. Other income decreased increased by **\$4.0 million** **\$0.4 million**. Other income in the prior year's first quarter includes a **\$3.1 million** bargain purchase gain related to an acquisition.

The provision for credit losses decreased **\$39.2 million** **\$28.1 million**, or **45.7% 41.0%**, to **\$46.6 million** **\$40.5 million** from **\$85.8 million** **\$68.6 million** when comparing the **first** **second** quarter of fiscal 2024 to the **first** **second** quarter of fiscal 2023. The table below itemizes the key components of the CECL allowance and provision impact during the quarter.

CECL Allowance and Provision (Dollars in millions)	CECL Allowance and Provision (Dollars in millions)	FY 2024	FY 2023	Difference	Reconciliation	CECL Allowance and Provision (Dollars in millions)	FY 2024	FY 2023	Difference	Reconciliation	
Beginning Allowance - March 31		\$125.5	\$134.2	\$(8.7)		Beginning Allowance - June 30		\$129.3	\$155.7	\$(26.4)	
Beginning Allowance - June 30						Change due to Growth		\$(1.6)	\$(4.1)	\$2.5	
Change due to Growth	Change due to Growth	\$0.7	\$10.5	\$(9.8)						\$2.5	

Change due to Expected Loss Rate on Performing Loans	Change due to Expected Loss Rate on Performing Loans	\$3.5	\$16.8	\$(13.3)	\$(13.3)	Change due to Expected Loss Rate on Performing Loans	\$(1.2)	\$(3.6)	\$2.4	\$2.4
Change due to 90 day past due	Change due to 90 day past due	\$(0.4)	\$(5.9)	\$5.5	\$5.5	Change due to 90 day past due	\$2.4	\$7.9	\$(5.5)	\$(5.5)
Ending Allowance - June 30		\$129.3	\$155.6	\$(26.3)	\$(17.6)	Ending Allowance - September 30	\$128.9	\$155.9	\$(27.0)	\$(0.6)
Net Charge-offs	Net Charge-offs	\$42.8	\$64.4	\$(21.6)	\$(21.6)	Net Charge-offs	\$40.9	\$68.4	\$(27.5)	\$(27.5)
Provision	Provision	\$46.6	\$85.8	\$(39.2)	\$(39.2)	Provision	\$40.5	\$68.6	\$(28.1)	\$(28.1)

Note: The change in allowance for the quarter plus net charge-offs for the quarter equals the provision for the quarter (see above reconciliation).

The provision benefited from substantially lower charge-offs and smaller increases in expected loss rates, and slower growth in the portfolio. The three most important factors impacting the expected loss rates on performing loans are recent actual loss performance, changes in mix of the portfolio tenure, and a seasonality factor, 90 days past due.

Net charge-offs for the quarter decreased \$21.6 million \$27.5 million, from \$64.4 \$68.4 million in the first second quarter of fiscal 2023 to \$42.8 \$40.9 million in the first second quarter of fiscal 2024. Net charge-offs as a percentage of average net loan receivables on an annualized basis decreased from 22.3% 23.0% in the first second quarter of fiscal 2023 to 16.9% 16.1% in the first second quarter of fiscal 2024. Net charge-offs during the period include \$4.4 million \$8.1 million in proceeds related to the sale of charge-offs, for which \$4.9 million relates to bulk sales of charge-offs from prior periods and \$3.2 million relates to recurring sales of charge-offs.

The Company's allowance for credit losses as a percentage of net loans was 12.7% 12.8% at June 30, 2023 September 30, 2023 compared to 13.0% 13.5% at June 30, 2022 September 30, 2022. Accounts that were 61 days or more past due on a recency basis were 5.6% 5.9% of the portfolio at June 30, 2023 September 30, 2023 and 6.9% 8.0% of the portfolio at June 30, 2022 September 30, 2022.

We experienced significant improvement in recency delinquency on accounts at least 90 days past due, improving from 4.1% 5.0% at June 30, 2022 September 30, 2022, to 3.5% 3.7% at June 30, 2023 September 30, 2023. Recency delinquency for accounts 0-89 days past due also improved from 23.0% 23.5% at June 30, 2022 September 30, 2022, to 20.2% 22.1% at June 30, 2023 September 30, 2023.

G&A expenses for the three months ended June 30, 2023 September 30, 2023 decreased by \$3.5 million \$6.7 million, or 4.9% 9.7%, from the corresponding period of the previous year. As a percentage of revenues, G&A expenses increased decreased from 45.4% 46.1% during the three months ended June 30, 2022 September 30, 2022 to 48.9% 46.0% during the three months ended June 30, 2023 September 30, 2023. G&A expenses per average open branch decreased by 3.8% 3.3% when comparing the two three-month periods. The change in G&A expense is explained in greater detail below.

Personnel expense totaled \$41.8 million \$38.4 million for the three months ended June 30, 2023 September 30, 2023, a \$3.4 million \$6.9 million, or 7.5% 15.1%, decrease over the three months ended June 30, 2022 September 30, 2022. Benefit expense decreased increased approximately \$1.7 million \$1.2 million, or 18.4% 15.0%, when comparing the quarterly periods ended June 30, 2023 September 30, 2023 and 2022. Incentive expense decreased \$3.3 million \$7.3 million, or 34.2% 93.9%. This was offset by a \$1.1 million Salary expense decreased \$0.6 million, or 3.6% 1.9%, increase in salary expense when comparing the two quarterly periods ended June 30, 2023 September 30, 2023 and 2022. The decrease in incentive expense is mostly due to a \$1.9 million decrease in share-based compensation of \$4.9 million related to the reversal of the expense associated with the third tranche of our performance-based share based compensation and bonus expense. On July 1, 2022, we increased base wages for our Financial Service Representatives plan, since the Company determined it is no longer probable to a minimum of approximately \$15 an hour and eliminated achieve the monthly bonus target required for the same position. The increase in salary expense is mostly due third tranche to the increased base wages for our Financial Service Representatives as mentioned above, partially offset by our headcount as vest, which was set at earnings per share of June 30, 2023, decreasing by 5.3% compared to June 30, 2022, \$25.30 over four consecutive quarters.

Occupancy and equipment expense totaled \$12.6 million \$12.4 million for the three months ended June 30, 2023 September 30, 2023, a \$0.6 million \$1.1 million, or 4.6% 7.9%, decrease over the three months ended June 30, 2022 September 30, 2022. Occupancy and equipment expense is generally a function of the number of branches the Company has open throughout the period. The current year prior year's second quarter includes \$0.3 million \$0.7 million in expense related to the merger of branches during the quarter. For the three months ended June 30, 2023 September 30, 2023, the average open branches decreased 8.4% 6.6% compared to the three months ended June 30, 2022 September 30, 2022.

Advertising expense increased \$0.5 \$1.2 million, or 24.5% 122.0%, in the first second quarter of fiscal 2024 compared to the first second quarter of fiscal 2023 due to increased spending on customer acquisition programs.

Amortization of intangible assets totaled \$1.1 million for the three months ended June 30, 2023 September 30, 2023, a \$62.8 \$43.5 thousand, or 5.5% 3.9%, decrease over the three months ended June 30, 2022 September 30, 2022.

Other expense totaled \$9.9 million \$8.8 million for the three months ended June 30, 2023 September 30, 2023, remaining relatively flat compared to the three months ended June 30, 2022 September 30, 2022.

Interest expense for the three months ended **June 30, 2023** increased **September 30, 2023** decreased by **\$1.1 million** **\$0.5 million**, or **9.6%** **3.8%**, from the corresponding three months of the previous year. The **increase** **decrease** in interest expense was due to a **42%** **25.2%** decrease in the average debt outstanding from **\$775.6 million** to **\$580.4 million** partially offset by a **30%** increase in the effective interest rate from **6.0%** **6.7%** to **8.5%**, partially offset by a **20.0%** decrease in the average debt outstanding, from **\$741.7 million** to **\$593.2 million** **8.7%**. The Company's senior debt-to-equity ratio decreased from **2.2:1.1** at **June 30, 2022** **September 30, 2022** to **1.5:1.4:1** at **June 30, 2023** **September 30, 2023**. The Company repurchased and extinguished **\$2.0 million** **\$1.5 million** of its Notes, net of **\$24.1** **\$16.0** thousand unamortized debt issuance costs related to the extinguished debt, on the open market for a reacquisition price of **\$1.54 million**. **\$1.3 million**.

Other key return ratios for the three months ended **June 30, 2023** **September 30, 2023** included a **3.3%** **5.0%** return on average assets and a return on average equity of **10.7%** **15.2%** (both on a trailing 12-month basis), as compared to a **2.5%** **1.3%** return on average assets and a return on average equity of **7.5%** **4.1%** (both on a trailing 12-month basis) for the three months ended **June 30, 2022** **September 30, 2022**.

The Company's effective income tax rate increased to **22.8%** **23.1%** for the three months ended **June 30, 2023** **September 30, 2023** compared to **20.2%** **(618.9)%** for the corresponding period of the previous year. The difference is primarily due to the effects of pretax book earnings relative to the effects of various permanent items including a decrease in the disallowed executive compensation under Section 162(m) and the recognition of additional HTCs when compared to the prior year quarter.

Comparison of six months ended September 30, 2023 versus six months ended September 30, 2022

Gross loans outstanding decreased to \$1.38 billion as of September 30, 2023, a 13.7% decrease from the \$1.60 billion of gross loans outstanding as of September 30, 2022. During the six months ended September 30, 2023 our number of unique borrowers in the portfolio decreased by 9.4% compared to a decrease of 2.3% during the six months ended September 30, 2022.

Net income for the six months ended September 30, 2023 increased to \$25.6 million, a 378.4% increase from the \$9.2 million loss reported for the same period of the prior year. Operating income (revenue less provision for credit losses and general and administrative expenses) increased by \$44.7 million, or 333.6%.

Revenues decreased by \$33.0 million, or 10.7%, to \$276.2 million during the six months ended September 30, 2023 from \$309.2 million for the same period of the prior year. The decrease was primarily due to a decrease in average net loans outstanding.

Interest and fee income for the six months ended September 30, 2023 decreased by \$27.1 million, or 10.4%, from the same period of the prior year. Net loans outstanding at September 30, 2023 decreased by 12.9% over the balance at September 30, 2022. Average net loans outstanding decreased by 13.0% for the six months ended September 30, 2023 compared to the six-month period ended September 30, 2022.

Insurance commissions and other income for the six months ended September 30, 2023 decreased by \$5.9 million, or 12.1%, from the same period of the prior year. Insurance commissions decreased by approximately \$2.3 million, or 6.8%, during the six months ended September 30, 2023 when compared to the six months ended September 30, 2022. Other income decreased by \$3.6 million. Sales of our motor club product decreased by \$1.5 million as sales opportunities decreased with lower originations.

The provision for credit losses decreased \$67.3 million, or 43.6%, to \$87.1 million from \$154.4 million when comparing the first two quarters of fiscal 2024 to the first two quarters of fiscal 2023. This decrease was primarily driven by a \$49.1 million decrease in net charge-offs. Net charge-offs as a percentage of average net loans receivable on an annualized basis decreased from 22.8% in the first two quarters of fiscal 2023 to 16.5% in the first two quarters of fiscal 2024. Net charge-offs during the period include \$12.5 million in proceeds related to the sales of charge-offs, for which \$4.9 million relates to bulk sales of charge-offs from prior periods and \$7.6 million relates to recurring sales of charge-offs.

G&A expenses for the six months ended September 30, 2023 decreased by \$10.3 million, or 7.3%, from the corresponding period of the previous year. As a percentage of revenues, G&A expenses increased from 45.7% during the first six months of fiscal 2023 to 47.5% during the first six months of fiscal 2024. G&A expenses per average open branch increased by 0.1% when comparing the two six-month periods. The change in G&A expense is explained in greater detail below.

Personnel expense totaled \$80.2 million for the six months ended September 30, 2023, a \$10.2 million, or 11.3%, decrease over the six months ended September 30, 2022. Salary expense decreased approximately \$0.4 million, or 0.7%, when comparing the two six month periods ended September 30, 2023 and 2022. Our headcount as of September 30, 2023, decreased 6.2% compared to September 30, 2022. Benefit expense decreased approximately \$0.5 million, or 3.0%, when comparing the six month periods ended September 30, 2023 and 2022. Incentive expense decreased \$10.7 million, or 60.8%, mostly due to the reversal of the expense associated with the third tranche of our performance-based share plan as discussed above.

Occupancy and equipment expense totaled \$25.0 million for the six months ended September 30, 2023, a \$1.7 million, or 6.3%, decrease over the six months ended September 30, 2022. Occupancy and equipment expense is generally a function of the number of branches the Company has open throughout the period. For the six months ended September 30, 2023, the average occupancy and equipment expense per branch increased to \$23.7 thousand, up from \$23.4 thousand for the six months ended September 30, 2022. The prior year includes \$1.1 million in expense related to the merger of branches during the period.

Advertising expense totaled \$5.0 million for the six months ended September 30, 2023, a \$1.8 million, or 55.1%, increase over the six months ended September 30, 2022 due to increased spending on customer acquisition programs.

Amortization of intangible assets totaled \$2.1 million for the six months ended September 30, 2023, a \$106.3 thousand, or 4.7%, decrease over the six months ended September 30, 2022.

Other expense totaled \$18.7 million for the six months ended September 30, 2023, remaining relatively flat compared to the six months ended September 30, 2022. Interest expense for the six months ended September 30, 2023 increased by \$0.6 million, or 2.4%, from the corresponding six months of the previous year. The increase in interest expense was due to a 35.2% increase in the effective interest rate from 6.4% to 8.6%, offset by a 22.4% decrease in the average debt outstanding, from \$755.4 million to \$586.5 million.

Other key return ratios for the first six months of fiscal 2024 included a 5.0% return on average assets and a return on average equity of 15.2% (both on a trailing 12-month basis), as compared to a 1.3% return on average assets and a return on average equity of 4.1% (both on a trailing 12-month basis) for the first six months of fiscal 2023.

The Company's effective income tax rate increased to 23.0% for the six months ended September 30, 2023 compared to 14.9% for the corresponding period of the previous year. The increase is primarily due to the tax benefit related to the bargain purchase recorded as a discrete item in the prior year quarter, year. This was partially offset by the effects of pretax book earnings relative to the effects of various permanent items including a decrease in the disallowed executive compensation under Section 162(m) and the recognition of additional HTCs when compared to the prior year quarter, year.

Regulatory Matters

CFPB Rulemaking Initiatives

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 were 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"). However, on October 19, 2022, a three-judge panel of the Fifth Circuit Court of Appeals held in *Cnty. Fin. I Servs. Ass'n of Am., Ltd. v. Consumer Fin. Prot. Bureau*, that the CFPB's funding structure violated the U.S. Constitution's Appropriations Clause, which requires that all expenditures of federal funds be approved by Congress. On this ground, it vacated the Rule. The decision will be binding in the Fifth Circuit's jurisdiction, covering Louisiana, Texas and Mississippi, and persuasive in other circuits until there's a competing case to contradict it. The CFPB has filed a certiorari petition asking the U.S. Supreme Court to review the Fifth Circuit's panel decision. The Supreme Court has scheduled heard oral arguments on October 3, 2023 and it is possible that a decision may not be issued until the end of the Court's term in June 2024. Implementation of the Rule's payment requirements is uncertain, but if it were to take effect it could 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.

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.

In its Fall 2015 rulemaking agenda, the CFPB stated that it expected to conduct a rulemaking to identify larger participants in the installment lending market for purposes of its supervision program. However, this initiative was classified as "inactive" on the CFPB's Spring 2018 rulemaking, and its Fall 2022 Spring 2023 rulemaking agenda showed no planned activity in this area. 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. While the CFPB has not yet initiated rulemaking for defining large participants in the installment lending market, its Spring 2023 rulemaking agenda indicates that the CFPB is considering rules to define larger participants in markets for consumer payments, suggesting that the CFPB has renewed its focus on further identifying larger participants for purposes of its supervision program. 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). On April 25, 2022, the CFPB announced that it has begun using this "dormant authority" to examine nonbank entities that pose risks to consumers.

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," in the Company's Form 10-K for the year ended March 31, 2023 for more information regarding these regulatory and related risks.

Liquidity and Capital Resources

The Company has historically financed and continues to finance its operations, acquisitions and branch expansion primarily through a combination of cash flows from operations and borrowings from its institutional lenders. As discussed below, the Company has also issued debt securities to finance its operations and repay a portion of its outstanding indebtedness. 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. Net cash provided by operating activities for the three six months ended June 30, 2023 September 30, 2023 was \$59.7 million \$123.1 million.

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.

On September 27, 2021, we issued a \$300 million in aggregate principal amount of 7.0% senior notes due 2026. 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.

During fiscal 2023, the Company repurchased and extinguished \$9.1 million of its Notes, net of \$0.1 million unamortized debt issuance costs related to the extinguished debt, on the open market for a reacquisition price of \$7.2 million.

During the first **three** **six** months of fiscal **2024**, the Company repurchased and extinguished **\$2.0 million** **\$3.5 million** of its Notes, net of **\$24.1** **\$40.1** thousand unamortized debt issuance costs related to the extinguished debt, on the open market for a reacquisition price of **\$1.54 million**, **\$2.9 million**. In accordance with ASC 470, the Company recognized the **\$0.4 million** **\$0.6 million** gain on extinguishment as a component of interest expense in the Company's Consolidated Statements of Operations.

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 up to 50% of consolidated adjusted net income for the period commencing January 1, 2019. As of **June 30, 2023** **September 30, 2023**, subject to further approval from our Board of Directors, we could repurchase approximately **\$34.0** **\$42.0** 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 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 \$524.0 thousand letter of credit under a \$1.5 million subfacility.

Subject to a borrowing base formula, the Company may borrow at the rate of one month SOFR plus **10%** **0.10%** and an applicable margin of 3.5% with a minimum rate of 4.5%. At **June 30, 2023** **September 30, 2023**, the aggregate commitments under the revolving credit facility were **\$685.0** **\$580.0** million. The \$524.0 thousand letter of credit outstanding under the subfacility expires on December 31, 2023; 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 applicable to such eligible finance receivables, and (b) an advance rate percentage that ranges from **62%** **70%** 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 **three** **six** months ended **June 30, 2023** **September 30, 2023** and fiscal year ended March 31, 2023, the Company's effective interest rate, including the commitment fee and amortization of debt issuance costs, as it relates to the revolving credit facility was **9.6%** **9.8%** annualized and 7.0%, respectively. At **June 30, 2023** **September 30, 2023**, the unused amount available under the revolving credit facility was **\$366.3 million** **\$302.9 million** and borrowings under the revolving credit facility mature on **June 7, 2024** **June 7, 2026**.

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

The agreement governing the Company's revolving credit facility contains affirmative and negative covenants, including covenants that restrict the ability of the Company and its subsidiaries to, among other things, incur or guarantee indebtedness, incur liens, pay dividends and repurchase or redeem capital stock, dispose of assets, engage in mergers and consolidations, make acquisitions or other investments, redeem or prepay subordinated debt, amend subordinated debt documents, make changes in the nature of its business, and engage in transactions with affiliates. The agreement 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~~ \$325 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 (decreasing to 2.25 to 1.0 for the fiscal quarters ending March 31, 2023 and June 30, 2023, 2.0 to 1.0 for the fiscal quarter ending September 30, 2023, and 2.25 to 1.0 for the fiscal quarter ending December 31, 2023); (iii) a maximum collateral performance indicator of 26.0% as of the end of each calendar month (increasing to 28.0% for the calendar months ending October 31, 2022 through June 30, 2023); and (iv) a minimum fixed charges coverage ratio of 1.25 to 1.0 for the fiscal quarter ended December 31, 2022, 1.15 to 1.0 for the fiscal quarters ending March 31, 2023 and June 30, 2023, 1.50 to 1.0 for the fiscal quarter ending September 30, 2023, 2.0 to 1.0 for the fiscal quarter ending December 31, 2023, and ~~2.75~~ 2.25 to 1.0 for each fiscal quarter thereafter, where the ratio for the most recent four consecutive fiscal quarters must be at least 2.0 to 1.0 in order for the Company to declare dividends or purchase any class or series of its capital stock or other equity.

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 ~~June 30, 2023~~ September 30, 2023 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 loans receivable 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.

As of September 30, 2023, the Company's debt outstanding was \$560.9 million, net of \$3.0 million unamortized debt issuance costs related to the unsecured senior notes payable, and its shareholders' equity was \$410.0 million resulting in a debt-to-equity ratio of 1.4:1.0. 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.

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" in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K (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 remained available for repurchase under prior repurchase authorizations. As of ~~June 30, 2023~~ September 30, 2023, the Company had \$1.1 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 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. 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. As of ~~June 30, 2023~~ September 30, 2023, subject to further approval from our Board of Directors, we could repurchase approximately ~~\$34.0~~ \$42.0 million of shares under the terms of our debt facilities. To the extent we have excess capital, we may repurchase stock, if appropriate and as authorized by our Board of Directors. As of ~~June 30, 2023~~, the Company's debt outstanding was \$585.4 million, net of \$3.2 million unamortized debt issuance costs related to the unsecured senior notes payable, and its shareholders' equity was \$396.9 million resulting in a debt-to-equity ratio of 1.5:1.0. 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 material, 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 loans receivable and an increase in absolute revenue to be generated from that larger amount of loans receivable. The Company believes that this increase in absolute revenue 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.

Quarterly Information and Seasonality

See Note 2 to the unaudited Consolidated Financial Statements.

Recently Adopted Accounting Pronouncements

See Note 2 to the unaudited Consolidated Financial Statements.

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. Certain 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, revenue, 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. 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, qualitative factors, 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 the Company's 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 assumptions, including expected volatility, risk-free interest rate and expected life.

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 IRS, 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 Topic 740, the Company will include 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 of what it considers to be 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.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

The Company's outstanding debt under its revolving credit facility was ~~\$299.8 million~~ ~~\$276.6 million~~ at ~~June 30, 2023~~ ~~September 30, 2023~~. Interest on borrowing under this facility is based on the greater of 4.5% or one month SOFR plus ~~10%~~ ~~0.10%~~ and an applicable margin of 3.5%. Based on the outstanding balance at ~~June 30, 2023~~ ~~September 30, 2023~~, a change of 1.0% in the interest rate would cause a change in interest expense of approximately ~~\$3.0 million~~ ~~\$2.8 million~~ on an annual basis.

Item 4. Controls and Procedures

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.

Evaluation of Disclosure Controls and Procedures

Based on management's evaluation, with the participation of our CEO and CFO, as of the end of the period covered by this report, our CEO and CFO 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.

Our management is responsible for establishing and maintaining adequate "internal control over financial reporting," as defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Our management, including the CEO and CFO do not expect that our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, 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. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Note 11 to the unaudited Consolidated Financial Statements included in this report for information regarding legal proceedings.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in Part I, Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2023.

Item 2. Unregistered Sales of Equity Securities, and Use of Proceeds, and Issuer Purchases of Equity Securities

The Company's credit agreements contain certain limits on share repurchases. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

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 **June 30, 2023** **September 30, 2023** the Company had \$1.1 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 **June 30, 2023** **September 30, 2023**:

	(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⁽¹⁾
April July 1 through April 30, 2023 July 31, 2023	—	\$ —	—	— \$ 1,123,544
May August 1 through May 31, 2023 August 31, 2023	—	—	—	— 1,123,544
June September 1 through June 30, 2023 September 30, 2023	—	—	—	— 1,123,544
Total for the quarter	—	\$ —	—	—

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None of our officers and directors entered into, modified or terminated any "Rule 10b5-1 trading arrangements" or "non-Rule 10b5-1 trading arrangements" (each as defined in Item 408(c) of Regulation S-K) during the quarter ended **June 30, 2023** **September 30, 2023**.

Item 6. Exhibits

The exhibits listed in the accompanying exhibit index are filed as part of the Quarterly Report on Form 10-Q.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference		
			Form or Registration Number	Exhibit	Filing Date
3.01	Second Amended and Restated Articles of Incorporation of World Acceptance Corporation, as amended		S-8	3.1	07-29-03
3.02	Eighth Amended and Restated Bylaws of World Acceptance Corporation		10-Q	3.01	11-08-18
10.01	Tenth Amendment to Amended and Restated Revolving Credit Facility, dated July 18, 2023, including the Amended and Restated Revolving Credit Facility attached as Exhibit A thereto		8-K	10.1 10.2	07-18-23
31.01	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer	*			
31.02	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial and Strategy Officer	*			
32.01	Section 1350 Certification of Chief Executive Officer	*			
32.02	Section 1350 Certification of Chief Financial and Strategy Officer	*			
101.01	The following materials from the Company's Quarterly Report for the fiscal quarter ended June 30, 2023, formatted in Inline XBRL: (i) Consolidated Balance Sheets as of June 30, 2023 and March 31, 2023; (ii) Consolidated Statements of Operations for the three months ended June 30, 2023 and June 30, 2022; (iii) Consolidated Statements of Shareholders' Equity for the three months ended June 30, 2023 and June 30, 2022; (iv) Consolidated Statements of Cash Flows for the three months ended June 30, 2023 and June 30, 2022; and (v) Notes to the Consolidated Financial Statements.	*			
104.01	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	*			

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference		
			Form or Registration Number	Exhibit	Filing Date
3.01	Second Amended and Restated Articles of Incorporation of World Acceptance Corporation, as amended		S-8	3.1	07-29-03
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31.01	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer	*			
31.02	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial and Strategy Officer	*			

32.01	Section 1350 Certification of Chief Executive Officer	*
32.02	Section 1350 Certification of Chief Financial and Strategy Officer	*
101.01	The following materials from the Company's Quarterly Report for the fiscal quarter ended September 30, 2023, formatted in Inline XBRL:	*
	(i) Consolidated Balance Sheets as of September 30, 2023 and March 31, 2023;	
	(ii) Consolidated Statements of Operations for the three and six months ended September 30, 2023 and September 30, 2022;	
	(iii) Consolidated Statements of Shareholders' Equity for the three and six months ended September 30, 2023 and September 30, 2022;	
	(iv) Consolidated Statements of Cash Flows for the six months ended September 30, 2023 and September 30, 2022; and	
	(v) Notes to the Consolidated Financial Statements.	
104.01	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	*

* Filed herewith.

+ Management Contract or other compensatory plan required to be filed under Item 6 of this report and Item 601 of Regulation S-K of the Securities and Exchange Commission.

SIGNATURES

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

WORLD ACCEPTANCE CORPORATION

By: /s/ Scott McIntyre

Scott McIntyre

Senior Vice President of Accounting

Signing on behalf of the registrant and as principal accounting officer

Date: August November 3, 2023

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EXHIBIT 31.01

CERTIFICATION

I, R. Chad Prashad, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of World Acceptance Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: **August** **November** 3, 2023

/s/ R. Chad Prashad

R. Chad Prashad
President and Chief Executive Officer

EXHIBIT 31.02

CERTIFICATION

I, John L. Calmes, Jr., certify that:

- 1. I have reviewed this Quarterly Report on Form 10-Q of World Acceptance Corporation;
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: **August** **November** 3, 2023

/s/ John L. Calmes, Jr.

John L. Calmes, Jr.

Executive Vice President and Chief Financial and Strategy Officer

EXHIBIT 32.01

CERTIFICATION OF PERIODIC REPORT

I, R. Chad Prashad, President and Chief Executive Officer of World Acceptance Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarter ended **June 30, 2023** **September 30, 2023**, (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: **August** **November** 3, 2023

/s/ R. Chad Prashad

R. Chad Prashad

President and Chief Executive Officer

EXHIBIT 32.02

CERTIFICATION OF PERIODIC REPORT

I, John L. Calmes, Jr., Executive Vice President and Chief Financial and Strategy Officer of World Acceptance Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarter ended **June 30, 2023** **September 30, 2023**, (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: **August** **November** 3, 2023

/s/ John L. Calmes, Jr.

John L. Calmes, Jr.

Executive Vice President and Chief Financial and Strategy Officer

DISCLAIMER

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