

WORLD ACCEPTANCE CORP  
Form 10-Q  
August 09, 2018

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

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Form 10-Q

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(Mark One)

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

For the quarterly period ended June 30, 2018

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-19599

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

South Carolina 57-0425114  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

108 Frederick Street  
Greenville, South Carolina 29607  
(Address of principal executive offices)  
(Zip Code)  
(864) 298-9800  
(registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated

filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check One):

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Large Accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes

No

The number of outstanding shares of the issuer's no par value common stock as of August 2, 2018 was 9,143,267.

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WORLD ACCEPTANCE CORPORATION  
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Introductory Note: As used herein, the “Company,” “we,” “our,” “us,” or similar formulations include World Acceptance Corporation and each of its subsidiaries, unless otherwise expressly noted or the context otherwise requires that it include only World Acceptance Corporation. All references in this report to “fiscal 2019” are to the Company’s fiscal year ending March 31, 2019; all references in this report to “fiscal 2018” are to the Company’s fiscal year ended March 31, 2018; and all references to “fiscal 2017” are to the Company’s fiscal year ended March 31, 2017.

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## PART I. FINANCIAL INFORMATION

WORLD ACCEPTANCE CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

|  | June 30, 2018  | March 31,<br>2018 |
|--|----------------|-------------------|
| <b>ASSETS</b>  |                |                   |
| Cash and cash equivalents  | \$ 10,262,901  | \$ 12,473,833     |
| Gross loans receivable   | 1,062,673,177  | 1,004,233,159     |
| Less:  |                |                   |
| Unearned interest, insurance and fees  | (280,886,555 ) | (258,991,492 )    |
| Allowance for loan losses  | (68,029,622 )  | (66,088,139 )     |
| Loans receivable, net  | 713,757,000    | 679,153,528       |
| Property and equipment, net  | 23,254,500     | 22,785,951        |
| Deferred income taxes, net   | 19,807,871     | 20,175,148        |
| Other assets, net  | 12,467,496     | 13,244,416        |
| Goodwill   | 7,034,463      | 7,034,463         |
| Intangible assets, net   | 6,380,849      | 6,644,301         |
| Assets held for sale (Note 2)  | 19,012,674     | 79,475,397        |
| Total assets   | \$ 811,977,754 | \$ 840,987,037    |
| <b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>  |                |                   |
| Liabilities:   |                |                   |
| Senior notes payable   | \$ 239,840,000 | \$ 244,900,000    |
| Income taxes payable   | 17,846,549     | 14,097,419        |
| Accounts payable and accrued expenses  | 30,600,024     | 33,503,335        |
| Liabilities held for sale (Note 2)   | 6,418,506      | 7,378,431         |
| Total liabilities  | 294,705,079    | 299,879,185       |
| Commitments and contingencies (Note 11)  | —              | —                 |
| Shareholders' equity:  |                |                   |
| Preferred stock, no par value Authorized 5,000,000, no shares issued or outstanding  | —              | —                 |
| Common stock, no par value Authorized 95,000,000 shares; issued and outstanding 9,140,273 and 9,119,443 shares at June 30, 2018 and March 31, 2018, respectively | —              | —                 |
| Additional paid-in capital   | 178,791,182    | 175,887,227       |
| Retained earnings  | 369,772,411    | 391,275,705       |
| Accumulated other comprehensive loss   | (31,290,918 )  | (26,055,080 )     |
| Total shareholders' equity   | 517,272,675    | 541,107,852       |
| Total liabilities and shareholders' equity   | \$ 811,977,754 | \$ 840,987,037    |

See accompanying notes to consolidated financial statements.



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

|  | Three months ended June |                |
|--|-------------------------|----------------|
|  | 30,                     |                |
|  | 2018                    | 2017           |
| Continuing operations                  |                         |                |
| Revenues:                              |                         |                |
| Interest and fee income                | \$ 108,444,378          | \$ 103,367,484 |
| Insurance income, net and other income | 14,345,607              | 13,270,882     |
| Total revenues                         | 122,789,985             | 116,638,366    |
| Expenses:                              |                         |                |
| Provision for loan losses              | 30,590,619              | 27,709,627     |
| General and administrative expenses:   |                         |                |
| Personnel                              | 41,569,347              | 41,043,803     |
| Occupancy and equipment                | 10,052,103              | 9,527,884      |
| Advertising                            | 4,850,085               |                |