Risk Factors Comparison 2024-02-05 to 2023-02-06 Form: 10-K

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Important risk factors that could materially affect the Company' s business, financial condition or results of operations in future periods are described below. These factors are not intended to be an all- encompassing list of risks and uncertainties and are not the only risks and uncertainties facing the Company. Additional risks not currently known to the Company or that it currently deems to be immaterial also may materially **and** adversely affect its business, financial condition or results of operations in future periods. Risk Factor Summary Risks Related to the Company' s Strategy, Business and Operations • The Company faces significant competition from **other pawnshops, branch- based consumer lenders,** banks, credit unions, **online** ~~internet- based~~ lenders, **POS** ~~point- of- sale~~ consumer finance companies, ~~other short- term consumer lenders,~~ LTO companies ~~,~~ **;** general ~~and~~ **,** specialty **and online** retailers ~~,~~ **;** governmental entities and other organizations offering similar financial services and retail products to those offered by the Company. • A decrease in demand for the Company' s products and services and the failure of the Company to adapt to such decreases could adversely affect the Company' s results of operations. • The Company' s future success is largely dependent upon the ability of its management team to successfully execute its business strategy and drive organic growth. • The inability to successfully identify attractive acquisition targets, realize administrative and operational synergies and integrate completed acquisitions could adversely affect results. • The Company depends on its senior management and hiring, training and retaining an adequate number of qualified employees to run its businesses. • Security breaches, cyber attacks or fraudulent activity could result in damage to the Company' s operations or lead to reputational damage and **could** expose the Company to significant liabilities. • The Company' s businesses are typically subject to seasonality, which causes the Company' s revenues and operating cash flows to fluctuate. • The Company' s financial position and results of operations may fluctuate significantly due to fluctuations in currency exchange rates in Latin American markets. • Changes impacting international trade and corporate tax and other related regulatory provisions may have an adverse effect on the Company' s financial condition and results of operations. Risks Related to the Company' s Regulatory, Legislative and Legal Environment • The Company' s products and services are subject to extensive regulation and supervision under various federal, state and local laws, ordinances and regulations in both the U. S. and Latin America **,** and **all** consumer finance companies that serve credit- constrained consumers, ~~like~~ **including** the Company, face increasing regulatory scrutiny under the current presidential administration in the U. S. and **in the current** regulatory environment. • The adoption of new laws or regulations or adverse changes in, or the interpretation or enforcement of, existing laws or regulations affecting the Company' s products and services could adversely affect its financial condition and operating results. • The Company is the subject of a lawsuit initiated by the CFPB alleging **(i)** violations of the MLA and **(ii) violations of a** ~~the Company' s predecessor company' s~~ consent order **the Company' s predecessor entered into** with the CFPB ~~and related securities litigation~~ . • If **the** ~~AFF' s originating~~ bank partner **loan origination** model **used by AFF** is successfully challenged or deemed impermissible, ~~it~~ **AFF** could be found to be in violation of licensing, interest rate limit, lending or brokering laws and **could** face penalties, fines, **a** determination that certain of the loans are void or voidable, litigation or regulatory enforcement. • Media reports, statements made by regulators and elected officials and **the general** public perception **that** ~~in general of~~ pawnshops, LTO and retail finance products for credit- constrained consumers **are** ~~as being~~ predatory or abusive ~~could materially adversely affect the Company' s businesses. • Current and future litigation or regulatory proceedings, both in the U. S. and Latin America,~~ could have a material adverse effect on the Company' s **businesses. • Current and future litigation or regulatory proceedings, both in the U. S. and Latin America, could have a material adverse effect on the Company' s** business, prospects, results of operations and financial condition. • The sale and pawning of firearms, ammunition and certain related accessories is subject to current and potential regulation and exposes the Company to reputational and litigation risk if such firearms, ammunition and related accessories **lead to deaths, injuries or** are utilized in the commission of a crime. Risks Related to the AFF Business • The AFF business is dependent on merchant partners for its transaction volume, and its growth is primarily driven by the success of its existing merchant partners ~~and~~ **,** its ability to ~~attract additional merchants and~~ retain and grow its relationships with ~~its~~ existing merchant partners **, and its ability to attract new merchant relationships** . • The AFF business derives a significant portion of its revenue from several top merchant partners. The loss of business, transaction volumes or platform support from one or more of these top merchant partners could have a material adverse effect on the AFF business. • The AFF business relies extensively on its proprietary decisioning platform and **,** if such platform is not effective, it could have a material impact on the AFF business and its financial condition and results of operations. • If the AFF business is unable to collect on its leases, RISAs and bank loans, the performance of its lease and ~~loan~~ **finance receivables** portfolio would be adversely affected. Risks Related to **Financial and** Tax ~~and Financial~~ Matters • The Company' s existing and future levels of indebtedness could adversely affect its financial health, its ability to obtain financing in the future, its ability to react to changes in its business and its ability to fulfill its obligations under such indebtedness. • Adverse changes in interest rates could negatively impact the Company' s operating results. • Declines in commodity market prices of gold, other precious metals and diamonds could negatively affect the Company' s profits. • The Company' s financial position and results of operations may change significantly due to fluctuations in currency exchange rates in Latin American markets. • Unexpected changes in both domestic and foreign tax laws and policies could negatively impact the Company' s operating results. Risks Related to Economic and Market Environment • A sustained deterioration of economic conditions or an economic crisis **,** and government actions taken to limit the impact of such an economic crisis **,** could reduce demand or profitability for the Company' s products and services which would result in reduced earnings. • A **severe public** ~~material worsening of the COVID- 19 pandemic or other~~ health **or safety** emergency and government stimulus programs related thereto could materially and adversely impact the Company’ s business and results of operations. • Climate change, including increased frequency of extreme weather events, and related regulations could adversely affect the Company’ s business and ~~damage our reputation~~ **results of operations** . Strategic and Business Risks Increased competition from other pawnshops, **POS** ~~point- of- sale~~ consumer finance companies, other short- term consumer lenders, other LTO companies, governmental entities and other organizations offering similar financial services and retail products offered by the Company could adversely affect the Company’ s results of operations. The Company’ s principal competitors are other pawnshops, branch- based consumer ~~loan or finance companies, internet- based~~ lenders ~~, LTO stores, point- of- sale, LTO and consumer finance providers~~ , banks, credit unions ~~and various other types of~~ **, credit card issuers, online lenders, POS** consumer finance companies ~~that~~ **, LTO companies, general, specialty and online retailers, governmental entities and other organizations offering similar financial** ~~serve~~ **services and retail products to** ~~the~~ **those offered by the** Company ~~’ s primarily credit- constrained customer base~~ . In addition, banks ~~and~~ **, credit card issuers,** consumer finance companies ~~are~~ **and retailers continue to** ~~developing~~ --- **develop and enhance lending and** retail POS payment products and services designed to compete for the credit- constrained customer, many of which have greater financial resources and brand recognition than the Company. Significant increases in the number and size of competitors for the Company’ s business could result in a decrease in the number of the Company’ s pawn transactions or in AFF’ s transaction volumes, resulting in lower levels of revenue and earnings. Furthermore, the Company’ s retail pawn operations have many competitors, such as retailers of new and pre- owned merchandise, other pawnshops, thrift shops, online retailers of new and pre- owned merchandise, online ~~classified advertising~~ **marketplace and auction** sites ~~,~~ **and** social media platforms ~~and online auction sites~~ . Many consumers view these competitors as a safer, more price- competitive or convenient option for acquiring similar products **as** ~~to what the~~ **those sold by the** Company ~~sells~~ . AFF also competes with many of these retailers for consumers desiring to purchase lower cost merchandise for cash or on credit. In Mexico, the Company’ s pawn stores also compete directly with government- sponsored or affiliated non- profit foundations operating pawn stores. The Mexican government could take regulatory or administrative actions that would harm the Company’ s ability to compete profitably in the Mexico market. Increased competition or aggressive marketing and pricing practices by these competitors could result in decreased revenue, margins and inventory turnover rates in the Company’ s retail operations. Although the Company actively manages its product and service offerings to ensure that such offerings meet the needs and preferences of its customer base **(** and merchant partners, in the case of the AFF business **)** , the demand for a particular product or service may decrease due to a variety of factors, including many that the Company may not be able to control, anticipate or respond to in a timely manner, such as the availability and pricing of competing products or technology, **adoption of digital wallets and currencies,** changes in customers’ financial conditions as a result of changes in unemployment levels, declines in consumer spending habits related to general economic conditions, inflation, weather events, public health and safety issues, fuel prices, interest rates, government **-** sponsored economic stimulus programs, social welfare or benefit programs **, minimum wage increase** , real or perceived loss of consumer confidence or regulatory restrictions that increase or reduce customer access to particular products. The AFF business also competes in an industry that is subject to significant technological change and disruption **,** and AFF’ s ability to meet the needs of both merchants and consumers is dependent on its ability to adequately adapt and respond to these changes. The Company’ s retail sales depend in large part on sufficient inventory levels **,** driven primarily by forfeited collateral on pawn loans. If demand for pawn loans decreases, inventory levels typically decline, which can negatively impact retail sales. Should the Company fail to adapt to a significant change in its customers’ demand for, or regular access to, its products, the Company’ s revenue could decrease significantly. Even if the Company makes adaptations, its customers or merchants may resist or may reject products or services whose adaptations make them less attractive or less available. In any event, the effect of any product or service change on the results of the Company’ s business may not be fully ascertainable until the change has been in effect for some time. The Company’ s organic growth is subject to external factors and other circumstances over which it has limited control or that are beyond its control. These factors and circumstances could adversely affect the Company’ s ability to grow. The success of the Company’ s organic expansion strategy is subject to numerous external factors, including regulatory restrictions, general economic conditions and acceptance of the Company’ s products. With respect to the Company’ s pawn business, organic growth is largely driven by the ability to increase the productivity of its existing stores and successfully open new stores, which new store openings are impacted by the availability of sites with favorable customer demographics, limited competition from other pawn stores, community acceptance, suitable lease terms, its ability to attract, train and retain qualified associates and management personnel, the ability to obtain required government permits and licenses and the ability to complete construction and obtain utilities in a timely manner. With respect to the AFF business, organic growth is largely driven by the ability of AFF to expand its network of merchant partners, increase utilization of its products at its merchant partners and improve its technology to support increased growth, meet the needs of its merchants and consumers and make effective approval decisions with respect to its products. Some of these factors are beyond the Company’ s control. The failure to execute the Company’ s organic expansion strategy would adversely affect the Company’ s ability to expand its business and could materially adversely affect its business, prospects, results of operations and financial condition. The Company has historically grown ~~,~~ in large part ~~,~~ through strategic acquisitions, and the Company’ s strategy is to continue to pursue attractive acquisition opportunities if and when they become available. The success of an acquisition is subject to numerous internal and external factors, such as competition rules, the ability to consolidate information technology and accounting functions, the management of additional sales, administrative, operations and management personnel, overall management of a larger organization, competitive market forces, and general economic and regulatory factors. It is possible that the integration process could result in unrealized administrative and operational synergies, the loss of key employees, the disruption of ongoing businesses, tax costs or inefficiencies, or inconsistencies in standards, controls, information technology systems, procedures and policies, any of which could adversely affect the Company’ s ability to maintain relationships with customers, employees, or other third- parties or the Company’ s ability to achieve the anticipated benefits of such acquisitions and could harm its financial performance. Furthermore, future acquisitions may be in jurisdictions in which the Company does not currently operate or in lines of business that are new to the Company, which could make the successful consummation and integration of any such acquisitions more difficult. Acquisition targets may also become increasingly scarce in future periods or harder to acquire at attractive valuations. Failure to successfully integrate an acquisition could have an adverse effect on the Company' s business, results of operations and financial condition, and failure to successfully identify attractive acquisition targets and complete such acquisitions on favorable terms could have an adverse effect on the Company' s growth. Additionally, any acquisition ~~has~~ **carries** the risk that the Company may not realize a return on the acquisition or the Company' s investment. The Company' s future success is largely dependent upon the ability of its management team to successfully execute its business strategy. The Company' s future success, including its ability to achieve its growth and profitability goals, is dependent on the ability of its management team to execute ~~on~~ its long- term business strategy, which requires them to, among other things: (1) pursue organic growth by opening new pawn stores and expanding AFF' s network of merchant partners, (2) identify attractive acquisition opportunities, close on such acquisitions on favorable terms and successfully integrate acquired businesses, (3) encourage and improve customer traffic at its pawn stores and the utilization of AFF' s products with its existing merchant partners, (4) improve the customer experience at its pawn stores and for AFF' s merchant partners and customers, (5) enhance productivity of its pawn stores, including through investments in technology, (6) control expenses in line with current projections, (7) keep pace with technological change and improve the Company' s proprietary pawn **POS** ~~point- of- sale~~ and loan management system and AFF' s proprietary lease and loan management system and decisioning platform, and (8) effectively maintain its compliance programs and respond to regulatory developments and changes that impact its business. Failure of management to execute its business strategy could negatively impact the Company' s business, growth prospects, financial condition or results of operations. Further, if the Company' s growth is not effectively managed, the Company' s business, financial condition, results of operations and future prospects could be negatively affected, and the Company may not be able to continue to implement its business strategy and successfully conduct its operations. Operational Risks The Company depends on its senior management and may not be able to retain those employees or recruit additional qualified personnel. The Company depends on its senior management to execute its business strategy and oversee its operations. The Company' s senior management team has significant pawn industry experience in both Latin America and the United States as well as public company experience, which the Company believes is unique in the pawn industry. Furthermore, AFF' s senior management team provides the Company with significant experience with retail POS payment solutions for credit- constrained customers. The loss of services of any ~~of the members~~ - **member** of the Company' s senior management, including AFF' s management, could adversely affect the Company' s business until a suitable replacement can be found, if at all. There may be a limited number of persons with the requisite skills to serve in these positions, and the Company cannot ensure that it would be able to identify or employ such qualified personnel on acceptable terms. Furthermore, a significant increase in the costs to retain any members of the Company' s senior management could adversely affect the Company' s business and operations. The Company depends on hiring, training and retaining an adequate number of qualified employees to run its businesses. The Company' s pawn business relies heavily on hourly retail employees along with supervisory employees, while AFF relies heavily on sales, information technology, data science and customer service employees. The Company must attract, train, and retain a large number of employees, while at the same time controlling labor costs. In particular, the Company' s in- store positions have historically had high turnover rates, which can lead to increased training, retention and other costs and impair the overall customer service and efficiencies at the Company' s pawn stores. There has also been an increase in labor shortages and competition for employees, especially with respect to the Company' s hourly in- store employees, including from retailers and the restaurant industries. The Company also faces meaningful competition for AFF' s salesforce, information technology, call center and data science teams. The lack of availability of adequate employees or the Company' s inability to attract and retain qualified employees, or an increase in wages and benefits to current employees **,** could adversely affect its business, results of operations, cash flows and financial condition. Furthermore, federal, state or ~~local~~ **locally** legislated increases in the minimum wage, as well as increases in additional labor cost components such as employee benefit costs, workers' compensation insurance rates, compliance costs, fines and, in Mexico, additional costs associated with labor agreements, unions and profit sharing requirements, would increase the Company' s labor costs, which could have a material adverse effect on its business, prospects, results of operations and financial condition. The Company' s business depends on the uninterrupted operation of the Company' s facilities, systems and business functions, including its information technology and other business systems, and reliance on other companies to provide key components of its business systems. The Company' s business depends highly upon its ability to perform, in an efficient and uninterrupted fashion, necessary business functions such as operating, managing and securing its retail locations, technical support centers, security monitoring, treasury and accounting functions and other administrative support functions. Additionally, the Company' s storefront operations depend on the efficiency and reliability of the Company' s proprietary pawn **POS** ~~point- of- sale~~ and loan management system and AFF depends on its systems to process its transaction volume and effectively **take applications,** decision and service its customers. Furthermore, third ~~-~~ parties provide a number of key components necessary to the Company' s business functions and systems. Any problems caused by these third ~~-~~ parties could adversely affect the Company' s ability to deliver products and services to its customers and otherwise conduct its business. A shut- down of or inability to access these systems due to a power outage, a cyber- security breach or attack, a breakdown or failure of one or more of its information technology, telecommunications or other systems, or sustained or repeated disruptions of such systems could significantly impair its ability to perform such functions on a timely basis and could result in a deterioration of the Company' s ability to perform its day- to- day operations, provide customer service or perform other necessary business functions. **Security breaches, cyber attacks or fraudulent activity could result in damage to the Company' s operations or lead to reputational damage and expose the Company to significant liabilities.** An important component of the Company' s business involves collection, storage, use, disclosure, processing, transfer and other handling of a wide variety of sensitive, regulated and / or confidential information, including personally identifiable information, for various purposes in its business **with customers** . ~~The~~ **While the** Company **' s pawn business** has historically acquired and maintained minimal personal information ~~with respect to its pawn customers~~ (primarily name, address **, government identification numbers** and date of birth). AFF obtains additional personal information, including social security numbers, dates of birth, bank account and payment card information and data from consumer reporting agencies (including credit report information) from its customers, increasing the potential risk of unauthorized access to such confidential information. The Company is under constant threat of loss due to the velocity and sophistication of security breaches and cyber attacks. These security incidents and cyber attacks may be in the form of computer hacking, acts of vandalism or theft, malware, computer viruses or other malicious codes, phishing, employee error or malfeasance, catastrophes or unforeseen events or other cyber ~~-~~ attacks. A security breach of the Company' s computer systems, or those of the Company' s third- party service providers, including as a result of cyber attacks, could cause loss of Company assets **, sensitive customer information and transaction data** , interrupt or damage its operations or harm its reputation. In addition, the Company could be subject to liability if confidential customer or employee information is misappropriated from its computer systems. Any compromise of security, including security breaches perpetrated on persons with whom the Company has commercial relationships, that results in the unauthorized access to or use of personal information or the unauthorized access to or use of confidential employee, customer, supplier or Company information, could result in a violation of applicable privacy and other laws, significant legal and financial exposure, damage to the Company' s reputation, and a loss of confidence of the Company' s customers, vendors and others, which could harm its business and operations. Any compromise of security could deter people from entering into transactions that involve transmitting confidential information to the Company' s systems and could harm relationships with the Company' s suppliers, which could have a material adverse effect on the Company' s business. Actual or anticipated cyber attacks may cause the Company to incur substantial costs, including costs to prevent future attacks and investigate actual attacks, deploy additional personnel and protection technologies, train employees and engage third- party experts and consultants. Despite the Company' s implementation of significant security measures, including the use of encryption and authentication technology to provide security and authentication to effectively secure transmission of confidential information, these systems may still be vulnerable to physical break- ins, computer viruses, programming errors, attacks by third- parties or similar disruptive problems. The Company may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber attacks. Moreover, the Company may be unable to anticipate cyber attacks, react in a timely manner, or implement adequate preventative or remedial measures. Although the Company monitors its systems in order to detect security breaches or instances of unauthorized access to confidential information, there is no guarantee that its monitoring efforts will be effective. While the Company has not experienced any material losses relating to cyber attacks or other information security breaches to date, the Company and AFF have been the subject of attempted hacking and cyber attacks and there can be no assurance that the Company will not suffer significant losses or reputational harm in the future. Additionally, the regulatory environment related to information security and data collection, retention, use and privacy is increasingly rigorous, with new and constantly changing requirements applicable to the Company' s business, and compliance with those requirements could result in additional costs, such as increased investment in technology or investigative expenses, the costs of compliance with privacy laws, and fines, penalties and costs incurred to prevent or remediate information security or cyber breaches. Furthermore, federal and state regulators and many federal and state laws and regulations require notice of any data security breaches that involve personal information. These mandatory disclosures ~~regarding a security breach~~ are costly to implement and often lead to widespread negative publicity, which may cause consumers to lose confidence in the effectiveness of the Company' s data security measures. Any security breach suffered by the Company or its vendors, any unauthorized, accidental, or unlawful access or loss of data, or the perception that any such event has occurred, could result in a disruption to the Company' s operations, litigation, an obligation to notify regulators and affected individuals, the triggering of indemnification and other contractual obligations, regulatory investigations, government fines and penalties, reputational damage, and loss of customers and ecosystem partners, and its business could be materially and adversely affected. **For additional information on cybersecurity, see " Item 1C. Cybersecurity. "** Lastly, the Company' s cyber and other insurance policies carry retention and coverage limits **,** which may not be adequate to reimburse for losses caused by security breaches, and the Company may not be able to collect fully, if at all, under these insurance policies. Because the Company maintains a significant supply of cash, loan collateral and inventories in its pawn stores and certain processing centers, the Company may be subject to employee and third-party robberies, riots, looting, burglaries and thefts. The Company **may** also ~~may~~ be subject to liability as a result of crimes at its pawn stores. The Company' s business requires it to maintain a significant supply of cash, loan collateral and inventories, including gold and other precious metals, in most of its pawn stores and certain storage and processing locations. As a result, the Company is subject to the risk of employee and third- party robberies, riots, looting, burglaries and thefts. Although the Company has implemented various programs in an effort to reduce these risks and utilizes various security measures at its facilities, there can be no assurance that robberies, riots, looting, burglaries and thefts will not occur. Robberies, riots, looting, burglaries and thefts could lead to losses and shortages and could adversely affect the Company' s business, prospects, results of operations and financial condition. The Company maintains a program of insurance coverage for various types of property, casualty and other risks. However, the insurance program generally has large deductibles and **co- insurance requirements and** may not be adequate to cover all such losses. The Company could also experience liability or adverse publicity arising from such crimes. Any such event may have a material and adverse effect on the Company' s business, prospects, results of operations and financial condition. If the Company is unable to protect its intellectual property rights, its ability to compete could be negatively impacted. The success of the Company' s business depends to a certain extent upon the value associated with its intellectual property rights, including its proprietary, internally developed **POS** ~~point- of- sale~~ and loan management system that is in use in its pawn stores and its proprietary application and decisioning technology that is used by the AFF business. The Company relies on a combination of trademarks, trade dress, trade secrets, proprietary software, website domain names and other rights, including confidentiality procedures and contractual provisions **,** to protect its proprietary technology, processes and other intellectual property. While the Company intends to vigorously protect its trademarks and proprietary systems against infringement, it may not be successful. In addition, the laws of certain foreign countries may not protect intellectual property rights to the same extent as the laws of the U. S. The costs required to protect the Company' s intellectual property rights and trademarks could be substantial. The Company' s businesses are typically subject to seasonality, which causes the Company' s revenues and operating cash flows to fluctuate and may adversely affect the Company' s ability to borrow on its unsecured credit facilities, service its debt obligations and fund its operations. The Company' s U. S. pawn business typically experiences reduced demand in the first and second quarters as a result of its customers' receipt of federal tax refund checks **,** typically in February of each year **,** while demand typically increases during the third and fourth quarters. The ~~AFF business experiences significantly higher originations in the fourth quarter associated with holiday shopping, which also generally positively impacts retail sales in the Company' s pawn stores in the fourth quarter, and reduced demand in the first and second quarters as retail expenditures are generally lower in these quarters. Typically, the~~ Company' s pawn business **usually** experiences seasonal growth of service fees in the third and fourth quarter of each year due to loan balance growth. Service fees generally decline in the first and second quarter of each year due to the typical repayment of pawn loans associated with statutory bonuses received by customers in the fourth quarter in Mexico and with tax refund proceeds typically received by customers in the first quarter in the U. S **. The AFF business experiences significantly higher originations in the fourth quarter associated with holiday shopping, which shopping also generally positively impacts retail sales in the Company' s pawn stores in the fourth quarter, and reduced demand in the first and second quarters as retail expenditures are generally lower in these quarters** . This seasonality requires the Company to manage its cash flows over the course of the year. If a governmental authority were to pursue economic stimulus actions or issue additional tax refunds, tax credits or other transfer payments at other times during the year, such actions could have a material adverse effect on the Company' s business, prospects, results of operations and financial condition during these periods. If the Company' s revenues were to fall substantially below what it would normally expect during certain periods, the Company' s annual financial results, its ability to borrow on its unsecured credit facilities, and its ability to service its debt obligations or fund its operations, including originations for the AFF business, could be adversely affected. The failure or inability of third ~~-~~ parties who provide products, services or support to the Company to maintain ~~their~~ **such** products, services or support could disrupt Company operations or result in a loss of revenue. The Company' s operations and cash management are dependent upon the Company' s ability to maintain retail banking services, treasury management services and borrowing relationships with commercial banks. Actions by federal regulators in the U. S. and Latin American countries where the Company operates have caused many commercial banks, including certain banks used by the Company, to cease offering such services to the Company and other businesses in the pawn, LTO and consumer finance industries. The Company also relies significantly on outside vendors to provide services related to financial transaction processing (including credit and debit card processors), utilities, store security, armored transport, precious metal smelting, data and voice networks and other information technology products and services. The failure or inability of any of these third- party financial institutions or vendors to provide such services could limit the Company' s ability to grow its business and could increase the Company' s costs of doing business, which could adversely affect the Company' s operations if the Company is unable to timely replace them with comparable service providers at a comparable cost. Regulators and payment processors are scrutinizing certain consumer finance companies' access to the Automated Clearing House (" ACH ") system to disburse and collect proceeds and repayments for consumer finance products, and any interruption or limitation on the Company' s ability to access this critical system would materially adversely affect its business. It has been reported **over the past several years** that actions, **such** ~~referred to~~ as Operation Choke Point, by the U. S. Department of Justice (the " Justice Department "), the Federal Deposit Insurance Corporation (the " FDIC ") and certain state regulators appear to be intended to discourage banks and ACH payment processors from providing access to the ACH system for certain lenders that they believe are operating illegally, cutting off their access to the ACH system to either debit or credit customer accounts (or both). In the past, this heightened regulatory scrutiny by the Justice Department, the FDIC and other regulators has caused some banks and ACH payment processors to cease doing business with consumer finance companies who are operating legally, without regard to whether those companies are complying with applicable laws, simply to avoid the risk of heightened scrutiny or even litigation. These actions have reduced the number of banks and payment processors who provide commercial banking services, credit facilities and ACH payment processing services which could conceivably make it increasingly difficult to find banking partners and payment processors in the future and / or lead to significantly increased costs for capital and these services. Furthermore, the Company also relies on credit card companies and payment processors for a significant portion of its retail sales as well as payments on its pawn loans, LTO, RISA and bank loan products. These companies may decide to cease doing business with the Company due to regulatory or reputational concerns. If the Company is unable to maintain access to needed services on favorable terms, the Company would have to materially alter, or possibly discontinue, some or all of its business if alternative processors are not available. **The Company' s risk management efforts may not be effective. The Company could incur substantial losses and its business operations could be disrupted if the Company is unable to effectively identify, manage, monitor and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk and other market- related risks, as well as regulatory and operational risks related to its business, assets and liabilities. The Company' s risk management policies, procedures and techniques may not be sufficient to identify all of the risks it is exposed to, mitigate the risks the Company has identified or identify concentrations of risk or additional risks to which the Company may become subject in the future.** Regulatory, Legislative and Legal Risks The Company' s products and services are subject to extensive regulation and supervision under various federal, state and local laws, ordinances and regulations in both the U. S. and Latin America. If changes in regulations affecting the Company' s pawn business or the

AFF business create increased restrictions, or have the effect of prohibiting pawn loans or POS payment products in the jurisdictions where the Company currently operates, such regulations could materially impair or reduce the Company' s business and limit its expansion into new markets. The Company' s products and services are subject to extensive regulation and supervision under various federal, state and local laws, ordinances and regulations in both the U. S. and Latin America. Federal and state regulatory authorities are increasingly focused on consumer finance and retail POS payment products **, such as those offered by the Company,** for credit- constrained consumers ~~such as those offered by the Company~~ . The Company faces the risk that restrictions or limitations on pawn loans and retail POS payment products resulting from the enactment, change, interpretation or enforcement of laws and regulations in the U. S. or Latin America could have a negative effect on the Company' s business activities **. For example, certain states have capped interest rates on consumer loans at 36 % and there has been legislation proposed at the Federal level and in other states to implement a comparable cap on interest rates on consumer loans. If such caps were implemented more broadly, they could have a material impact on the Company' s revenues and profitability** . In addition, certain consumer advocacy groups, federal, state and local legislators and governmental agencies have also asserted that rules, laws and regulations should be tightened so as to severely limit, if not eliminate, the availability of pawn transactions, POS payment products and buy / sell agreements to consumers. Moreover, the Company expects the current presidential administration in the U. S. to devote substantial attention to consumer protection matters, including more aggressive enforcement actions, and, as a result, businesses transacting with credit- constrained consumers could be held to higher standards of monitoring, disclosure and reporting, regardless of whether new laws or regulations governing the Company' s industry are adopted. It is difficult to assess the likelihood of the enactment of any unfavorable federal or state legislation or local ordinances, and there can be no assurance that additional legislative, administrative or regulatory initiatives will not be enacted that would severely restrict, prohibit, or eliminate the Company' s ability to offer certain products and services. In particular, with respect to the Company' s pawn business, restrictions and regulations such as licensing requirements for pawn stores and their employees, customer identification requirements, suspicious activity reporting, disclosure requirements and limits on interest rates, loan service fees, or other fees have been and continue to be proposed. Adoption of such federal, state or local regulation or legislation in the U. S. and Latin America could restrict, or even eliminate, the availability of pawn transactions and buy / sell agreements at some or all of the Company' s locations, which would adversely affect the Company' s operations and financial condition. In addition, certain aspects of the AFF business, such as the content of its advertising and other disclosures to customers about transactions, its collection practices, the manner in which AFF contacts its customers, the decisioning process regarding whether to enter into a transaction with a potential customer, its credit reporting practices and the manner in which it processes and stores certain customer, employee and other information are subject to federal and state laws and regulatory oversight. These applicable state and federal privacy laws will require AFF to design, implement and maintain different types of privacy- and access- related compliance controls and programs simultaneously in multiple states, thereby further increasing the complexity and cost of compliance. Moreover, certain states limit the total amount or rate of finance charge that AFF may charge a customer ~~in order~~ for the customer to achieve ownership of the leased merchandise at the end of the lease term. Additional states may elect to implement similar limits or states with existing limits may elect to further lower the total cost that AFF may charge a customer to achieve ownership of the leased merchandise at the end of the lease term, which could have an adverse effect on the Company' s results of ~~operation~~ **operations** and financial condition. The complexity of the political and regulatory environment in which the Company operates and the related cost of compliance are both increasing due to the changing political landscape, additional legal and regulatory requirements, the Company' s ongoing expansion into new markets and the fact that foreign laws occasionally are vague or conflict with domestic laws. In addition to potential damage to the Company' s reputation and brand, failure to comply with applicable federal, state and local laws and regulations **,** such as those outlined elsewhere in these risk factors may result in the Company being subject to claims, lawsuits, fines and adverse publicity that could have a material adverse effect on its business, results of operations and financial condition. The Company is the subject of a lawsuit initiated by the CFPB alleging violations of the MLA and the Company' s predecessor company' s 2013 CFPB consent order ~~and a purported securities class action and derivative action~~ . On November 12, 2021, the CFPB initiated a civil action in the United States District Court for the Northern District of Texas against FirstCash, Inc. and Cash America West, Inc., two of the Company' s subsidiaries, alleging violations of the MLA **in connection with pawn transactions** . The CFPB also alleges that ~~FirstCash, Inc. violated~~ **these same alleged violations of the MLA constitute breaches of** a 2013 CFPB **consent** order ~~against its~~ **entered into by the Company' s** predecessor ~~company~~ that, among other things, **allegedly** required ~~the~~ **such** predecessor company **and its successors** to cease and desist from further MLA violations. The CFPB is seeking an injunction, redress for affected borrowers and a civil monetary penalty. On March 28, 2022, the CFPB filed a motion to strike certain affirmative defenses of the Company ~~, which motion remains pending~~ . **The** ~~On April 27, 2022, the~~ Company ~~filed~~ **responded by filing** a motion for partial summary judgment ~~, which remains pending~~ . On October 24, 2022, the Company filed a motion to dismiss the lawsuit ~~due to~~ **on the basis that** the funding structure of the CFPB ~~, which the motion alleges~~ is unconstitutional. This motion to dismiss follows the recent decision **in another case** by the Fifth Circuit Court of Appeals, **which found** ~~where the U. S. District Court for the Northern District of Texas sits, finding~~ that the CFPB is unconstitutionally structured ~~based upon its funding mechanism~~ . The ~~motion to dismiss remains~~ **Fifth Circuit' s decisions govern the law applied in the jurisdiction in which the CFPB action is** pending **against the Company** . ~~On~~ **In light of the CFPB' s stated intent to seek Supreme Court review of that decision, the parties stipulated to a stay of the action against the Company, which the Supreme Court entered on** November 4, 2022 **. The Supreme Court is currently reviewing** ~~, the case was stayed pending the CFPB appeal of~~ the Fifth Circuit ~~ruling to~~ **' s decision, with oral arguments having been completed on October 3, 2023. The stay of** the ~~United States~~ **CFPB' s action against the Company will remain in effect until the** Supreme Court **issues its decision with respect to the appeal. If the Supreme Court decides in favor of the CFPB, the stay will be lifted and the Company and the CFPB will continue to**

litigate the civil action brought against the Company by the CFPB . While the Company intends to vigorously defend itself against the allegations in the case, it cannot predict or determine the timing or final outcome of this matter, or the effect that any adverse determinations from the lawsuit may have on the Company. An unfavorable determination in the lawsuit could result in the payment of substantial monetary damages, which could have a material effect on the Company' s business, results of operations or financial condition. The Company may also be required to modify its business practices in the event of an unfavorable determination in the lawsuit, which could result in increased operational costs and **could** negatively impact demand for its products and customer satisfaction. Further, the legal costs associated with the lawsuit, which may not be covered by insurance, and the amount of time required to be spent by management and the Board on this matter, even if the Company is ultimately successful, could have a material effect on its business, financial condition and results of operations. Following the announcement of the CFPB' s action, the Company ~~has become~~ **became the** subject to a purported **shareholder class action and derivative action related to the CFPB' s lawsuit. While both the** securities class action and derivative action ~~related to~~ **have been dismissed,** ~~the~~ **there** ~~CFPB' s lawsuit and may~~ **is no guarantee that the Company will not** become subject to ~~further~~ **future securities litigation** related **to the CFPB** ~~litigation. On January 14, 2022, plaintiff Genesee County Employees' Retirement System filed a putative shareholder securities class action~~ lawsuit ~~(the " Litigation ") in the United States District Court for the Northern District of Texas against the Company and certain of its current officers styled Genesee County Employees' Retirement System v. FirstCash Holdings, Inc., et al., Civil Action No. 4: 22- CV- 00033- P (N. D. Tex.). The complaint alleges that the defendants made materially false and / or misleading statements that caused losses to investors~~ , including ~~that the Company failed to disclose~~ in ~~public statements that~~ the **event of** ~~Company engaged in widespread and~~ - **an adverse outcome** ~~systemic violations of the MLA. The Litigation does not quantify any alleged damages, but,~~ in ~~addition to attorneys' fees and costs, it seeks to recover damages on behalf of the plaintiff and other~~ -- **the CFPB** ~~persons who purchased or otherwise acquired Company stock during the putative class period from February 1, 2018 through November 12, 2021 at allegedly inflated prices and purportedly suffered financial harm as a result. On June 8, 2022, the Company and named defendants filed a motion to dismiss, which remains pending. The Company was named as a nominal defendant and certain of the Company' s current and former directors and officers were named as defendants in a shareholder derivative~~ lawsuit ~~filed on July 19, 2022 in the United States District Court for the Northern District of Texas and styled Treppel Family Trust U / A 08 / 18 / 18 Lawrence A. Treppel and Geri D. Treppel for the Benefit of Geri D. Treppel and Larry A. Treppel, Derivatively on Behalf of FirstCash Holdings, Inc., v. Rick L. Wessel, et. al, Case 4: 22- cv- 00623- P (N. D. Tex). The complaint makes similar allegations as the Litigation and alleges a single count for breach of fiduciary duty against the named derivative defendants. The action does not quantify any alleged damages, but, in addition to attorneys' fees and costs and certain equitable relief, the derivative plaintiff seeks to recover damages on behalf of the Company for purported financial harm and to have the court order changes in the Company' s corporate governance. On August 8, 2022, the court stayed all proceedings in this derivative action pending the disposition of any motion to dismiss filed in the Litigation. On November 1, 2022, the putative plaintiff dismissed Jorge Montanõ from the action without prejudice. An unfavorable result in these matters could have a material impact on the Company' s financial condition and results of operations~~ . The FTC and the CFPB have regulatory, supervisory and enforcement powers over providers of consumer financial products and services in the U. S., and each could exercise its enforcement powers in ways that could have a material adverse effect on the Company' s business and financial results. The FTC is charged with preventing unfair or deceptive acts or practices and false or misleading advertisements, and the CFPB is charged with preventing unfair, deceptive or abusive acts or practices **with respect to consumer financial goods and services** . To this end, the FTC and CFPB have been exercising their supervisory and investigative powers over certain non- bank providers of consumer financial products and services. In particular, both the FTC and CFPB have the authority to issue civil investigative demands and pursue administrative proceedings or litigation for actual or perceived violations of some federal consumer laws. In these proceedings, the FTC can seek consent orders, confidential memorandums of ~~understandings~~ - **understanding** , cease and desist orders (which can include orders for redisclosure, restitution or rescission of contracts, as well as affirmative or injunctive relief) and monetary penalties. The CFPB' s examination authority permits its examiners to inspect the books and records of providers of short- term, small dollar loans and **to** ask questions about their business practices. As a result of these examinations of non- bank providers of consumer credit, the Company could be subject to specific enforcement action, including monetary penalties, which could adversely affect the Company. Also, where a company is alleged to have violated Title X of the Dodd- Frank Act or CFPB regulations implemented under Title X of the Dodd- Frank Act, the Dodd- Frank Act empowers state attorneys general and certain state regulators to bring civil actions to remedy alleged violations of law. If the CFPB or one or more state attorneys general or state regulators believe that the Company has violated any of the applicable laws or regulations or any consent orders or confidential memorandums of understanding against or with the Company, they could exercise their enforcement powers in ways that could have a material adverse effect on the Company' s business and financial results. Furthermore, under the current presidential administration in the U. S., the CFPB has been more aggressive in ~~their~~ **its** exercise of the enforcement powers **,** making it more likely, as evidenced by the CFPB' s action against the Company related to alleged violations of the MLA, that future enforcement actions will be brought against consumer finance companies providing services and products to credit- constrained customers. See " Item 1. Business — ~~Government~~ **Governmental** Regulation " for a further discussion of the regulatory authority of the CFPB. The FDIC has issued examination guidance affecting AFF' s unaffiliated third- party lender and these or subsequent new rules and regulations could have a significant impact on AFF' s **Bank- originated** products ~~originated by the Bank~~ . The installment loans are originated by the Bank using technology and marketing services provided by AFF. The Bank is supervised and examined by both the ~~state~~ **State** of Utah, which charters the Bank, and the FDIC. If the FDIC or the Utah Department of Financial Institutions considers any aspect of the **Bank- originated** products ~~originated by the Bank~~ to be inconsistent with its guidance, the Bank may be required to alter or discontinue the product. On July 29, 2016, the board of directors of the FDIC released examination guidance relating to third- party lending, which, if finalized, would apply to all FDIC- supervised institutions that engage in third- party lending programs, including certain bank products. The proposed guidance elaborates on previously- issued agency guidance on managing third- party risks and specifically addresses third- party lending arrangements where an FDIC- supervised institution relies on a third party to perform ~~a~~ **one or more** significant ~~aspect~~ **aspects** of the lending process. The types of relationships that would be covered by the guidance include (but are not limited to) relationships for originating loans on behalf of, through or jointly with third ~~-~~parties, or using platforms developed by third parties. If adopted as proposed, the guidance would result in increased supervisory attention of institutions that engage in significant lending activities through third ~~-~~parties, including at least one examination every 12 months, as well as supervisory expectations for a third- party lending risk management program and third- party lending policies that contain certain minimum requirements, such as self- imposed limits as a percentage of total capital for each third- party lending relationship and for the overall loan program, relative to origination volumes, credit exposures (including pipeline risk), growth, loan types, and acceptable credit quality. While the guidance has never formally been adopted, it is the Company' s understanding that the FDIC has relied upon it in its examination of third- party lending arrangements. If AFF' s originating bank partner model is successfully challenged or deemed impermissible, ~~it~~ **AFF** could be found to be in violation of licensing, interest rate limit, lending or brokering laws and **could** face penalties, fines, litigation or regulatory enforcement. Loans originated through the Bank' s program accounted for ~~4~~ **3** % of the Company' s ~~total~~ **consolidated net** revenues during ~~2022~~ **2023** . AFF relies on its originating bank partner model to comply with various federal, state and other laws. If the legal structure underlying AFF' s relationship with the Bank was successfully challenged, it may be found to be in violation of state licensing requirements and state laws regulating interest rates and fees **and** ~~, as well as~~ disclosures. In the event of such a challenge or if ~~its~~ **AFF' s** arrangements with the Bank were to end for any reason, AFF would need to find and rely on an alternative bank relationship, rely on existing state licenses, obtain new state licenses, pursue a bank charter, offer consumer loans and / or be subject to the interest rate limitations of certain states. AFF could be subject to litigation, whether private or governmental, or administrative action regarding the above claims. The potential consequences of an adverse determination could include the inability to collect loans at the **contracted** interest rates ~~contracted for~~ , licensing violations, ~~the~~ loans **deemed** ~~being found to be~~ unenforceable or void, the reduction of interest or principal, or other penalties or damages. Third- party purchasers of loans facilitated through AFF' s platform also may be subject to scrutiny or similar litigation, whether based upon the inability to rely upon the " valid when made " doctrine or because a party other than the Bank is deemed the true lender. Governments, including agencies at the national, state and local levels, may seek to enforce or impose new laws, regulatory restrictions, licensing requirements or taxes that affect the Company' s products or services it offers, the terms on which it may offer ~~them~~ **such products and services** , and the disclosure, compliance and reporting obligations it must fulfill in connection with its business. They may also interpret or enforce existing requirements in new ways that could restrict the Company' s ability to continue its current methods of operation or to expand operations, **could** impose significant additional compliance costs, and could have a material adverse effect on the Company' s financial condition and results of operations. In some cases, these measures could even directly prohibit some or all of the Company' s current business activities in certain jurisdictions ~~,~~ or render them unprofitable and / or impractical to continue. Media reports, statements made by regulators and elected officials and **the general** public perception **that** ~~in general of~~ pawnshops, LTO and retail finance products for credit- constrained consumers **are** ~~as being~~ predatory or abusive could materially adversely affect the Company' s businesses. In recent years, consumer advocacy groups and some media reports, in both the U. S. and Latin America, have advocated governmental action to prohibit or place severe restrictions on the Company' s products and services. Reports and statements made by consumer advocacy groups, members of the media, regulators and elected officials often focus on the annual or monthly cost to a consumer of pawn, LTO and certain retail finance transactions, which are higher than the interest typically charged by banks to consumers with better credit histories. These reports and statements typically characterize these products as predatory or abusive and often focus on alleged instances of pawn operators purchasing or accepting stolen property as pawn collateral. If the negative characterization of the Company' s businesses becomes increasingly accepted by consumers, demand for its products could significantly decrease, which could materially affect the Company' s results of operations and financial condition. Additionally, if the negative characterization of these types of transactions becomes increasingly accepted by legislators and regulators, the Company could become subject to more restrictive laws and regulations that could have a material adverse effect on the Company' s financial condition and results of operations. Furthermore, any negative public perception of pawnshops generally would also likely have a material negative impact on the Company' s retail operations, including reducing the number of consumers willing to shop at the Company' s stores. Judicial or administrative decisions, CFPB ~~rule- making~~ **rulemaking** , amendments to the Federal Arbitration Act (the " FAA ") or new legislation could render the arbitration agreements the Company uses illegal or unenforceable. The Company includes dispute arbitration provisions ~~for~~ **in** its ~~employees~~ **employment agreements** and in its pawn, LTO and retail finance agreements **to the extent permitted to do so under applicable law** . These provisions are designed to allow the Company to resolve any employee or customer disputes through individual arbitration rather than in court. The Company' s arbitration provisions explicitly provide that all arbitrations will be conducted on an individual **basis** and not on a class or collective basis. Thus, the Company' s arbitration agreements, if enforced, have the effect of mitigating **, but not eliminating,** class and collective action liability. However, a number of state and federal circuit courts and the National Labor Relations Board have concluded that arbitration agreements with consumer class action waivers are " unconscionable " and hence unenforceable, particularly where a small dollar amount is in controversy on an individual basis. Therefore, it is possible that the Company' s consumer arbitration agreements will be rendered unenforceable. Additionally, Congress has considered legislation that would generally limit or prohibit mandatory dispute arbitration in certain consumer contracts, and it has adopted such prohibitions with respect to certain mortgage loans and certain consumer loans to active- duty members of the military and their dependents. Any judicial or administrative decision, federal legislation or agency rule that would impair the Company' s ability to enter into and enforce consumer arbitration agreements with class action waivers could significantly increase the Company' s exposure to class action litigation as well as litigation in plaintiff **-** friendly jurisdictions. Such litigation could have a material adverse effect on the Company' s business, results of operations and financial condition. The Company or its subsidiaries has been, is, or may become involved in lawsuits, **arbitration claims (including mass arbitrations);** regulatory or administrative proceedings ~~,~~ **;** examinations ~~,~~ **;** investigations ~~,~~ **;** consent orders ~~,~~ **;** memorandums of understanding ~~,~~ **;** audits ~~,~~ **;** other actions arising in the ordinary course of business, including those related to consumer financial protection, federal or state wage and hour laws, product liability, unclaimed property, employment, personal injury **;** and other matters that could cause it to incur substantial expenditures and generate adverse publicity. In particular, the Company may be involved in lawsuits **, arbitration claims** or regulatory actions related to consumer finance and protection, employment, marketing, unclaimed property, competition matters, and other matters, including class action lawsuits brought against it for alleged violations of the Fair Labor Standards Act, state wage and hour laws, state or federal advertising laws, consumer protection, lending and other laws. The consequences of defending proceedings or an adverse ruling in any current or future litigation, **arbitration claims (including mass arbitrations),** judicial or administrative proceeding, including consent orders or memorandums of understanding, could cause the Company to incur substantial legal fees, have to refund fees and / or interest collected, refund the principal amount of advances, pay treble or other multiples of damages, pay monetary penalties, fines, and / or modify or terminate the Company' s operations in particular states or countries. Defense or filing of any lawsuit **, arbitration claims** or administrative proceeding, even if successful, could require substantial time, resources, and attention of the Company' s management and could require the expenditure of significant amounts for legal fees and other related costs. Settlement of lawsuits or administrative proceedings may also result in significant payments and modifications to the Company' s operations. Due to the inherent uncertainties of litigation, administrative proceedings and other claims, the Company cannot accurately predict the ultimate outcome of any such matters. Adverse court and administrative interpretations or enforcement of the various laws and regulations under which the Company operates could require the Company to alter the products that it offers or cease doing business in the jurisdiction where the court, state or federal agency interpretation and enforcement is applicable. The Company is also subject to regulatory proceedings, and the Company could suffer losses from interpretations and enforcement of state or federal laws in those regulatory proceedings, even if it is not a party to those proceedings. Any of these events could have a material adverse effect on the Company' s business, prospects, results of operations and financial condition and could impair the Company' s ability to continue current operations. The sale and pawning of firearms, ammunition and certain related accessories is subject to current and potential regulation, which could have a material adverse effect on the Company' s reputation, business, prospects, results of operations and financial condition. Because the Company accepts firearms as pawn collateral and buys and sells firearms, ammunition and certain related accessories in many of its U. S. pawn locations, the Company is required to comply with federal, state and local laws and regulations pertaining to the pawning, purchase, storage, transfer and sale of such products, and the Company is subject to reputational harm if a customer purchases or ~~pawns~~ **redeems** a **pawned** firearm that is later ~~used~~ **involved** in a ~~deadly~~ shooting **or other crime** . Over the past several years, the purchase, sale and ownership of firearms, ammunition and certain related accessories has been the subject of increased media scrutiny and federal, state and local regulation. If enacted, new laws and regulations could limit the types of licenses, firearms, ammunition and certain related accessories that the Company is permitted to purchase and sell and could impose new restrictions and requirements on the manner in which the Company pawns, offers, purchases and sells these products, which could have a material adverse effect on the Company' s business, prospects, results of operations and financial condition. Furthermore, the Company may incur losses and reputational damage due to lawsuits relating to its performance of background checks on firearms purchases as mandated by state and federal law, the selling of firearms or the improper use of firearms sold by the Company, including lawsuits by individuals, municipalities, state or federal agencies or other organizations attempting to recover damages or costs from firearms retailers relating to the sale or misuse of firearms. Furthermore, if any firearms sold by the Company are used in the commitment of any crimes or mass shootings, it could result in significant adverse media attention against the Company, have a material adverse impact on the reputation of the Company and result in material litigation against the Company. Commencement of such lawsuits or any adverse media attention against the Company could have a material adverse effect on its business, reputation, prospects, results of operations and financial condition. The Company is subject to the FCPA, anti- money laundering laws and other anti- corruption laws, and the Company' s failure to comply with these laws could result in penalties that could have a material adverse effect on its business, results of operations and financial condition. The Company is subject to the FCPA, which generally prohibits companies and their agents or intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and / or other benefits. The Company is also subject to anti- money laundering laws in both the United States and Latin America and anti- terrorism financing laws and regulations, including the Bank Secrecy Act and the Patriot Act. Furthermore, AFF is required under its agreements with its originating bank partner to maintain an enterprise- wide program designed to enable it to comply with all applicable anti- money laundering and anti- terrorism financing laws and regulations, including the Bank Secrecy Act and the Patriot Act. Although the Company has policies and procedures designed to ensure that it, its employees, agents, and intermediaries comply with the FCPA, anti- money laundering laws and other similar laws and regulations, there can be no assurance that such policies or procedures will work effectively all of the time or protect the Company against liability for actions taken by its employees, agents, and intermediaries with respect to its business or any businesses that it may acquire. In the event the Company believes, or has reason to believe, its employees, agents, or intermediaries have or may have violated applicable anti- corruption laws in the jurisdiction in which it operates, including the FCPA, the Company may be required to investigate or have a third ~~–~~ party investigate the relevant facts and circumstances, which can be expensive and require significant time and attention from senior management. The Company' s continued operation and expansion outside the U. S., especially in Latin America, could increase the risk, perceived or otherwise, of such violations in the future. If the Company is found to have violated the FCPA, anti- money laundering laws or other similar laws, the Company may be subject to criminal and civil penalties and other remedial measures, which could have an adverse effect on its business, results of operations, financial condition, and relationship with regulators and the Bank. Investigation of any potential or perceived violations of the FCPA, anti- money laundering laws or other similar laws by U. S. or foreign authorities could harm the Company' s reputation and could have a material adverse effect on its business, results of operations and financial condition. Failure to maintain certain criteria required by state and local regulatory bodies could result in fines or the loss of the Company' s licenses to conduct business. Most states and many local jurisdictions **,** both in the U. S. and in Latin America **,** in which the Company operates require registration and licenses of stores and employees to conduct the Company' s business. These states or their respective regulatory bodies have established criteria the Company must meet in order to obtain, maintain, and renew those licenses. In addition, the AFF business is also subject to certain states' laws which regulate and require licensing, registration, notice filing or other approval by parties that engage in certain activity regarding consumer finance transactions, including facilitating and assisting such transactions in certain circumstances. Furthermore, certain states and localities have also adopted laws requiring licensing, registration, notice filing, or other approval for consumer debt collection or servicing, and / or purchasing or selling consumer loans. From time to time, the Company is subject to audits in various states to ensure it is meeting the applicable requirements to maintain the applicable licenses and registrations. Failure to meet the Company' s legal compliance requirements could result in substantial fines and penalties, store closures, the temporary or permanent suspension of operations, the revocation of existing licenses and / or the denial of new and renewal licensing requests. The Company cannot guarantee future license applications or renewals will be granted. If the Company were to lose any of its licenses to conduct its business, it could result in the temporary or permanent closure of stores and / or cessation of ~~AFF' s~~ consumer lending activities, any of which could adversely affect the Company' s business, results of operations and cash flows. Foreign Operations Risks The Company derives significant revenue, earnings and cash flow from operations in Latin America, where business operations are transacted primarily in Mexican pesos, and in Guatemalan quetzales and Colombian pesos to a lesser extent. The Company' s exposure to currency exchange rate fluctuations results primarily from the translation exposure associated with the preparation of the Company' s consolidated financial statements, as well as from transaction exposure associated with transactions and assets and liabilities denominated in currencies other than the respective subsidiaries' functional currencies. While the Company' s consolidated financial statements are reported in U. S. dollars, the financial statements of the Company' s Latin American subsidiaries are prepared using their respective functional currency and translated into U. S. dollars by applying appropriate exchange rates. As a result, fluctuations in the exchange rate of the U. S. dollar relative to the Latin American currencies could cause significant fluctuations in the value of the Company' s assets, liabilities, stockholders' equity and operating results. In addition, while expenses with respect to foreign operations are generally denominated in the same currency as corresponding sales, the Company has transaction exposure to the extent expenditures are incurred in currencies other than the respective subsidiaries' functional currencies. The costs of doing business in foreign jurisdictions also may increase as a result of adverse currency rate fluctuations. In addition, changes in currency rates could negatively affect customer demand, especially in Latin America and in U. S. stores located near the Mexican border. For a detailed discussion of the impact of fluctuations in currency exchange rates, see " Item 7A. Quantitative and Qualitative Disclosures About Market Risk. " Risks and uncertainties related to the Company' s foreign operations could negatively impact the Company' s operating results. As of December 31, ~~2022~~ **2023** , the Company had 1, ~~771~~ **814 pawn** store locations in Latin America, including 1, ~~682~~ **721** in Mexico, ~~61~~ **65** in Guatemala, 14 in Colombia and 14 in El Salvador, and the Company plans to open or acquire additional **pawn** stores in Latin America in the future. In addition, AFF owns ~~a~~ customer service call ~~center~~ **centers** operating in Jamaica **and Mexico** and utilizes third- party call center services located in the Dominican Republic and Mexico. Doing business in each of these countries involves increased risks related to geo- political events, political instability, corruption, economic volatility, property crime, drug cartel and gang- related violence, social and ethnic unrest including riots and looting, enforcement of property rights, governmental regulations, tax policies, banking policies or restrictions, foreign investment policies, public safety, health and security, anti- money laundering regulations, interest rate regulation and import / export regulations, among others. As in many developing markets, there are also uncertainties as to how both local law and U. S. federal law is applied, including ~~areas involving~~ **laws related to** commercial transactions and foreign investment. As a result, actions or events could occur in these foreign countries that are beyond the Company' s control, which could restrict or eliminate the Company' s ability to operate some or all of its locations in these countries or significantly reduce customer traffic, product demand and the expected profitability of such operations. Many of the foreign countries in which the Company operates impose costs on non- domestic companies through the use of local regulations, tariffs, labor controls and other federal or state requirements or legislation. As the Company derives significant revenue, earnings and cash flow from operations in Latin America, primarily in Mexico, there are some inherent risks regarding the overall stability of the trading relationship between Mexico and the U. S. and the burdens imposed thereon by any changes to (or the adoption of new) regulations, tariffs or other federal or state legislation. Specifically, the Company has significant exposure to fluctuations and devaluations of the Mexican peso and the health of the Mexican economy, which, in each case, may be negatively impacted by changes in U. S. trade treaties, including the United States- Mexico- Canada Agreement and corporate tax policy. In some cases, there have been negative reactions to the enacted and / or proposed policies as expressed in the media and by politicians in Mexico, which could potentially negatively impact U. S. companies operating in Mexico. In particular, there is continued uncertainty around Mexico' s current federal administration and how the policies as applied by its administration, including conducting aggressive corporate tax and other regulatory audits, adverse government discretion, and support of increased employee minimum wages, profit sharing and benefit programs, may impact U. S. companies doing business in Mexico generally and pawn and consumer finance companies in particular. **Any** ~~While the Company engages in limited cross- border transactions other than those involving scrap jewelry sales, any~~ such changes in regulations, trade treaties, corporate tax policy, import taxes or adverse court or administrative interpretations of the foregoing could adversely and significantly affect the Mexican economy and ultimately the Mexican peso, which could adversely and significantly affect the

Company' s financial position and results of the Company' s Latin America pawn operations ~~. Risks Related to the AFF Acquisition The Company may fail to realize all of the anticipated benefits of the AFF Acquisition or those benefits may take longer to realize than expected. The Company' s ability to realize the anticipated benefits of the AFF Acquisition depends, to a large extent, on its ability to integrate the AFF business, which is a complex, costly and time- consuming process, and for the AFF business to achieve its projected growth rates. AFF also represents a new line of business for the Company, which increases the complexity and challenges of the integration process as compared to the Company' s pawn acquisitions. The failure to meet the challenges involved in the integration process and to realize the anticipated benefits of the AFF Acquisition could cause an interruption of, or a loss of momentum in, the Company' s operations and could adversely affect its business, financial condition and results of operations. In addition, even if the AFF business is integrated successfully, the full anticipated benefits of the AFF Acquisition may not be realized, including the synergies, cost savings or sales or growth opportunities that are anticipated. These benefits may not be achieved within the anticipated time frame, or at all. Further, additional unanticipated costs may be incurred in the integration process. All of these factors could cause reductions in the Company' s earnings per share, decrease or delay the expected accretive effect of the AFF Acquisition and negatively impact the price of shares of its common stock. As a result, it cannot be assured that the AFF Acquisition will result in the realization of the full anticipated benefits~~ . If AFF is unable to attract additional merchants and retain and grow its relationships with its existing merchant partners, its business, results of operations, financial condition and future prospects would be materially and adversely affected. AFF' s continued success is dependent on its ability to maintain and expand its merchant partner base and the volume of transactions from these merchants in order to grow revenue on its platform. Its ability to retain and grow its relationships with its merchant partners depends on the willingness of merchants to partner with AFF. The attractiveness of AFF' s platform to merchants depends upon, among other things, the size of its consumer base, its brand and reputation, the amount of merchant premium, discounts or profit share paid or received by AFF, its ability to sustain its value proposition to merchants for customer acquisition by demonstrating higher conversion at checkout, the attractiveness to merchants of AFF' s technology and data-driven platform, services and products offered by competitors, and its ability to perform under, and maintain, its merchant agreements. It **is** ~~' s~~ also important that AFF partner with merchants with growing sales across a diverse mix of retail channels to mitigate risk associated with changing consumer spending behavior, economic conditions and other factors that may affect a particular type of merchant or industry. Additionally, AFF' s agreements with its merchant partners are generally terminable for convenience. If AFF is not able to retain its existing merchant partners, attract additional merchants and expand revenue and volume of transactions from existing merchants, it will not be able to continue to grow its business, and its business, results of operations, financial condition and future prospects would be materially and adversely affected. AFF derives a significant portion of its revenue from several top merchant partners. The loss of business from one or more of these top merchant partners could have a material adverse effect on the AFF business. Historically, AFF has relied on a limited number of merchant partners for a significant portion of its total revenues and transaction volume. AFF' s top five merchant partners accounted for an aggregate of ~~5~~ **15** % of ~~2022~~ **2023 consolidated** revenues **,** and future revenues and transaction volume of AFF may be similarly concentrated. The loss of any of these top merchant partners or groups of merchant partners for any reason, or a change of relationship with any of AFF' s key merchant partners could adversely affect the results of operations of the AFF business. Additionally, mergers or consolidations among AFF' s top merchant partners could reduce the number of merchant partners and could adversely affect AFF' s revenues. In particular, if AFF' s merchant partners are acquired by entities that are not also AFF' s merchant partners, that do not use its solutions or that have more favorable contract terms with a competitor and choose to discontinue, reduce or change the terms of their use of AFF' s solutions, the AFF business and its operating results could be materially and adversely affected. AFF' s transaction volume is dependent on the support of its platform by its merchant partners. AFF depends on its merchants to drive transaction volume by supporting its platform over alternative payment options for credit- constrained customers and **by** prominently presenting AFF' s platform as an attractive payment option for these customers. The degree to which these merchants successfully integrate the AFF platform into their website or in their store, such as by prominently featuring ~~its~~ **the** platform on ~~their~~ **such** websites or in ~~their~~ **such** stores, has a material impact on AFF' s transaction volume. The failure by AFF' s merchants to effectively present, integrate, and support its platform would have a material and adverse effect on AFF' s originations and, as a result, on its business, results of operations, financial condition and future prospects. Furthermore, AFF relies on these merchants to comply with all applicable laws and regulations associated with the LTO, RISA and bank loan products offered by AFF. As part of this process, merchants are generally contractually required to comply with AFF' s policies, procedures, marketing materials, and training materials. In the event that a merchant or merchant employee fails to adequately and correctly describe the terms and conditions of the lease, RISA or bank loan product, the merchant and / or AFF may be subject to consumer complaints and / or lawsuits. AFF' s bank loan product is offered pursuant to its agreement with the Bank **,** and such agreement is non- exclusive, short- term in duration and subject to termination by the Bank partner upon the occurrence of certain events. If that agreement is terminated and AFF is unable to either replace the commitments of the Bank or substitute its other products for the bank loan product, its business, results of operations, financial condition, and future prospects may be materially affected. AFF serves as a marketer, service provider and sub- servicer of loans originated by a Utah **-** chartered state bank. Under this arrangement, AFF purchases a portion of the cash flows originated by the Bank and sub- services the loans thereafter **while the Bank retains ownership of the loans at all times** . AFF does not originate or ultimately control the pricing or functionality of the loans. The Bank makes all key decisions regarding the marketing, underwriting, product features and pricing. AFF generates revenues through the loans and through marketing and sub- servicing fees paid by the Bank. If the Bank were to change its pricing, underwriting or marketing of the loans in a way that decreases revenues or increases losses, then the profitability of each loan could be reduced. Loans originated through the Bank' s program represent a material amount of AFF' s total origination volume. AFF' s bank loan product relies on the Bank originating the loans that are facilitated through AFF' s platform and complying with various federal, state and other laws. The loan program agreement ~~has~~ **had** an initial term that ~~expires~~ **expired** during the third quarter of 2023, ~~which automatically~~ **and the parties extended the agreement for a one- year term that will auto-** ~~renews~~ **renew** ~~once~~ **in August 2024** for an additional ~~three~~ **one-** year ~~term~~ **period** unless either party ~~provides notice~~ **notifies the other** of ~~non- renewal~~ **its intent to terminate at least six months** prior ~~to the end of any such term~~. In addition, upon the occurrence of certain early termination events, either AFF or the Bank may terminate the loan program agreement immediately upon written notice to the other party. The Bank could decide not to work with AFF for any reason, could make working with AFF cost- prohibitive or could decide to enter into an exclusive or more favorable relationship with one or more of AFF' s competitors. If the Bank were to suspend, limit or cease its operations, or if AFF' s relationship with the Bank were to otherwise terminate for any reason (including, but not limited to, its failure to comply with regulatory actions), AFF would need to implement a substantially similar arrangement with another bank, obtain additional state licenses or curtail its offering of a direct to consumer loan product through its platform. If AFF needs to enter into alternative arrangements with a different bank to replace its existing arrangements, it may not be able to negotiate a comparable alternative arrangement in a timely manner or at all. If AFF is unable to enter into an alternative arrangement with different banks to fully replace or supplement its relationship with the Bank, AFF would potentially need to cease offering its bank loan product or other direct to consumer installment loans. In the event that AFF' s relationship with the Bank were terminated and it is unable to substitute another one of its products at the merchants that utilize such bank loan products, its business, results of operations, financial condition and future prospects may be materially affected. AFF' s transaction volume is dependent on sales at its merchant partners and any decline in such sales or interruptions, inventory shortages and other factors affecting the supply chains of AFF' s merchant partners could have a material and adverse effect on AFF' s results of operations, financial condition and future prospects. AFF depends on sales at its merchant partners to drive its transaction volume. If AFF' s merchant partners experience a general decline in sales **,** it could negatively impact AFF' s transaction volume. Any extended supply chain interruptions, inventory shortages or other operational disruptions affecting any of its merchant partners could have a material adverse impact on AFF' s transaction volume and results of operations. AFF depends on its merchant partners' abilities to deliver products to customers at the right time and in the right quantities. Accordingly, it is important for these merchant partners to maintain optimal levels of inventory and respond rapidly to shifting demands. The disruption to, or inefficiency in, supply chain networks may have an adverse impact on AFF' s operations in the near term, but if such interruptions were to continue, could potentially have a more material adverse impact on ~~its~~ **AFF' s** results of operations, financial condition and future prospects. AFF' s business relies extensively on its proprietary decisioning platform **,** and if such platform is not effective it could have a material impact on AFF' s business, financial condition and results of operations. AFF' s business is largely predicated on the effectiveness of its proprietary decisioning platform and model **,** and AFF relies extensively on this platform for LTO, RISA and bank loan decisioning. AFF' s platform relies heavily on AFF' s modeling and analytics as well as information provided by applicants and third- party data providers and credit reporting agencies. To the extent that applicants provide inaccurate or unverifiable information or data from third- party providers is incomplete or inaccurate, then AFF' s platform will not be able to perform effectively, which could result in wrong or sub- optimal decisions with respect to applicants. AFF' s data providers could also stop providing data, provide untimely, incorrect or incomplete data, or increase the costs for their data for a variety of reasons, including security or regulatory concerns or for competitive reasons. If AFF were to lose access to this external data or if such access is restricted or becomes more expensive, it could have a material effect on AFF' s business. Furthermore, the models underlying AFF' s decisioning platform may prove in practice to be less predictive than AFF expects for a variety of reasons, including as a result of errors in constructing, interpreting or using the models or the use of inaccurate assumptions (including failures to update assumptions appropriately or in a timely manner). The potential errors or inaccuracies in AFF' s decisioning platform and models may be material and ~~effect~~ **affect** a significant number of transactions, which could have a material and adverse effect on AFF' s business. If AFF is unable to collect on its leases, RISAs and bank loans, the performance of its lease and loan portfolio would be adversely affected. AFF' s ability to collect scheduled payments under its leases, RISAs and bank loans is dependent on its customers' continuing financial stability, and **,** consequently, collections can be adversely affected by a number of factors, including general economic conditions, inflationary impacts and individual factors such as job loss, divorce, death, illness, personal bankruptcy and customer fraud. Furthermore, the application of various federal and state laws, including federal and state bankruptcy and debtor relief laws, may limit the amount that can be recovered on AFF' s leases, RISAs and bank loans. Federal, state or other restrictions could impair the ability of AFF or the third- party collection services utilized by AFF to collect amounts owed and due on the leases and loans facilitated through its platform. Furthermore, AFF relies on its proprietary decisioning platform to decision its LTO, RISA and bank loan products and customizes this technology to individual merchants and merchandise categories. There is no guarantee that this technology or platform will be effective in making decisions that minimize credit losses. Furthermore, the platform relies on an experienced data science team. In the event the platform is not effective or cannot be supported at the required levels, AFF could experience increased credit losses. If AFF is unable to fully collect on its leases, RISAs and bank loans, the performance of its lease and loan portfolio will be adversely affected, which could result in additional provisions for lease and loan losses and loss of revenue, cash flow and profitability. Accounting, Tax and Financial Risks As of December 31, ~~2022~~ **2023** , including the Company' s senior unsecured notes and the Company' s unsecured credit facilities, the Company had outstanding principal indebtedness of $ 1, ~~389~~ **618** . 0 million and availability of $ ~~278~~ **104** . ~~8~~ **7** million under its unsecured credit facilities, subject to certain financial covenants. The Company' s level of indebtedness could: • ~~Make~~ **make** it more difficult for ~~it~~ **the Company** to satisfy its obligations with respect to **its** ~~the Company' s~~ senior unsecured notes and its other indebtedness, resulting in possible defaults on and acceleration of such indebtedness; • ~~Require~~ **require** ~~it~~ **the Company** to dedicate a substantial portion of its cash flow from operations to the payment of principal and interest on its indebtedness, thereby reducing the availability of such cash flows to fund originations in the AFF business, working capital, acquisitions, new store openings, capital expenditures and other general corporate purposes; • ~~Limit~~ **limit** ~~its~~ **the Company' s** ability to obtain additional financing for working capital, financing originations from the AFF business, acquisitions, new store openings, capital expenditures, debt service requirements and other general corporate purposes; • ~~Limit~~ **limit** ~~its~~ **the Company' s** ability to refinance indebtedness or cause the associated costs of such refinancing to increase; • restrict the ability of ~~its~~ **the Company' s** subsidiaries to pay dividends or otherwise transfer assets to the Company, which could limit its ability to, among other things, make required payments on its debt; • ~~Increase~~ **increase** the Company' s vulnerability to general adverse economic and industry conditions, including interest rate fluctuations (because a portion of its borrowings are at variable rates of interest); and • ~~Place~~ **place** the Company at a competitive disadvantage compared to other companies with proportionately less debt or comparable debt at more favorable interest rates who, as a result, may be better positioned to withstand economic downturns. Any of the foregoing impacts of the Company' s level of indebtedness could have a material adverse effect on its business, financial condition and results of operations. In addition, the Company' s borrowings under its unsecured credit facilities bear interest at variable rates based on a fixed spread over the prevailing secured overnight rate (" SOFR ") and, as a result of the recent increase in interest rates, the Company' s borrowing expenses under its unsecured credit facilities increased in ~~2022~~ **2023** . The Company expects borrowing expenses in ~~2023~~ **2024** to further increase from ~~2022~~ **2023** levels due to interest rates remaining higher for the entire year. Furthermore, the Company has, in the past, accessed the debt capital markets to refinance existing debt obligations and to obtain capital to finance growth. However, the Company' s future access to the debt capital markets could become restricted due to a variety of factors, including a deterioration of the Company' s performance or financial condition, regulatory challenges facing the Company or industry, overall industry prospects or changes in debt capital markets or the economy generally and a general bias of some large banks against lending to companies operating in the pawn and specialty finance industries. Inability to access the credit markets on acceptable terms, if at all, could have a material adverse effect on the Company' s financial condition and ability to fund future growth. Additionally, the Company' s debt instruments include certain affirmative and negative covenants that require the Company to comply with certain financial covenants and impose restrictions on the Company' s financial and business operations, including limitations on liens, indebtedness, fundamental changes, asset dispositions, dividends and other similar restricted payments, transactions with affiliates, payments and modifications of certain existing debt, future negative pledges, and changes in the nature of the Company' s business. A failure to comply with the covenants contained in the Company' s debt instruments could result in an event of default or an acceleration of debt under its debt instruments. In addition, the Company' s debt instruments contain cross- default provisions that could result in its debt being declared immediately due and payable under a number of debt instruments, even if the Company defaults on only one debt instrument. In such event, it is possible that the Company would not be able to satisfy its obligations under all of such accelerated indebtedness simultaneously. Determining the AFF business' allowance for lease and loan losses requires many assumptions and complex analyses. If the estimates prove incorrect, the AFF business may incur net charge- offs in excess of its reserves, or may be required to increase its provision for lease and loan losses, either of which would adversely affect the Company' s results of operations. The Company' s ability to measure and report its financial position and results of operations is influenced by the need to estimate the impact or outcome of future events on the basis of information available at the time of the issuance of the financial statements. An accounting estimate is considered critical if it requires that management make assumptions about matters that were highly uncertain at the time the accounting estimate was made. If actual results differ from the judgments and assumptions, ~~then it~~ **such differences** may have an adverse impact on the results of operations and cash flows. Management has processes in place to monitor these judgments and assumptions, but these processes may not ensure that the judgments and assumptions are correct. The Company maintains an allowance for lease and loan losses at a level **believed to be** sufficient to cover estimated lifetime losses expected to be incurred in the lease and loan portfolio. This estimate is highly dependent upon the reasonableness of its assumptions and the predictability of the relationships that drive the results of its valuation methodologies. The Company performs a quantitative analysis to compute historical losses to estimate the allowance for **future** lease and loan losses. Lease and loan loss experience, first payment default histories, contractual delinquency of lease and loan receivables and management' s judgement are factors used in assessing the overall adequacy of the allowance and the resulting provision for lease and loan losses. Changes in estimates and assumptions can significantly affect the allowance and provision for lease and loan losses. It is possible that the Company will experience lease and loan losses that are different from its current estimates. If the Company' s estimates and assumptions prove incorrect and its allowance for lease and loan losses are insufficient, it may incur net charge- offs in excess of its reserves, or it could be required to increase its provision for lease and loan losses, either of which would adversely affect its results of operations. The Company is subject to goodwill impairment risk. At December 31, ~~2022~~ **2023** , the Company had $ 1, ~~581~~ **727** . ~~4~~ **7** million of goodwill on its consolidated balance sheet, all of which represents assets capitalized in connection with the Company' s acquisitions and business combinations. Accounting for goodwill requires significant management estimates and judgment. Management performs periodic reviews of the carrying value of goodwill to determine whether events and circumstances indicate that an impairment in value may have occurred. A variety of factors could cause the carrying value of goodwill to become impaired. A write- down of the carrying value of goodwill could result in a non- cash charge, which could have an adverse effect on the Company' s results of operations. The Company' s profitability could be adversely impacted by commodity market fluctuations. As of December 31, ~~2022~~ **2023** , approximately ~~59~~ **61** % of the Company' s pawn loans were collateralized with jewelry, which is primarily gold, and 50 % of its inventories consisted of jewelry, which is also primarily gold. The Company sells significant quantities of gold, other precious metals and diamonds acquired through collateral forfeitures or direct purchases from customers. A significant and sustained decline in gold and / or other precious metal and diamond prices could result in decreased merchandise sales and related margins, decreased inventory valuations and sub- standard collateralization of outstanding pawn loans. In addition, a significant decline in market prices could result in a lower balance of pawn loans outstanding for the Company, as customers would receive lower loan amounts for individual pieces of jewelry or other gold items. For a detailed discussion of the impact of a decline in market prices on wholesale scrap jewelry sales, see “ Item 7A. Quantitative and Qualitative Disclosures About Market Risk. ” The Company’ s financial results may be negatively impacted by changes in domestic or foreign tax laws, administrative interpretations of such laws and enforcement of policies, including, but not limited to, an increase in statutory tax rates, changes in allowable expense deductions, or the imposition of new withholding requirements on repatriation of foreign earnings. The application of indirect taxes, such as sales tax, is a complex and evolving issue, particularly with respect to the LTO industry generally and AFF’ s virtual and e-commerce LTO businesses more specifically. Failure to comply with such tax provisions or a successful assertion by a jurisdiction requiring AFF to collect taxes in a location or for transactions where **or for which** AFF presently does not, could result in substantial tax liabilities, including **those** for past sales and leases, as well as penalties and interest. In addition, if the tax authorities in jurisdictions where AFF is already subject to sales tax or other indirect tax obligations were to successfully challenge AFF’ s positions, AFF’ s tax liability could increase substantially. General Economic and Market Risks General economic conditions may have a material adverse impact on the Company’ s business and financial results. The Company’ s business and financial results are dependent on overall economic conditions in the geographies in which it operates. In particular, the Company’ s business relies heavily on consumer spending, both with respect to retail sales at its pawnshops and demand for AFF’ s products to facilitate purchases at its merchant partners. A sustained or rapid downturn in economic conditions generally results in lower consumer confidence and demand for discretionary consumer goods and services **,** weakening demand for AFF’ s products and ~~also~~ demand for pre- owned merchandise sold in the Company’ s pawnshops. While demand for pawn loans generally remains strong in periods of economic uncertainty, there is no guarantee that such demand would not decrease in future downturns. Furthermore, in periods of economic expansion and high employment, demand for pawn loans can suffer. The current economic environment, characterized by rising inflation, higher interest rates, declines in consumer confidence and uncertainly about economic stability and a potential recession, has **increased demand for pawn loans in the U. S. Conversely these conditions, coupled with tighter decisioning,** adversely affected demand for AFF’ s products ~~through~~ **in** ~~2022~~ **2023** ~~and we expect these trends to continue with respect to AFF~~ . While retail sales at the Company’ s pawnshops, due in part to the “ deep value ” nature of the products sold at its pawnshops, and demand for pawn loans have not been adversely affected by such economic trends in ~~2022~~ **2023** , there is no guarantee that they will not be adversely affected should economic conditions deteriorate further. A sustained deterioration in the economy could reduce the demand and resale value of pre- owned merchandise and reduce the amount that the Company could effectively lend on an item of collateral. Such reductions could adversely affect pawn loan balances, pawn redemption rates, inventory balances, inventory mixes, sales volumes and gross profit margins. Furthermore, labor shortages and inflation have also increased operating costs, having a negative effect on the Company’ s margins. In addition, government stimulus programs ~~in~~ **, (such as the** response to **the** COVID- 19 **pandemic) and increased minimum wage laws (such as the increases that have occurred in Mexico)** had an adverse impact on pawn loan demand and any future stimulus programs **or minimum wage increases** could have a similar adverse impact. Furthermore, economic conditions and demand may also fluctuate by geographic region. The current geographic concentration of the Company’ s pawn stores and AFF’ s merchant partners creates exposure to local economies and politics, and regional downturns, including with respect to Latin American economies and politics, which tend to be more volatile than the U. S. economy. Any unforeseen events or circumstances that negatively affect these areas could materially adversely affect the Company’ s revenues and profitability. The ~~ongoing COVID- 19 pandemic and government stimulus programs in response thereto has adversely impacted, and any material worsening thereof or other health related emergency could continue to impact, the Company’ s business and results of operations. While the level of disruption caused by, and the economic impact of, the COVID- 19 pandemic lessened in 2022, there is no assurance that the pandemic will not worsen again, included as a result of the emergence of new strains of the virus, or another health- related emergency will not emerge. Any worsening of the pandemic, a new health- related emergency and their effects on the economy could further impact consumer, business, and government spending as well as customer demand for pawn loans and the Company’ s retail finance products on an ongoing basis, each of which could adversely impact its business and operations in future periods. The~~ price of the Company’ s common stock may fluctuate significantly. The market price of the Company’ s common stock ~~price~~ may fluctuate significantly as a result of a variety of factors, many of which are beyond the Company’ s control. The Company may fail to meet the expectations of its stockholders or securities analysts at some point in the future **,** and its stock price could decline as a result. This volatility may prevent investors from being able to sell their common stock at or above the price they paid for their common stock. In addition, the stock markets in general have experienced volatility recently that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of the Company’ s common stock. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company’ s securities. ~~Following the announcement of the CFPB’ s action, the Company has become subject to a purported securities class action and derivative litigation related to the CFPB’ s lawsuit and may become subject to further litigation. An unfavorable result in these matters could have a material impact on the Company’ s financial condition and results of operations.~~ Inclement weather, natural disasters or health epidemics can adversely impact the Company’ s operating results. The occurrence of weather events and natural disasters such as rain, cold weather, snow, wind, storms, hurricanes, earthquakes, volcanic eruptions, or health epidemics in the Company’ s markets could adversely affect consumer traffic, retail sales, pawn loan and pawn redemption activities and LTO, RISA and installment loan originations and **could** have a material adverse effect on the Company’ s results of operations. In addition, the Company may incur property, casualty or other losses not covered by insurance. Losses not covered by insurance could be substantial and may increase the Company’ s expenses, which could harm the Company’ s results of operations and financial condition. Furthermore, the frequency and severity of these weather events and natural disasters may increase as a result of climate change. Climate change could adversely affect the Company’ s business and damage its reputation. Concerns over the long- term impacts of climate change have led and will continue to lead to governmental efforts around the world to mitigate those impacts.

Consumers and businesses are also changing their behavior and business preferences as a result of these concerns. New governmental regulations or guidance relating to climate change, as well as changes in consumers' and businesses' behaviors and business preferences, may affect whether and on what terms and conditions the Company will engage in certain activities or offer certain products or services. The governmental and supervisory focus on climate change could also result in the Company becoming subject to new or heightened regulatory requirements. Any such new or heightened requirements could result in increased regulatory, compliance or other costs. The Company' s business, reputation and ability to attract and retain employees may also be harmed if the Company' s response to climate change is perceived to be ineffective or insufficient. Adverse real estate market fluctuations and / or the inability to renew and extend store operating leases could affect the Company' s profits. The Company leases most of its pawn store locations. Many of the store leases, especially in Latin America, include annual rent escalations tied to the local consumer price index. A significant rise in real estate prices or real property taxes could also result in an increase in store lease costs as the Company opens new locations and renews leases for existing locations, thereby negatively impacting the Company' s results of operations. **In addition, the inability of the Company to renew, extend or replace expiring store leases could have an adverse effect on the Company' s results of operations.** The Company also owns **the** ~~certain developed and~~ **land** ~~undeveloped real estate~~ **and buildings for a significant number of its U. S. pawn locations** , which could be impacted by adverse market fluctuations. ~~In addition, the inability of the Company to renew, extend or replace expiring store leases could have an adverse effect on the Company' s results of operations.~~ A discussion of certain other market risks is covered in " Item 7A. Quantitative and Qualitative Disclosures About Market Risk. "