Risk Factors Comparison 2023-03-10 to 2022-03-07 Form: 10-K

Legend: New Text ~~Removed Text~~ Unchanged Text Moved Text Section

Our operations and financial results are subject to many risks and uncertainties that could adversely affect our business, results of operations, financial condition or share price **of our stock** . While we believe the discussion below addresses the key risk factors affecting our business, there may be additional risks and uncertainties not currently known or that we currently deem to be immaterial that may become material in the future or that could adversely affect our business, results of operations, financial condition or share price. You should carefully consider ~~the~~ **these** risk factors. Risks Relating to Our Business If our **ALL** ~~allowance for loan losses~~ is not adequate to absorb our actual losses, this could have a material adverse effect on our results of operations or financial condition. Our customers may fail to repay their loans in full. We maintain an **ALL** ~~allowance for loan losses~~ for estimated probable losses on company- funded loans and loans in default. See Note 1, " Summary of Significant Accounting Policies and Nature of Operations " of the Notes to Consolidated Financial Statements for factors we consider when estimating the **ALL** ~~allowance for loan losses. We also maintain a liability for estimated incurred losses on loans funded by third- party lenders under our CSO programs, which we guarantee. As of December 31, 2021, our aggregate allowance for loan losses and liability for losses associated with the guaranty for loans not in default (including loans funded by third- party lenders under our CSO programs) was $ 94. 5 million~~ . This reserve is an estimate. Actual losses are difficult to forecast, especially if losses stem from factors that we have not experienced historically, and unlike traditional banks, we are not subject to periodic review by bank regulatory agencies of our **ALL** ~~allowance for loan losses~~ . In addition, Flexiti offers loans to consumers with ~~a variety of~~ **various terms, including** no interest and / or no payment promotional offers. While many of Flexiti' s customers have prime credit scores, these promotional offers can make credit losses less predictable. As a result, our **ALL** ~~allowance for loan losses~~ may not be sufficient to cover incurred losses or comparable to that of traditional banks subject to regulatory oversight. If actual losses are greater than our reserve and allowance, this could have a material adverse effect on our results of operations or financial condition. Because of the non- prime nature of **many of** our customers, we have experienced a high rate of NCOs as a percentage of revenues **,** and it is essential that we price loans appropriately. We rely on our proprietary credit and fraud scoring models to forecast loss rates. If we are unable to effectively forecast loss rates, it ~~will~~ **may** negatively and materially impact our operating results. Because of the non- prime ~~nature~~ **credit rating score status of certain** of our customers, we have much higher charge- off rates than traditional lenders. Accordingly, it is essential that we price our products appropriately to account for these credit risks. In deciding whether to extend credit ~~,~~ and the terms **of such** ~~on which we or the originating lenders are willing to provide~~ credit, including ~~the~~ price, we ~~and the originating lenders~~ rely heavily on our proprietary credit and fraud scoring models, which are an empirically derived suite of statistical models built using third- party data, customer data and our historical credit experience. If we do not regularly enhance our scoring models to ensure optimal performance, our models may become less effective. If we ~~are~~ **were** unable to rebuild our scoring models or if they ~~do~~ **did** not perform as expected, our products could experience increasing defaults, higher customer acquisition costs, or both. If our scoring models fail to adequately predict the creditworthiness of customers, or if they fail to assess prospective customers' ability to repay loans, or other components of our credit decision process ~~fails~~ **fail** , higher than forecasted losses may result. Similarly, if our scoring models overprice our products, we could lose customers. Among other things, ~~factors such as~~ **the cessation of government stimulus programs related to the** COVID- 19 ~~impact our customers' ability to repay loans, and government programs focused on the~~ pandemic, ~~such as stimulus programs, or the cessation of such programs, or~~ an inflationary **or a recessionary** environment **or higher interest rates** , can further add volatility to loan balances, repayments and profitability. Furthermore, if we are unable to access third- party data, or access to such data is limited or cost prohibitive, our ability to accurately evaluate potential customers will be compromised. As a result, we may be unable to effectively predict probable credit losses inherent in the resulting loan portfolio, and we ~~, and the originating lender (where applicable),~~ may experience higher defaults or customer acquisition costs, which could have a material adverse effect on our business, prospects, results of operations or financial condition. Additionally, if any of the models or tools used to underwrite loans contain errors in development or validation, such loans may result in higher delinquencies and losses. Moreover, if future performance of customer loans differs from past experience, delinquency rates and losses could increase, all **of** which could have a material adverse effect on our business, prospects, results of operations or financial condition. An inability to effectively forecast loss rates could also inhibit our ability to borrow from our debt facilities, which could further hinder our growth and have a material adverse effect on our business, prospects, results of operations or financial condition. Changes in the demand for our products and specialty financial services or our failure to adapt to such changes could have a material adverse effect on our business, prospects, results of operations or financial condition. The demand for a product or service may change due to many factors such as regulatory restrictions that reduce customer access to products, the availability of competing products, reduction in our marketing spend, macroeconomic changes **(including inflation, recession or higher interest rates)** or changes in customers' financial conditions among others. If we do not adapt to a significant change in customers' demand for, or access to, our products or services, our revenue could decrease significantly. Even if we make adaptations or introduce new products or services, customer demand could decrease if the adaptations make them less attractive ~~or~~ **,** less available **or more expensive** , all of which could have a material adverse effect on our business, prospects, results of operations or financial condition. ~~If~~ **We face strong direct and indirect competition. The consumer finance industry is highly competitive, and the barriers to entry for new competitors are relatively low in the markets in which we operate. We compete for customers, locations, employees and other aspects of our business with many other local, regional and national institutions. Our profitability depends, in large part, on our**

ability to underwrite and originate loans. Some of our competitors have greater financial, technical and marketing resources than we possess. Some competitors may also have a lower cost of funds and access to funding sources that may not be available to us. We cannot give assurances that the competitive pressures we face will not have a material adverse effect on our financial condition or results of operations. We have grown significantly in recent years, and if we are unable to manage growth effectively, our results of operations or financial condition may be materially adversely affected. We **have experienced significant growth in recent years. We** may not be able to **manage this growth** successfully **, and the pace of our future** ~~grow~~ **growth** ~~our business~~ **may slow** . ~~Failure~~ **In addition, if we do not continue** to grow the business and generate sufficient levels of cash flow **,** ~~could inhibit~~ our ability to service our debt obligations **could be negatively** ~~. Our expansion strategy, which contemplates disciplined growth in Canada~~ and **materially impacted** ~~the U. S., increasing the market share of our online operations, selectively expanding our offering of installment loans and potential expansion in other international markets, is subject to significant risks~~ . The profitability of our operations and any future growth depends upon many factors, including our ability to appropriately price our products, manage credit risk, **manage our foreign currency exposure,** respond to regulatory and legislative changes, obtain and maintain financing, hire, train and retain qualified employees, obtain and maintain required ~~permits and~~ licenses and other factors, some of which are beyond our control, such as changes in regulation and legislation. As a result, our profitability and cash flows could suffer if we do not successfully implement our **business strategy. Our failure to expand our management systems and controls to support our recent** growth **or integrate acquisitions could seriously harm our operating results and business. Our recent growth and executing our business** strategy **has placed significant demands on management** ~~. We may not achieve the expected benefits of businesses we acquire, including Flexiti~~ and ~~Heights, and any acquisition could disrupt our business plans or~~ **our administrative,** ~~operations~~ **operational** ~~. From time- to- time~~ , ~~we may acquire~~ **information technology, financial and personnel resources. Accordingly, our future operating results will depend on the ability of our officers and** other ~~businesses that may enhance our product platform or technology, expand the breadth of our markets or customer base or advance our business strategies. The success of any acquisition depends upon our ability to effectively integrate the management, operations and technology of the acquired business into our existing management, operations and technology platforms. Integration can be complex, expensive and time- consuming. The failure to successfully integrate acquired businesses into our organization in a timely and cost- effective manner could materially adversely affect our business, prospects, results of operations or financial condition. The integration process could involve loss of~~ key employees **to continue to implement** ~~,~~ ~~disruption of ongoing businesses~~ and ~~/~~ **improve** ~~or~~ **our operational** ~~loss of customers, incurrence of tax costs or inefficiencies or inconsistencies in standards, controls~~ , information technology **and financial control** systems, ~~procedures~~ and **effectively expand** ~~policies. As a result~~ , **train and manage** our ~~ability to maintain relationships with customers, employees~~ - **employee base** ~~or other third- parties or our ability to achieve the anticipated benefits of acquisitions could be adversely affected and harm our financial performance~~ . **Otherwise** ~~The process of integrating formerly separately operated businesses may prove disruptive to both businesses, may take longer than we anticipate and may cause an interruption of and have a material adverse effect on our combined businesses. In that regard~~ , we may not be able to **manage our recent growth** successfully ~~integrate~~ **. We face risks associated with our growth strategies including those related to acquisitions. We have expanded our products and markets in part through strategic acquisitions, including the acquisitions of** Flexiti ~~or~~ **,** Heights **Finance and First Heritage, and we may continue to do so in the future, depending on** ~~or~~ **our** ~~otherwise realize~~ **ability to identify and successfully pursue suitable acquisition candidates. Acquisitions involve numerous risks, including risks inherent in entering new markets in which we may not have prior experience; potential loss of significant customers or key personnel of the acquired business; not obtaining** the expected benefits of ~~these acquisitions, including anticipated annual revenue and profits, operating costs and capital synergies, and the combined businesses could underperform relative to our expectations. Even if we are able to successfully integrate the Heights business into our operations, we may not realize the anticipated cost saving synergies of~~ the acquisition on ~~the~~ **a** ~~time~~ **timely basis** ~~table currently contemplated,~~ or at all **; managing geographically- remote operations or different technology platforms; and potential diversion of management' s attention from other aspects of our business operations. Acquisitions may also cause us to incur debt or result in dilutive issuances of equity securities, additional write- offs of goodwill and substantial amortization expenses associated with acquired intangible assets** . We ~~acquired Heights based, in part, on the expectation that the acquisition would result in various cost saving synergies. Even if we can successfully integrate the Heights business into our operations, there can be no assurance that we will realize the expected cost saving synergies on the timetable currently contemplated, or at all. We expect to incur significant restructuring charges (including severance) and transition expenses in connection with these cost saving synergies. Achieving the expected cost saving synergies, as well as the costs of achieving them, is subject to a number of uncertainties and other factors. If these factors limit our ability to achieve the expected cost saving synergies of the acquisition or if the related costs exceed our estimates, our expectations of future results of operations, including the cost saving synergies expected to result from the acquisition,~~ may not be **able** ~~met. Additionally, the actions we take~~ to **obtain financing for future acquisitions on favorable terms, making any such acquisitions more expensive. Any such financing may have terms that restrict our operations. We may not be able to successfully integrate the operations of any acquired businesses into our operations and** achieve **the expected benefits of any acquisitions. The failure to successfully integrate newly acquired businesses or achieve the expected benefits of strategic acquisitions in the future, or consummate a potential acquisition after incurring material** ~~cost~~ **costs ,** ~~saving synergies~~ could have **an** ~~unintended consequences that adversely~~ -- **adverse** ~~affect~~ **effect on** our business ~~. If we encounter difficulties in achieving the expected cost saving synergies or do not achieve such cost saving synergies~~ , **results of operations and** ~~we incur significantly greater costs related to such cost saving synergies than we anticipate or our activities related to such cost saving synergies have unintended consequences, our business,~~ financial **position** ~~condition and results of operations could be adversely affected~~ . The outcome of a CFPB investigation into certain of Heights

Finance ' **s** business practices is uncertain and may materially and adversely affect Heights ~~'~~ **Finance' s** business and, ultimately, the combined business. In April 2020, Heights **Finance** ~~(then Southern Management Corporation)~~ received a civil investigative demand (" CID ") from the CFPB **applicable to its small loan business** . We have received and responded to additional CIDs and are fully cooperating with the investigation. ~~The~~ **In May and June of 2022, Heights Finance responded to the** CFPB **' s Notice** ~~has not yet made any allegations in the investigation,~~ and ~~we~~ **Opportunity to Respond and Advise, which was substantively aligned with the previously received CIDs. We continue to await a response from the CFPB. We** are currently unable to predict the ~~eventual scope,~~ ultimate timing or outcome of the CFPB investigation. While we ~~are indemnified~~ **have contractual rights to indemnification** under the acquisition document for certain losses that arise with respect to the CFPB investigation, there can be no assurance that such indemnification will be sufficient to address all covered losses or that the CFPB' s ongoing investigation or future exercise of its enforcement, regulatory, discretionary or other powers will not result in findings or alleged violations of consumer financial protection laws that could lead to enforcement actions, proceedings or litigation, whether by the CFPB, other state or federal agencies, or other parties, and the imposition of damages, fines, penalties, restitution, other monetary liabilities, sanctions, settlements or changes to Heights **Finance** ' s business practices or operations that could materially and adversely affect **its** ~~Heights'~~ or the combined business', financial condition, results of operations or reputation. Our substantial indebtedness could materially impact our business, results of operations or financial condition. We have significant debt. The amount of our indebtedness could have significant effects on our business, including: • making it more difficult to satisfy our financial obligations; • inhibiting our ability to obtain additional financing for operational and strategic purposes; • requiring the use of a substantial portion of our cash flow from operations to pay interest on our debt **, especially in a prolonged high interest rate environment** , which reduces funds available for other operational and strategic purposes; • putting us at a competitive disadvantage compared to our competitors that may have proportionately less debt; • restricting our ability to pay dividends; and • limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate. For instance, our ability to offer our current products or services or the financial performance of these products and services could be negatively impacted by regulatory changes, which could inhibit our ability to comply with the terms of our debt. If our cash flows and capital resources are insufficient to fund our debt obligations, or if we confront regulatory uncertainty or challenges in debt capital markets, we may not be able to refinance our indebtedness prior to maturity on favorable terms, or at all. In addition, prevailing interest rates or other factors at the time of refinancing could increase our interest or other debt capital expense. A refinancing could also require us to comply with more onerous covenants on our business operations. If we are unable to refinance our indebtedness prior to maturity we will be required to pursue alternative measures that could include restructuring our current indebtedness, selling all or a portion of our business or assets, seeking additional capital, reducing or delaying capital expenditures ~~,~~ or taking other steps to address obligations under the terms of our indebtedness. Our ability to meet our debt obligations **, refinance current debt obligations or access capital markets in the future** depends on our future performance, which will be affected by financial, business, economic, regulatory and other factors, many of which we cannot control or predict. Our business may not generate sufficient cash flow from operations **,** and we may not realize our anticipated growth in revenue and cash flow, either of which could result in being unable to repay indebtedness, or to fund other liquidity needs. If we do not have enough capital resources, we may need to refinance all or part of our debt, sell assets or borrow more funds, which we may not be able to do on terms acceptable to us, or at all. In addition, the terms of existing or future debt agreements may restrict us from pursuing any of these alternatives. In preparing our financial statements, including implementing accounting principles, financial reporting requirements or tax rules or tax positions, we use our judgment **,** and that judgment encompasses many risks. We prepare our financial statements in accordance with U. S. GAAP and its interpretations are subject to change. If new rules or interpretations of existing rules require us to change our accounting, financial reporting or tax positions, our results of operations or financial condition could be materially adversely affected, and we could be required to restate financial statements. Preparing financial statements requires management to make estimates and assumptions, including those impacting allowances for loan losses, goodwill and intangibles **, acquisition related contingent consideration payments** and accruals related to self- insurance ~~and CSO guarantee liability~~ . These affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as well as the reported amounts of revenue and expenses. In addition, management' s judgment is required in determining the provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against deferred tax assets. As a result, our assumptions and provisions may not be sufficient to cover actual losses. If actual losses are greater than our assumptions and provisions, our results of operations or financial condition could be adversely affected. Further, FASB issued new guidance ~~that will require~~ **requiring** us to adopt the current expected credit loss (" CECL ") model to evaluate impairment of loans. The CECL approach, effective for us by January 1, 2023, requires evaluation of credit impairment based on an estimate of life of loan losses as opposed to credit impairment based on incurred losses. **Our adoption of CECL as of January 1, 2023 will result in an estimated CECL allowance for credit losses of $ 257 million, causing an increase to the allowance for credit losses of approximately $ 135 million. Adjusting the CECL allowance for credit losses for changes in economic forecasts and conditions may result in the need for significant and unanticipated changes in our provision for credit losses in the future, which would materially affect our results of operations.** If we misinterpret or make inaccurate assumptions under the new guidance, our results of operations or financial condition could **also** be adversely affected. Changes in our financial condition or a potential disruption in the capital markets could reduce available capital. If we do not have sufficient funds from our operations, excess cash or debt agreements, we will be required to rely on banking and credit markets to meet our financial commitments and short- term liquidity needs. We also expect to periodically access debt capital markets to finance the growth of our consumer loans receivable portfolio. Efficient access to such markets, which could be critical for us, may be restricted due to many factors, including deterioration of our earnings, cash flows or balance sheet quality, overall business or industry prospects, adverse regulatory changes, disruption to or deterioration in capital markets, a rising interest rate environment or a negative bias toward

our industry by consumers **or market participants** . Disruptions and volatility in capital markets may cause banks and other credit providers to restrict availability of new credit. We may also have more limited access to commercial bank lending than other businesses due to the negative bias toward our industry. If adequate funds are not available, or are not available at favorable terms, we may not have sufficient liquidity to fund our operations, make future investments, take advantage of strategic opportunities or respond to competitive challenges, all of which could negatively impact our ability to achieve our strategic plans. Additionally, if the capital and credit markets experience volatility, and the availability of funds is limited, third parties with whom we do business may incur increased costs or business disruption and this could have a material adverse effect on our business relationships with such third parties. Adverse economic conditions, including those resulting from **a recession or recessionary environment or** weather- related events or other natural disasters, man- made events or health emergencies, could have an adverse impact on our business or the economy and could cause demand for our loan products to decline or make it more difficult for our customers to make payments on our loans and increase our default rates, which could adversely affect our results of operations or financial condition. We operate stores across the U. S. and Canada and derive the majority of our revenue from consumer lending. Macroeconomic conditions, such as **interest rates, whether the economy is in a recession or recessionary environment,** levels of employment, personal income and consumer sentiment, may influence demand for our products. Additionally, weather- related events, power losses, telecommunication failures, terrorist attacks, acts of war, widespread health emergencies **(such as COVID- 19) and governmental responses thereto,** and similar events, may significantly impact our customers' ability to repay their loans and cause other negative impacts on our business. These conditions may result in us changing the way we operate our business, including tightening credit, waiving certain fees and granting concessions to customers. Our underwriting standards require our customers to have a steady source of income. Therefore, if unemployment increases among our customer base, the number of loans we originate may decline and defaults could increase. If consumers become more pessimistic regarding the economic outlook and spend less and save more, demand for consumer loans may decline. Accordingly, poor economic conditions could have a material adverse effect ~~on our results of operations or financial condition. In addition, a widespread health emergency, such as COVID- 19, and perceptions regarding its impact, may continue to negatively affect the North American and global economy, travel, employment levels, employee productivity, demand for and repayment of our loan products and other macroeconomic activities, which could adversely affect our business, results of operations or financial condition. Given the dynamic nature of the COVID- 19 pandemic, however, the extent to which it may impact our results of operations or financial condition will depend on future developments, which are highly uncertain and cannot be predicted. Failure to comply with debt collection regulations, or failure of our third- party collection agency to comply with debt collection regulations, could subject us to fines and other liabilities, which could harm our reputation and business. In 2020, we acquired Ad Astra, our exclusive provider of third- party collection services for U. S. operations. Both federal and state law regulate debt collection communication and activities. Regulations governing debt collection are subject to changing interpretations that differ from jurisdiction to jurisdiction. Regulatory changes could make it more difficult for us and any collections agencies we may use to effectively collect on the loans we originate. In 2016, the CFPB issued the 2016 CFPB Outline intended to increase consumer protection pertaining to third- party debt collectors and others covered by the FDCPA. The 2016 CFPB Outline would apply to the attempts of our third- party collection agency to collect debt originated by other lenders, including under our CSO programs. The proposals would not apply to our attempts to collect debt that we originate; however, the CFPB has announced that it plans to address consumer protection issues involving first- party debt collectors and creditors separately. In October 2020, the CFPB issued the first part of its Final Debt Collection Practices (Regulation F) Rule which addressed, among other things, communications in connection with debt collection and prohibitions on harassment or abuse, false or misleading representations and unfair debt collection practices. See" Regulatory Environment and Compliance — U. S. Regulations — U. S. Federal Regulations — CFPB Debt Collection Rule." Adoption of the Regulation F Rule will require significant changes in Ad Astra' s collection and we are not able to give any assurance that the effect of these new rules will not have a material impact~~ on our results of operations or financial condition. We may be limited in our ability to collect on our loan portfolio, and the security interests securing a significant portion of our loan portfolio are not perfected, which may increase our credit losses. Legal and practical limitations may limit our ability to collect on our loan portfolio, resulting in increased credit losses, decreased revenues and decreased earnings. State and federal laws and regulations restrict our collection efforts and the amounts that we are able to recover from the repossession and sale of collateral in the event of a customer' s default typically do not fully cover the outstanding loan balance and costs of recovery. A significant portion of our secured loans have not been and will not be perfected, which means that we cannot be certain that such security interests will be given first priority over other creditors. The lack of perfected security interests is one of several factors that may make it more difficult for us to collect on our loan portfolio. Additionally, for those of our loans that are unsecured, borrowers may choose to repay obligations under other indebtedness before repaying loans to us because such borrowers may feel that they have no collateral at risk. In addition, given the relatively small size of our loans, the costs of collecting loans may be high relative to the amount of the loan. As a result, many collection practices that are legally available, such as litigation, may be financially impracticable. These factors may increase our credit losses, which would have a material adverse effect on our results of operations and financial condition. Goodwill comprises a significant portion of our assets. We assess goodwill for impairment at least annually. If we recognize an impairment, it could have a material adverse effect on our results of operations or financial condition. We assess goodwill for impairment on an annual basis at the reporting unit level. We assess goodwill between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. **Due to macroeconomic conditions and our current earnings outlook, we have determined that it is appropriate to impair the goodwill associated with our U. S. Direct Lending business and Canada POS Lending business, as described in Note 4," Goodwill and Intangibles."** Our impairment reviews require extensive use of accounting judgment and financial estimates. Application of alternative assumptions and definitions could produce

significantly different results ~~. We may be required to recognize impairment of goodwill based on future events or circumstances~~ . A material impairment of goodwill could adversely affect our results of operations or financial condition. Due to the current economic environment and the uncertainties that future economic consequences will have on our reporting units, we cannot be sure that our estimates and assumptions made for purposes of our annual goodwill impairment test will be accurate predictions of the future. If our assumptions regarding forecasted revenues or margins for our reporting units are not achieved, we may be required to record **additional** goodwill impairment losses in the future. We cannot determine if any such future impairment will occur, and if it does occur, whether such charge would be material. Our lending business is somewhat seasonal which causes our revenues to fluctuate and could have a material adverse effect on our ability to service our debt obligations. Our U. S. business typically experiences reduced demand in the first quarter because of customers' receipt of tax refund checks. Demand for our U. S. lending services is generally greatest during the third and fourth quarters. This seasonality requires us to manage our cash flows during the year. If a governmental authority pursued economic stimulus actions or issued additional tax refunds or tax credits at other times during the year, such actions could have a material adverse effect on our business, prospects, results of operations or financial condition during those periods. If our revenues fall substantially below expectations during certain periods, our annual results and our ability to service our debt obligations could be materially adversely affected. **Flexiti has substantial merchant partner concentration, with a limited number of merchant partners accounting for a substantial portion of its point- of- sale lending revenues. Flexiti currently derives a significant portion of its point- of- sale lending originations through a limited number of merchant partners. For the year ended December 31, 2022 and 2021, Flexiti had two merchant partners that accounted for 35 % and 18 % of its total point- of- sales lending originations, respectively. There are inherent risks whenever a large percentage of revenues are concentrated with a limited number of merchant partners. It is not possible for us to predict the future level of demand for our services that will be generated by these merchant partners or new merchant partners, or the future demand for the products and services of these merchant partners or new merchant partners. If any of these merchant partners experience declining or delayed sales due to market, economic or competitive conditions, we could be pressured to reduce the prices we charge for our products which could have an adverse effect on our margins and financial position and could negatively affect our revenues and results of operations and / or the trading price of our common stock.** Our ~~debt~~ **credit** agreements contain covenants which may restrict our flexibility to operate our business. If we do not comply with these covenants, our failure could have a material adverse effect on our results of operations or financial condition. Our ~~debt~~ **credit** agreements contain ~~customary~~ **performance and financial** covenants **(both at the parent** ~~, including limitations on indebtedness, liens, investments, subsidiary investments~~ and ~~asset dispositions,~~ **SPV level) that could adversely affect our business** and ~~require us~~ **our flexibility** to **respond** ~~maintain certain leverage and interest coverage ratios. Failure~~ to ~~comply with~~ **changing business and economic conditions or opportunities. Among other things,** these covenants **limit** ~~could result in an event of default that, if not cured or~~ **our** ~~waived, could reduce~~ **ability to: • incur** ~~our~~ - **or** ~~liquidity and have a material adverse effect~~ **guarantee additional indebtedness; • create or incur liens; • sell assets, including our loan portfolio or the capital stock of our subsidiaries; • pay dividends or make distributions** on our ~~operating results~~ **capital stock or make certain other restricted payments; • make certain investments, including in our subsidiaries;** and ~~financial condition~~ **• consolidate, merge, sell or other dispose of substantially all of our assets** . In addition, **credit** ~~an event of default under one of our debt agreements may result in all of our outstanding debt to become immediately due and payable. In addition, our SPV~~ facilities **for our SPVs** contain certain performance covenants on the receivables pledged to each respective facility. If we violate these covenants, our ability to draw under these facilities could be impacted **and** ~~. Further,~~ we may be required to redirect all excess cash to the lenders. ~~Failure~~ **The credit agreements also impose certain obligations on us relating to our underwriting standards, recordkeeping and servicing of our loans and our loss reserves and charge- off policies, and they require us** to comply with **certain financial ratios, including leverage, equity and interest coverage ratios. If we were to breach any covenants or obligations under our credit agreements and such breaches were to result in an event of default, our lenders could cause all amounts outstanding to become due and payable, subject to applicable grace periods. An event of default in any one credit agreement could also trigger cross- defaults under other existing and future credit agreements and other** debt **instruments, which in turn could materially and adversely affect our financial condition and ability to continue operating our business as a going concern. Failure to comply with any** covenants could have a material adverse effect on our liquidity, results of operation or financial condition if we are unable to access capital when we need it or if we are required to reduce our outstanding indebtedness **.** Because we depend on third- party lenders to provide cash needed to fund our loans, an inability to affordably access third- party financing could have a material adverse effect on our business. Our principal sources of liquidity to fund our customer loans are cash provided by operations ~~, funds from third- party lenders under CSO programs~~ and our SPV facilities. We may not be able to secure additional operating capital from third- party lenders or refinance our existing credit facilities on reasonable terms or at all. As the volume of loans that we make to customers increases, we may have to expand our borrowing capacity on our existing SPV facilities or add new sources of capital. If the underlying collateral does not perform as expected, our access to the SPV facilities could be reduced or eliminated. The availability of these financing sources depends on many factors, some of which we cannot control. In the event of a sudden shortage of funds in the banking system or capital markets, we may not be able to maintain necessary levels of funding without incurring high funding costs, suffering a reduction in the term of funding instruments ~~,~~ or having to liquidate certain assets. If our cost of borrowing increases or we are unable to arrange new methods of financing on favorable terms, we may have to curtail our origination of loans, which could have a material adverse effect on our results of operations or financial condition. We **are subject to interest rate risk resulting from general economic conditions and policies of various governmental and regulatory agencies. Interest rate risk arises from the possibility that changes in interest rates will affect our results of operations and financial condition. Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions**

and policies of various governmental and regulatory agencies, in particular, the Federal Reserve Board and Bank of Canada. In response to elevated inflation, the agencies have rapidly increased interest rates since early 2022. The Federal Reserve Board and Bank of Canada have indicated that they may raise rates further if deemed necessary to combat continued inflation growth. Furthermore, market conditions or regulatory restrictions on interest rates we charge may prevent us from passing any increases in interest rates along to our customers. In addition, rising interest rates will increase our cost of capital by influencing the amount of interest we pay on our revolving credit facilities, or any other floating interest rate obligations that we may incur, which would increase our operating costs and decrease our operating margins. Our use of derivatives exposes us to credit and market risk. From time to time, we may elect to purchase derivative financial instruments such as interest rate caps, interest rate swaps, collars or similar instruments with the objective of reducing our borrowing cost volatility. By using derivative instruments, we are exposed to credit and market risk, including the risk of loss associated with variations in the spread between the asset yield and the funding and / or hedge cost, default risk and the risk of insolvency or other inability of the counterparty to a particular derivative financial instrument to perform its obligations. We may be unable to protect our proprietary technology and analytics or keep up with that of our competitors. The success of our business depends ~~to a significant degree~~ **, in part,** upon ~~the~~ **our ability to** ~~protection~~ --- **protect** ~~of~~ our proprietary technology ~~, including Curo, our IT platform~~ , which we use for pricing and underwriting loans. We seek to protect our intellectual property with nondisclosure agreements with third parties and employees and through standard measures to protect trade secrets. We also implement cybersecurity policies and procedures to prevent unauthorized access to our systems and technology. However, we may be unable to deter misappropriation of our proprietary information, detect unauthorized use or take appropriate steps to enforce our intellectual property rights. We do not have agreements with all of our employees requiring them to assign to us proprietary rights to technology developed in the scope of employment. Additionally, while we have registered trademarks and pending applications for trademark registration (s), we do not own any patents or copyrights with respect to our intellectual property. If a competitor learns our trade secrets (especially with regard to our marketing **, pricing** and risk management capabilities), if a third- party reverse engineers or otherwise uses our proprietary technology, or if an employee makes commercial use of the technology he or she develops for us, our business will be harmed. Pursuing a claim against a third- party or employee for infringement would be costly and our efforts may not be successful. If we are unable to protect our intellectual property, our competitors would have an advantage over us. Our risk management efforts may not be effective. We could incur substantial losses and our business operations could be disrupted if we are unable to effectively identify, manage, monitor and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk and other market- related risks, as well as well as regulatory and operational risks related to our business, assets and liabilities. Our risk management policies, procedures and techniques may not be sufficient to identify all of the risks we are exposed to, mitigate the risks we have identified or identify concentrations of risk or additional risks to which we may become subject in the future. **Our controls and procedures may fail or be circumvented. Management regularly reviews and updates our internal controls, disclosure controls and procedures and corporate governance policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. If we fail to identify and remediate control deficiencies, it is possible that a material misstatement of interim or annual financial statements will not be prevented or detected on a timely basis. In addition, any failure or circumvention of our other controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on our business, results of operations and financial condition.** If a third party cannot provide us products, services or support, it could disrupt our operations or reduce our revenue. Some of our lending activity depends on support we receive from third parties ~~, including lenders who make loans to our customers under CSO programs and other third parties~~ that provide services to facilitate lending, loan underwriting and payment processing. We also use third parties to support and maintain certain of our communication and information systems. If our relationship with any of these third parties end and we are unable to replace them or if they do not maintain quality and consistency in their services, we could lose customers which would substantially decrease our revenue and earnings ~~. In Texas, we rely on third- party lenders to conduct business. Regulatory actions can materially and adversely affect our third- party product offerings. In Texas, we currently operate as a CSO or a CAB, arranging for unrelated third- parties to make loans to our customers. There are a limited number of third- party lenders that make these types of loans and there is significant demand and competition for the business of these companies. These third parties rely on borrowed funds to make consumer loans. If they lose their ability to make loans or become unwilling to make loans to us and we cannot find another lender, we would be unable to continue offering loans in Texas as a CSO or CAB, which would adversely affect our results of operations or financial condition~~ . Our core operations are dependent upon maintaining relationships with banks and other third- party electronic payment solutions providers. Any inability to manage cash movements through the banking system or the Automated Clearing House (" ACH ") system would materially impact our business. We maintain relationships with commercial banks and third- party payment processors who provide a variety of treasury management services including depository accounts, transaction processing, merchant card processing, cash management and ACH processing. We rely on commercial banks to receive and clear deposits, provide cash for our store locations, perform wire transfers and ACH transactions and process debit card transactions. We rely on the ACH system to deposit loan proceeds into customer accounts and to electronically withdraw authorized payments from those accounts. ~~It has been reported that U. S. federal regulators have taken or threatened actions, commonly referred to as " Operation Choke Point, " intended to discourage banks and other financial services providers from providing access to banking and third- party payment processing services to lenders in our industry. Additionally, legislation called the" Fair Access to Financial Services Act of 2020" has not yet been enacted and implemented. We can give no assurances that actions akin to Operation Choke Point will not intensify or resume, or that the effect of such actions against banks and / or third- party payment processors will not pose a threat to our ability to~~

~~maintain relationships with commercial banks and third- party payment processors.~~ The failure or inability of retail banks and / or payment providers to continue to provide services to us could adversely affect our operations. Improper disclosure of customer personal data could result in liability and harm our reputation. Our costs could increase as we seek to minimize or respond to cybersecurity risks and security breaches. We store and process large amounts of personally identifiable information, including sensitive customer **and employee** information. While we believe that we maintain adequate policies and procedures, including antivirus and malware software and access controls, and use appropriate safeguards to protect against attacks, ~~it is possible that~~ our security controls over personal data and our employee training may not prevent improper disclosure of personally identifiable information. Such disclosure could harm our reputation and subject us to liability ~~under laws that protect personal data~~, resulting in increased costs or loss of revenue. We are subject to cybersecurity risks and security breaches which could result in the unauthorized disclosure or appropriation of customer **and employee** data. We may not be able to ~~anticipate or~~ implement effective preventive measures against these types of breaches, especially because the techniques change frequently or ~~are~~ **may** not **be** recognized until launched. We may need to ~~expend~~ **spend** significant resources to protect against security breaches or to address problems caused by breaches. Actual or anticipated attacks and risks may increase our expenses, including costs to deploy additional personnel and protection technologies, train employees and engage third- party experts and consultants. Our protective measures also could fail to prevent a cyber- attack and the resulting disclosure or appropriation of customer data. A significant data breach could harm our reputation, diminish customer confidence and subject us to significant legal claims, any of which may have a material adverse effect on us. A successful penetration of our systems could cause serious negative consequences, including significant disruption of our operations, misappropriation of our **or our customers'** confidential information or ~~that~~ **damage to our computers or systems or those** of our customers ~~or damage to our computers or systems or those of our customers~~ and counterparties, and could result in violations of ~~applicable~~ privacy and other laws, financial loss to us or to our customers ~~, loss of confidence in our security measures~~, customer dissatisfaction, significant litigation exposure and harm to our reputation, all of which could have a material adverse effect on us ~~. In addition, our applicants provide personal information, including bank account information when applying for loans~~. We rely on encryption and authentication technology licensed from third parties to provide the security and authentication to effectively secure transmission of confidential information. The technology we use to protect transaction data may be compromised due to advances in computer capabilities, new discoveries in cryptography or other developments. Data breaches can also occur because of non- technical issues. Our servers are also vulnerable to computer viruses, physical or electronic break- ins and similar disruptions, including " denial- of- service " type attacks. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Security breaches, including any breach of our systems or unauthorized release of consumers' personal information, could damage our reputation and expose us to litigation and ~~possible~~ liability. **We** ~~As part of our business, and subject to applicable privacy laws, we may~~ share confidential customer information and **our own** proprietary information with vendors, service providers and business partners who provide products, services or support to us. The information systems of these third parties ~~may~~ **are** also ~~be~~ vulnerable to any of the above cyber risks or security breaches, and we may not be able to ensure that these third parties have adequate security controls in place to protect the information that we share with them. If our proprietary or confidential customer information is intercepted, stolen, misused or mishandled while in possession of a third party, it could result in reputational harm to us, loss of customers and suppliers, additional regulatory scrutiny and it could expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our business, financial condition and liquidity. Although we maintain insurance that is intended to cover certain losses from such events, there can be no assurance that such insurance will be adequate or available. In addition, federal and some state regulators have implemented, or are considering implementing, rules and standards to address cybersecurity risks and many U. S. states have already enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These **standards and** mandatory disclosures are costly to implement and may lead to widespread negative publicity, which may cause customers to lose confidence in the effectiveness of our data security measures. If the information provided by customers to us is inaccurate, we may misjudge a customer' s qualification to receive a loan, which may adversely affect our results of operations. A ~~significant~~ **large** portion of our underwriting activities and our credit extension decisions are made online. We rely on certain third- party vendors in connection with verifying application data related to loans originated online. Any error or failure by a third- party vendor in verifying the information may cause us to originate loans to borrowers that do not meet our underwriting standards. From time to time in the past, these checks have failed and there is a risk that these checks could also fail in the future. We cannot be certain that every loan is made in accordance with our underwriting standards. Variances in underwriting standards could expose us to greater delinquencies and credit losses than we have historically experienced. In addition, in deciding whether to extend credit or enter into other transactions with customers, we rely heavily on information provided by customers, counterparties and other third parties, including credit bureaus and data aggregators, and we further rely on representations of customers and counterparties as to the accuracy and completeness of that information. If a significant percentage of our customers were to intentionally or negligently misrepresent any of this information, or provide incomplete information, and our internal processes were to fail to detect such misrepresentations in a timely manner, we could end up approving a loan that, based on our underwriting criteria, we would not have otherwise made. As a result, our earnings and our financial condition could be negatively impacted. Employee misconduct could harm us by subjecting us to monetary loss, legal liability, regulatory scrutiny and reputational harm. Our reputation is crucial to maintaining and developing relationships with existing and potential customers and third parties with whom we do business. There is a risk that our employees could engage in misconduct that adversely affects our business. For example, if an employee were to engage — or be accused of engaging — in illegal or suspicious activities, including fraud or theft, we could be subject to regulatory sanctions and suffer significant harm to our reputation, financial condition, customer relationships and ability to attract future customers or employees. Employee misconduct could prompt regulators to allege or to determine, based

upon such misconduct, that we have not established adequate supervisory systems and procedures to inform employees of applicable rules or to detect and deter violations of such rules. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent misconduct may not be effective in all cases. Misconduct by our employees, or even unsubstantiated allegations, could result in a material adverse effect on our reputation and our business. Risks Relating to Our Industry The CFPB authority over U. S. consumer lending could have a significant impact on our U. S. business. The CFPB regulates U. S. consumer financial products and services ~~, including consumer loans offered by us~~. The CFPB has regulatory, supervisory and enforcement powers over providers of consumer financial products and services **. It also has supervisory authority over certain non- bank providers, such as payday lenders and any non- bank provider that the CFPB determines may pose risk to consumers** . The CFPB has examined our lending products, services and practices, and we expect the CFPB will continue to examine us. CFPB examiners have the authority to require quarterly monitoring, inspect our books and records and probe our business practices, and its examination includes review of marketing activities; loan application and origination activities; payment processing activities and sustained use by consumers; collections, accounts in default and consumer reporting activities as well as third- party relationships. As a result of these examinations of us or other parties, we could be required to change our products, services or practices, or we could be subject to monetary penalties, which could materially adversely affect us. Beginning in the fourth quarter of 2021, we ~~are~~ **were** required to submit certain information regarding our business to the CFPB on a quarterly basis **. In November 2022, the CFPB notified us that it had paused its monitoring of us until further notice** . The CFPB also has broad authority to prohibit unfair, deceptive or abusive acts or practices and to investigate and ~~penalize~~ **take enforcement action against** financial institutions. In addition to assessing financial penalties, the CFPB can require remediation of practices, ~~pursue administrative proceedings or litigation and obtain cease and desist orders (which can include orders for~~ restitution ~~or~~ **and** rescission or reformation of contracts ~~)~~. Also, if a company has violated Title X of the Dodd- Frank Act or related CFPB regulations, the Dodd- Frank Act empowers state attorneys general and state regulators to bring civil actions to remedy violations. If the CFPB or state attorneys general or state regulators believe that we have violated any laws or regulations, they could exercise their enforcement powers which could have a material adverse effect on our business, prospects, results of operations, financial condition or cash flows. The CFPB' s Final Payday Rule, if implemented in its current form, could negatively affect our U. S. consumer lending business. ~~On July 7, 2020~~ **Pursuant to its authority to adopt UDAAP rules** , the CFPB issued the **2017 and** 2020 Final **CFPB** Rule, which ~~rescinded part of~~ **contained payment restrictions, among** ~~the~~ **other** ~~2017 Final CFPB Payday Rule requiring enhanced underwriting and an" ability~~ **things. The repayment provisions applicable to us include those for longer** - **term loans with (a) annual percentage rates exceeding 36 % and (b) lender access** to ~~- repay" analysis; but kept intact~~ the **consumer' s account, whether by ACH, card payment, check or otherwise. The** payment provisions ~~around debiting~~ **generally prohibit lenders from seeking payment, without explicit reauthorization, when two consecutive payments have failed due to insufficient funds and also require a series of prescribed notices for initial payments, " unusual " payments (by amount, payment date or payment modality) and the triggering of limitations and a** consumer ~~accounts~~ **rights notice after two consecutive failed payment attempts** . The 2017 Final CFPB ~~Payday~~ Rule ~~is currently stayed as~~ **was originally scheduled to** ~~a result of an industry legal challenge and the effective date of the payment provisions is unknown. In light of this industry challenge, we cannot predict when it will ultimately~~ go into effect ~~or quantify~~ **by August 2019. However, the Community Financial Services Association and the Consumer Service Alliance of Texas (collectively, the " Trade Groups "), brought a lawsuit (the " Texas Lawsuit ") against the CFPB in a federal district court in Texas. The Texas Lawsuit challenged the 2017 Final CFPB Rule and resulted in a court- ordered stay of the Rule. In August 2021, following the U. S. District Court' s ruling in favor of the CFPB, the Trade Groups filed a Notice of Appeal with the Fifth Circuit and simultaneously filed a motion to stay the effective compliance date, pending the decision on appeal. On October 14, 2021, the Fifth Circuit granted the compliance stay extension. On October 19, 2022, the Fifth Circuit, handed down a decision invalidating the payment restrictions of the 2017 and later modified 2020 Final CFPB Rule on the basis that the CFPB' s funding mechanism is unconstitutional. Specifically, the Fifth Circuit ruled that the CFPB' s funding structure violates the Constitution because the CFPB does not receive** its ~~potential effect~~ **funding from annual congressional appropriations, but instead receives funding directly from the Federal Reserve based** on **a request from the CFPB' s director. Thus, while Congress properly authorized the CFPB to promulgate the 2017 and 2020 Final Rule, the CFPB itself did not have the ability to exercise that power via constitutionally appropriated funds. The Fifth Circuit ruled, following this logic, that the appropriate remedy for the resulting harm to the Trade Groups due to this improper** ~~us~~ **use of unappropriated funds in conducting the rulemaking associated with the 2017 and 2020 Final CFPB Rule was to nullify the CFPB' s action. The CFPB has appealed this decision to the Supreme Court, which has agreed to hear oral arguments next term, starting October 2023** . If the payment provisions of the 2017 **and 2020** Final CFPB Payday Rule become effective in the current form, we will need to make changes to our payment processes and customer notifications in our U. S. consumer lending business. If we are not able to make all of these changes successfully, the payment provisions of the 2017 **and 2020** Final CFPB Payday Rule could have a ~~material~~ **significant** adverse impact on our business, prospects, results of operations, financial condition and cash flows. Refer to Business — Regulatory Environment and Compliance — U. S. Regulations — U. S. Federal Regulations — CFPB Rules." ~~Following the Seila Law Supreme Court decision, President Biden requested and received the~~ **Our use of third- party vendors is subject to regulatory review. The** CFPB ~~director' s resignation and replaced her with an~~ **and** ~~Acting Director. President Biden' s nomination~~ **other regulators have issued regulatory guidance focusing on the need** for **financial institutions to perform due diligence and ongoing monitoring of third- party vendor relationships, which increases the scope of management involvement and decreases the benefit that we receive from using third- party vendors. Moreover, if our regulators conclude that we have not met the standards for oversight of our third- party vendors, we could be subject to enforcement actions, civil monetary penalties, supervisory orders to cease and desist or** ~~the~~ **other remedial**

actions ~~CFPB' s next director~~ , ~~Rohit Chopra~~ **which could have a material adverse effect on our business** , ~~who was confirmed~~ **reputation, financial condition and results of operations. Further, federal and state regulators have scrutinized the practices of lead aggregators and providers. If regulators place restrictions on certain practices** by **lead aggregators or providers, our ability to use** ~~the~~ **them as a source for applicants could be affected** ~~Senate in October of 2021, is expected to enhance the CFPB' s supervisory and enforcement regime~~ . Our industry is highly regulated. Existing and new laws and regulations could have a material adverse effect on our results of operations or financial condition and failure to comply with these laws and regulations could subject us to various fines, civil penalties and other relief. In the U. S. and Canada, our business is subject to a variety of statutes and regulations enacted at the federal, state, provincial and municipal levels. Accordingly, regulatory requirements, and the actions we must take to comply with regulations, vary considerably by jurisdiction. Managing this complex regulatory environment requires considerable compliance efforts. It is costly to operate in this environment, and it is possible that those costs will increase materially over time. This complexity also increases the risks that we will fail to comply with regulations which could have a material adverse effect on our results of operations or financial condition. These regulations affect our business in many ways, and include regulations relating to: • the terms of loans (such as interest rates, fees, durations, repayment terms, maximum loan amounts, renewals and extensions and repayment plans) ~~,~~ **and** the number and frequency of loans ~~and reporting and use of state- wide databases~~ ; • underwriting requirements; • collection and servicing activity, including initiation of payments from consumer accounts; • ~~the establishment and operation of CSOs or CABs; •~~ licensing, reporting and document retention; • unfair, deceptive and abusive acts and practices and discrimination; • disclosures, notices, advertising and marketing; • loans to members of the military and their dependents; • insurance **products and traditional ancillary** products; • requirements governing electronic payments, transactions, signatures and disclosures; • check cashing; • money transmission; • currency and suspicious activity recording and reporting; • privacy and use of personally identifiable information and consumer data, including credit reports; • ~~anti- money laundering and counter- terrorist financing; •~~ posting of fees and charges; and • repossession practices in certain jurisdictions where we operate as a title lender. These regulations affect the entire life cycle of our customer relationships and compliance with the regulations affects our loan volume, revenues, delinquencies and other aspects of our business, including our results of operations. We expect that regulation of our industry will continue and that laws and regulations currently proposed, or other future laws and regulations, will be enacted and will adversely affect our pricing, product mix, compliance costs or other business activities in a way that is detrimental to our results of operations or financial condition ~~. In recent years, California, Ohio and Virginia adopted lending laws that had a significant adverse impact on our business. For a description of these significant impacts, see Item 1, " Business — Regulatory Environment and Compliance — U. S. Regulations — U. S. State and Local Regulations — Recent and Potential Future Changes in the Law " for additional details. We may not be able to implement a strategy to replace our products in these states, or, if we do, that those replacement products will be free from legal attack. Failing to successfully manage product transitions would have a material adverse effect on our results of operations or financial condition. Several municipalities have passed laws that regulate aspects of our business, such as zoning and occupancy regulations to limit consumer lending storefronts. Similarly, nearly 50 Texas municipalities have enacted ordinances that regulate products offered under our CAB programs, including loan sizes and repayment terms. The Texas ordinances have forced us to make substantial changes to the loan products we offer and have resulted in litigation initiated by the City of Austin challenging the terms of our modified loan products. See Item 1," Business — Regulatory Environment and Compliance — U. S. Regulations — State" and Note 8, " Commitments and Contingencies." If additional local laws are passed that affect our business, this could materially restrict our business operations, increase our compliance costs or increase the risks associated with our regulatory environment~~ . There are a range of penalties that governmental entities could impose if we fail to comply with the various laws and regulations that apply to us, including: • ordering corrective actions, including changes to compliance systems, product terms and other business operations; • imposing fines or other monetary penalties, which could be substantial; • ordering restitution, damages or other amounts to customers, including multiples of the amounts charged; • requiring disgorgement of revenues or profits from certain activities; • imposing cease and desist orders, including orders requiring affirmative relief, targeting specific business activities; • subjecting our operations to monitoring or additional regulatory examinations during a remediation period; • revoking licenses required to operate in particular jurisdictions; and / or • ordering the closure of one or more stores. Accordingly, if we fail to comply with applicable laws and regulations, it could have a material adverse effect on our results of operations or financial condition. Our **direct lending** insurance operations are subject to a number of risks and uncertainties. ~~Heights'~~ **Our direct lending** customers can either purchase optional insurance products **through** ~~, including credit life, credit accident and~~ - **an unaffiliated** ~~health, credit property~~ insurance **company** ~~and credit involuntary unemployment insurance, through a third- party independent insurer~~ and finance the premiums with their loan from **us** ~~Heights, or customers may purchase their own insurance naming Heights as a " loss payee " and provide proof of insurance to Heights. When purchased by a customer, Heights' credit insurance products insure the customer' s payment obligations on the associated loan in the event the customer is unable to make monthly payments due to death, disability, or involuntary unemployment, or in the event of a casualty event associated with the underlying collateral. Although a customer can pay the associated premiums separately, substantially all customers finance payment of the premium, with the financed premium included in the balance of the loan. A credit insurance product may be cancelled if, for example, (i) we request cancellation due to the customer' s default on obligations under the associated loan, (ii) the customer prepays the principal balance of the associated loan in full, or (iii) the customer elects to terminate the credit insurance prior to the expiration of the term thereof (which the customer may do at any time)~~ . Our insurance operations are subject to a number of risks and uncertainties, including changes in laws and regulations, customer demand ~~for insurance products~~ , claims experience and insurance carrier relationships ~~. Changes to laws or regulations may~~ , ~~for example, negatively impact our ability to offer one or more of our insurance products;~~ the ~~way~~ **manner in which** we **can** ~~are permitted to~~ offer such products ~~;~~ **,** capital and reserve requirements ~~;~~ **,** the frequency and type of regulatory monitoring and reporting **,** ~~to which we are subject;~~ benefits or loss ratio

requirements **,** ~~; and~~ insurance producer and agent licensing or appointment requirements **and reinsurance operations** . In addition, ~~because our customers are not required to purchase~~ the credit insurance products that we offer ~~,~~ **are optional and solely related to the loans** we ~~cannot be certain that~~ **originate. Because we finance substantially all of our** ~~customer~~ **customers ' insurance premiums, any decrease in** demand for credit insurance products **would adversely impact our** ~~will not decrease in the future. Our~~ insurance **income** ~~operations are also dependent on our lending operations~~ as **well as** ~~the sole source of business and product distribution. If~~ our **interest and fee income** ~~lending operations discontinue offering insurance products, our insurance operations would have no method of distribution~~ . Insurance claims and policyholder liabilities are also difficult to predict and may exceed the related reserves set aside for claims and associated expenses for claims adjudication. We are also dependent on the continued willingness of unaffiliated third- party insurance companies to participate in the credit insurance market **,** and we cannot be certain that the credit insurance market will remain viable ~~in the future~~ . Further, if our insurance providers are ~~, for any reason,~~ unable or unwilling to meet claims and premium reimbursement payment obligations or premium ceding obligations, we could be subject to increased net credit losses, regulatory scrutiny, litigation and other losses and expenses. If any of these events, risks, or uncertainties were to occur ~~or materialize~~ , it could have a material adverse effect on our ~~business,~~ financial condition and results of operations and cash flows. Our stock price, reputation and financial results could be adversely affected by media and public perception of our credit products. Consumer advocacy groups and various media outlets continue to criticize alternative financial services providers. These critics often characterize such alternative financial services providers as predatory or abusive toward consumers. If these persons were to criticize the products that we offer, it could negatively impact our relationships with existing borrowers and our ability to attract new borrowers and generate dissatisfaction among our employees. Litigation, including class actions, and administrative proceedings against us or our industry could have a material adverse effect on our results of operations, cash flows or financial condition. We have been the subject of administrative proceedings and lawsuits, as well as class actions, in the past, and may be involved in future proceedings, lawsuits or other claims. See Item 1," Business — Regulatory Environment and Compliance — U. S. Regulations — U. S. and State" and Note ~~8~~ **7** , " Commitments and Contingencies " for a description of material litigation. Other companies in our industry have also been subject to litigation, class action lawsuits and administrative proceedings regarding the offering of consumer loans and the resolution of those matters could adversely affect our business. We anticipate that lawsuits and enforcement proceedings involving our industry, and potentially involving us, will continue to be brought. We may incur significant expenses associated with the defense or settlement of lawsuits. The adverse resolution of legal or regulatory proceedings could force us to refund fees and interest collected, refund the principal amount of advances, pay damages or monetary penalties or modify or terminate our operations in particular jurisdictions. The defense of such legal proceedings, even if successful, is expensive and requires significant time and attention from our management. Settlement of proceedings may also result in significant cash payouts, foregoing future revenues and modifications to our operations. Additionally, an adverse judgment or settlement could result in the termination, non- renewal, suspension or denial of a license required for us to do business in a particular jurisdiction (or multiple jurisdictions). A sufficiently serious violation of law in one jurisdiction or with respect to one product could have adverse licensing consequences in other jurisdictions and / or with respect to other products. Thus, legal and enforcement proceedings could have a material adverse effect on our business, future results of operations, financial condition or our ability to service our debt obligations. Judicial decisions or new legislation could potentially render our arbitration agreements unenforceable. We include arbitration provisions in ~~our~~ **certain** customer loan agreements **in the United States** . Arbitration provisions require that disputes with **customers** be resolved through individual arbitration rather than in court. Thus, our arbitration provisions, if enforced, have the effect of shielding us from class action liability. The effectiveness of arbitration provisions depends on whether courts will enforce these provisions. A number of courts, including the California ~~and Nevada~~ Supreme ~~Courts~~ **Court** , have concluded that arbitration agreements with class action waivers are unenforceable, particularly where a small dollar amount is in controversy on an individual basis. If our arbitration provisions are found to be unenforceable, our costs to litigate and settle customer disputes could increase and we could face class action lawsuits, with a potential material adverse effect on our results of operations or financial condition. ~~The profitability of our bank-originated products could be adversely affected by the originating lenders. We do not originate nor control the pricing or functionality of Unsecured Installment loans originated by a bank and other bank sponsored products, such as Revolve Finance and First Phase. We have agreements with third party banks that license our technology and underwriting services and that make all key decisions regarding the underwriting, product features and pricing. We generate revenues from these products through marketing, servicing and technology licensing fees, as well as, at times, through our participating interest, depending on the product. If a bank changes its pricing, underwriting or marketing of the product in a way that decreases revenues or increases losses, then the profitability could be reduced, which could have a material adverse effect on our business, prospects, results of operations, financial condition or cash flows. If our relationship with a bank ended, we may not be able to find another suitable replacement bank and new arrangements, if any, may result in significantly increased costs to us. Any inability to find another bank would adversely affect our ability to continue to facilitate the bank- originated products, which in turn could have a material adverse effect on our business, prospects, results of operations, financial condition or cash flows.~~ Risk Factor Relating to our Investment in Katapult Our operating results may be adversely affected by our investment in Katapult. ~~As~~ **Our fully diluted ownership of Katapult as** of December 31, ~~2021~~ **2022 was 19. 5 %** , ~~we owned 25~~ **assuming full payout of earnout shares, and 18** . 2 % **excluding payout** of **earnout** ~~Katapult on a fully diluted basis assuming full pay- out of earn- out~~ shares. We apply the equity method of accounting to certain shares of common stock and interests that qualify as in- substance common stock. We recognize our share of Katapult' s income or losses on a one- quarter lag related to the equity method investment ~~. We made a $ 10 million investment in December 2021 to increase the investment to 25. 2 %~~ . We cannot provide assurance that our investment will (i) increase or maintain its value, or (ii) that we will not incur losses from the holding of such investments. General Risk Factors We may fail to meet our publicly announced guidance or other expectations about our business and future

operating results which would cause our stock price to decline. We may provide guidance about our business and future operating results. In developing this guidance, we make certain assumptions and judgments about our future performance, which are difficult to predict. Furthermore, analysts and investors may develop and publish their own projections of our business, which may form a consensus about our future performance. The assumptions used or judgments applied to our operations to project future operating and financial results may be inaccurate and could result in a material reduction in the price of our common stock, which we have experienced in the past. Our business results may also vary significantly from our guidance or our analyst' s consensus due to a number of factors which are outside of our control and which could adversely affect our operations and financial results. Furthermore, if we make downward revisions of previously announced guidance, or if our publicly announced guidance of future operating results fails to meet expectations of securities analysts, investors or other interested parties, the price of our common stock could decline. The market price of our common stock may be volatile. The stock market is highly volatile. As a result, the market price and trading volume for our stock may also be highly volatile, and investors may experience a decrease in the value of their shares, which may be unrelated to our operating performance or **business** prospects. Factors that could cause the market price of our common stock to fluctuate significantly include: • our operating and financial performance and prospects and the performance of competitors; • our quarterly or annual earnings or those of competitors **; • the size of the public float of our common stock** ; • conditions that impact demand for our products and services; • our ability to accurately forecast our financial results; • changes in earnings estimates or recommendations by securities or research analysts who track our common stock; • market and industry perception of our level of success in pursuing our ~~growth~~ **business** strategy; • strategic actions by us or our competitors, such as acquisitions or restructurings; • changes in laws and regulations; • changes in accounting standards, policies, guidance, interpretations or principles; • arrival or departure of members of senior management or other key personnel; • the number of shares that are publicly traded; • **exclusion of our common stock from certain market indices, which could reduce the ability of certain investment funds to own our common stock and put short- term selling pressure on our common stock; •** sales of common stock by us, our investors or members of our management team **; • potential dilution to our common stock, including the award and vesting of equity awards to our employees under our 2017 Incentive Plan** ; • unfavorable or misleading information published by securities or industry analysts; • factors affecting the industry in which we operate, including competition, innovation, regulation and the economy; and • changes in general market, economic and political conditions, including those resulting from natural disasters, health emergencies (such as COVID- 19), telecommunications failures, cyber- attacks, civil unrest, acts of war, terrorist attacks or other catastrophic events. Any of these factors may result in large and sudden changes in the trading volume and market price of our common stock and may prevent you from being able to sell your shares at or above the price you paid for them. Following periods of volatility, stockholders may file securities class action lawsuits. Securities class action lawsuits are costly to defend and divert management' s attention and, if adversely determined, could involve substantial damages that may not be covered by insurance. Our business could suffer as the result of the loss of the services of our senior executives or if we cannot attract and retain talented employees. We compete with other companies both within and outside of our industry for talented employees. If we cannot recruit, train, develop ~~,~~ and retain sufficient numbers of talented employees ~~, particularly in light of our growth plans~~ , we could experience increased turnover, decreased customer satisfaction, operational challenges, low morale, inefficiency or internal control failures. Insufficient numbers of talented employees, particularly IT developers, could also limit our ability to grow and expand our businesses. Labor shortages could also result in higher wages that would increase our labor costs, which could reduce our profits. In addition, the efforts and abilities of our senior executives are important elements of maintaining our competitive position and driving future growth, and the loss of the services of one or more of our senior executives could result in challenges executing our business strategies or other adverse effects on our business **. The reduced value of the equity awards we have awarded under our 2017 Incentive Plan could be a factor in causing an individual senior executive to leave the Company** . The original founders of the company (" Founders") own a significant percentage of our outstanding common stock and their interests may conflict with ours or yours in the future. At ~~December 31~~ **March 3** , ~~2021~~ **2023** , the Founders owned **approximately** 41. ~~5~~ **8** % of our outstanding common stock ~~and each is a~~ **. Two of the Founders are** ~~member~~ **members** of our Board of Directors **, and one also serves as Chairman of the Board** . Accordingly, the Founders collectively can exert control over many aspects of our company, including the election of directors. The Founders interests may not in all cases be aligned with your interests ~~. On January 28, 2022, Doug Rippel, co- founder and Executive Chairman of the Board, tendered his resignation from the Board to be effective immediately following the Company' s annual meeting of shareholders in 2022~~ . Provisions in our charter documents could discourage a takeover that stockholders may consider favorable. Certain provisions in our governing documents could make a merger, tender offer or proxy contest involving us difficult, even if such events would be beneficial to your interests. Among other things, these provisions: • permit our Board of Directors to set the number of directors and fill vacancies and newly- created directorships; • authorize " blank check " preferred stock that our Board of Directors could use to implement a stockholder rights plan; • provide that our Board of Directors is authorized to amend or repeal any provision of our bylaws; • restrict the forum for certain litigation against us to Delaware; • establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings; • require that actions to be taken by our stockholders be taken only at an annual or special meeting of our stockholders, and not by written consent; and • establish certain limitations on convening special stockholder meetings. These provisions may delay or prevent attempts by our stockholders to replace members of our management by making it more difficult for stockholders to replace members of our Board of Directors. These provisions also may delay, prevent or deter a merger, acquisition, tender offer, proxy contest or other transaction that might otherwise result in our stockholders receiving a premium over the market price for their common stock. We believe these provisions will protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers or investors aiming to effect changes in management to negotiate with our Board of Directors and by providing our Board of Directors with more time to

assess any proposal. However, such anti- takeover provisions could also depress the price of our common stock by acting to delay or prevent a change in control. Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. The choice of forum provision in our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes with stockholders. This choice of forum provision may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees and may discourage many types of lawsuits. ~~36~~