



## EZCORP Reports Third Quarter 2022 Results

Aug 03, 2022

### Record High Pawn Loans Outstanding Driving Strong Earnings Momentum

AUSTIN, Texas--(BUSINESS WIRE)-- EZCORP, Inc. (NASDAQ: EZPW), a leading provider of pawn transactions in the United States and Latin America, today announced results for its third quarter ended June 30, 2022.

*Unless otherwise noted, all amounts in this release are in conformity with U.S. generally accepted accounting principles ("GAAP") and comparisons shown are to the same period in the prior year.*

### THIRD QUARTER HIGHLIGHTS

- Pawn loans outstanding (PLO) up 30% to a record-high of \$204.2 million.
- Total revenue increased 24%, and gross profit<sup>1</sup> increased 20%.
- Merchandise sales gross margin was at the high end of our target range at 38%.
- Net income was \$12.2 million, an increase of \$14.8 million.
- Diluted earnings per share of \$0.17 was up significantly from a loss of \$0.05. On an adjusted basis<sup>2</sup>, diluted earnings per share was \$0.16, compared to a loss of \$0.03 in the prior-year quarter.
- Return on earning assets (ROEA) remains strong at 165%.

### CEO COMMENTARY AND OUTLOOK

Chief Executive Officer Lachie Given stated, "We have delivered another outstanding quarter of financial results. PLO, the most significant driver of revenue and earnings, hit a record high, surpassing pre-COVID levels on a total and same-store basis. This has driven significant increases in pawn service charges (PSC), and as we continue to drive strong sales margins and gain cost efficiencies across the business, we have delivered very substantial earnings improvement for the quarter."

"With persistent macro issues fueling inflation, we are proud to offer our customers a unique and essential service to address their short-term cash needs. We are also a neighborhood recycling business that extends the useful life of millions of items every year, and are working to expand our customer base of environmentally-conscious consumers across the U.S. and Latin America.

"During the third quarter, we opened eight de novo stores in Latin America and acquired three stores in the Dallas, Texas area. Our EZ+ Rewards program continues to grow across all of our regions, and we now have over 1.4 million enrolled customers. Furthering our commitment to investing in our people, we introduced Career Week for our 6,800 employees to reinforce our new Career Framework and Career Path opportunities.

"The improvement in our financial results is the outcome of our team's focus and commitment to People, Pawn, and Passion, and on providing the best possible experience for our customers. I am extremely proud of our entire team for delivering such exceptional operating and financial results for our shareholders."

### CONSOLIDATED RESULTS

| Three Months Ended June 30                   | As Reported |            | Adjusted <sup>2</sup> |            |
|----------------------------------------------|-------------|------------|-----------------------|------------|
|                                              | 2022        | 2021       | 2022                  | 2021       |
| <i>in millions, except per share amounts</i> |             |            |                       |            |
| Total revenues                               | \$ 215.8    | \$ 174.0   | \$ 215.8              | \$ 174.0   |
| Gross profit <sup>1</sup>                    | \$ 129.5    | \$ 108.0   | \$ 129.5              | \$ 108.0   |
| Income (loss) before tax                     | \$ 13.1     | \$ (0.8 )  | \$ 14.9               | \$ 3.6     |
| Net income (loss)                            | \$ 12.2     | \$ (2.6 )  | \$ 11.0               | \$ (1.4 )  |
| Diluted earnings (loss) per share            | \$ 0.17     | \$ (0.05 ) | \$ 0.16               | \$ (0.03 ) |
| EBITDA (non-GAAP measure)                    | \$ 23.3     | \$ 11.7    | \$ 25.1               | \$ 12.5    |

- Diluted earnings per share were \$0.17 for the third quarter, up from a loss of \$0.05. On an adjusted basis, diluted earnings per share were \$0.16, up from a loss of \$0.03.
- Income before taxes improved to \$13.1 million from a loss of \$0.8 million, while adjusted EBITDA increased 100% to \$25.1 million.
- PLO increased 30% to \$204.2 million, up \$47.0 million. On a same-store basis<sup>3</sup>, PLO increased 30% to its highest level due to increased loan demand reflecting a recovery above pre-COVID levels.
- Total revenues increased 24%, and gross profit increased 20%, reflecting improved pawn service charge (PSC) revenue and merchandise sales.
- PSC increased 33% due to an increase in the average PLO balance during the quarter.
- Merchandise sales gross margin was at the high end of our target range at 38%, reflecting our commitment to improving the core business by decreasing aged general merchandise (now less than 1% of total general merchandise inventory) and focusing on selling inventory in the first 90 days.
- Net inventory increased 44% reflecting a return towards normalized inventory levels. Inventory turnover remained strong at 2.8x for the quarter, down from 3.1x.
- Store expenses increased 9%, due to increased store count and labor costs in line with increased store activity. On a same-store basis, store expenses increased 5%.
- General and administrative expenses increased 28%, primarily due to a litigation accrual and increased performance-based incentive compensation.
- Cash and cash equivalents at the end of the quarter was \$222.3 million, down 22% year-over-year. The decrease is primarily due to the increase in PLO and inventory.

## SEGMENT RESULTS

### U.S. Pawn

- PLO continued to increase, ending the quarter at \$159.7 million, up 36% (36% on a same store basis).
- Total revenue was up 22% and gross profit increased 18%, reflecting increasing PSC.
- PSC increased 35% as a result of higher average PLO.
- Merchandise sales gross margin decreased to 41% from 46% as expected. Aged general merchandise inventory improved to 0.4% from 1.2% of total general merchandise inventory.
- Net inventory increased 47%. Inventory turnover decreased to 2.5x from 2.8x due to increased inventory levels in the current quarter and stimulus impacts in the prior year.
- Store expenses increased 6% primarily due to store count and labor increases in line with store activity.
- Segment contribution increased 64% to \$29.8 million.
- Segment store count increased by three acquired stores during the quarter.

### Latin America Pawn

- PLO improved to \$44.5 million or 11% (13% on constant currency basis). On a same store basis, PLO increased 9% (10% on a constant currency basis).
- Total revenue was up 31% (same on a constant currency basis), while gross profit increased 26% (same on a constant currency basis).
- PSC increased to \$21.0 million or 28% (same on a constant currency basis) as a result of higher average PLO for the quarter.
- Merchandise sales gross margin decreased from 35% to 29%, reflecting a return to more normalized margins.
- Net inventory increased 34% (35% on a constant currency basis). Inventory turnover remains strong at 3.7x, down from 4.0x.
- Store expenses increased 21% (same on a constant currency basis) primarily due to year-over-year store count and growth in labor in line with increased store activity. Same-store expenses increased 4% (6% on a constant currency basis).
- Segment contribution increased to \$6.1 million or 71% (48% on a constant currency basis), compared to \$3.6 million.
- Segment store count increased by eight de novo stores opened during the quarter.

## FORM 10-Q

EZCORP's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 has been filed with the Securities and Exchange Commission. The report is available in the Investor Relations section of the Company's website at <http://investors.ezcorp.com>.

## CONFERENCE CALL

EZCORP will host a conference call on Thursday, August 4, 2022, at 7:00 am Central Time to discuss Third Quarter Fiscal 2022 results. Analysts and institutional investors may participate on the conference call by dialing (844) 200-6205, Conference ID: 464794, or internationally by dialing (929) 526-1599. The conference call will be webcast simultaneously to the public through this link: <http://investors.ezcorp.com>. A replay of the conference call will be available online at <http://investors.ezcorp.com/> shortly after the end of the call.

## ABOUT EZCORP

Formed in 1989, EZCORP has grown into a leading provider of pawn transactions in the United States and Latin America. We also sell merchandise, primarily collateral forfeited from pawn lending operations and pre-owned and recycled merchandise purchased from customers. We are dedicated to satisfying the short-term cash needs of consumers who are both cash and credit constrained, focusing on an industry-leading customer experience. EZCORP is traded on NASDAQ under the symbol EZPW and is a member of the Russell 2000 Index, S&P 1000 Index and Nasdaq Composite Index.

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## FORWARD LOOKING STATEMENTS

This announcement contains certain forward-looking statements regarding the company's strategy, initiatives and expected performance. These statements are based on the Company's current expectations as to the outcome and timing of future events. All statements, other than statements of historical facts, including all statements regarding the company's strategy, initiatives and future performance, that address activities or results that the company plans, expects, believes, projects, estimates or anticipates, will, should or may occur in the future, including future financial or operating results, are forward-looking statements. Actual results for future periods may differ materially from those expressed or implied by these forward-looking statements due to a number of uncertainties and other factors, including operating risks, liquidity risks, legislative or regulatory developments, market factors, current or future litigation and risks associated with the COVID-19 pandemic. For a discussion of these and other factors affecting the Company's business and prospects, see the Company's annual, quarterly and other reports filed with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time.

*Note: Percentages are calculated from the underlying numbers in thousands and, as a result, may not agree to the percentages calculated from numbers in millions.*

<sup>1</sup>*"We have relabeled "net revenues" to "gross profit" throughout our filings, which we believe will improve comparability across industries and companies. This change is effective for this and future filings.*

<sup>2</sup>*"Adjusted" basis, which is a non-GAAP measure, excludes certain items. "Constant currency" basis, which is a non-GAAP measure, excludes the impact of foreign currency exchange rate fluctuations. "Free cash flow," which is a non-GAAP measure, includes certain adjustments to cash flow from operating activities. For additional information about these calculations, as well as a reconciliation to the most comparable GAAP financial measures, see "Non-GAAP Financial Information" at the end of this release.*

<sup>3</sup>*"Same Store" basis, which is a financial measure, includes stores open the entirety of the comparable periods.*

## EZCORP, Inc.

## CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

|                                          | Three Months Ended |            | Nine Months Ended |            |
|------------------------------------------|--------------------|------------|-------------------|------------|
|                                          | June 30,           |            | June 30,          |            |
| (in thousands, except per share amounts) | 2022               | 2021       | 2022              | 2021       |
| Revenues:                                |                    |            |                   |            |
| Merchandise sales                        | \$ 128,334         | \$ 107,808 | \$ 399,610        | \$ 330,816 |
| Jewelry scrapping sales                  | 7,168              | 5,673      | 19,802            | 18,507     |
| Pawn service charges                     | 80,291             | 60,431     | 232,999           | 187,356    |
| Other revenues, net                      | 49                 | 121        | 407               | 428        |
| Total revenues                           | 215,842            | 174,033    | 652,818           | 537,107    |
| Merchandise cost of goods sold           | 80,167             | 60,539     | 245,524           | 190,872    |
| Jewelry scrapping cost of goods sold     | 6,167              | 5,473      | 16,747            | 16,076     |
| Gross profit                             | 129,508            | 108,021    | 390,547           | 330,159    |
| Operating expenses:                      |                    |            |                   |            |
| Store expenses                           | 89,430             | 81,803     | 261,944           | 242,261    |

|                                                     |           |             |           |          |
|-----------------------------------------------------|-----------|-------------|-----------|----------|
| General and administrative                          | 18,715    | 14,589      | 46,487    | 40,870   |
| Depreciation and amortization                       | 7,746     | 7,419       | 22,770    | 23,080   |
| (Gain) loss on sale or disposal of assets and other | —         | —           | (692 )    | 90       |
| Other charges                                       | —         | 497         | —         | 497      |
| Total operating expenses                            | 115,891   | 104,308     | 330,509   | 306,798  |
| Operating income                                    | 13,617    | 3,713       | 60,038    | 23,361   |
| Interest expense                                    | 2,693     | 5,569       | 7,651     | 16,542   |
| Interest income                                     | (190 )    | (512 )      | (749 )    | (1,918 ) |
| Equity in net income of unconsolidated affiliates   | (1,758 )  | (643 )      | (1,457 )  | (2,409 ) |
| Other expense (income)                              | (210 )    | 65          | 41        | (389 )   |
| Income (loss) before income taxes                   | 13,082    | (766 )      | 54,552    | 11,535   |
| Income tax expense                                  | 867       | 1,804       | 11,729    | 4,476    |
| Net income (loss)                                   | \$ 12,215 | \$ (2,570 ) | \$ 42,823 | \$ 7,059 |
|                                                     |           |             |           |          |
| Basic earnings (loss) per share                     | \$ 0.22   | \$ (0.05 )  | \$ 0.76   | \$ 0.13  |
| Diluted earnings (loss) per share                   | \$ 0.17   | \$ (0.05 )  | \$ 0.59   | \$ 0.13  |
|                                                     |           |             |           |          |
| Weighted-average basic shares outstanding           | 56,656    | 55,898      | 56,465    | 55,639   |
| Weighted-average diluted shares outstanding         | 82,504    | 55,898      | 82,349    | 55,653   |

**EZCORP, Inc.**

## **CONSOLIDATED BALANCE SHEETS**

(in thousands, except share and per share amounts)

| <b>June 30,</b> | <b>June 30,</b> | <b>September</b> |
|-----------------|-----------------|------------------|
| <b>2022</b>     | <b>2021</b>     | <b>30,</b>       |
|                 |                 | <b>2021</b>      |

(Unaudited)

Assets:

Current assets:

|                                                                  |              |              |              |
|------------------------------------------------------------------|--------------|--------------|--------------|
| Cash and cash equivalents                                        | \$ 222,342   | \$ 283,668   | \$ 253,667   |
| Restricted cash                                                  | 8,614        | 13,795       | 9,957        |
| Pawn loans                                                       | 204,155      | 157,155      | 175,901      |
| Pawn service charges receivable, net                             | 32,000       | 24,965       | 29,337       |
| Inventory, net                                                   | 132,713      | 92,242       | 110,989      |
| Prepaid expenses and other current assets                        | 29,822       | 28,343       | 31,010       |
| Total current assets                                             | 629,646      | 600,168      | 610,861      |
| Investments in unconsolidated affiliates                         | 43,384       | 35,387       | 37,724       |
| Other investments                                                | 18,000       | —            | —            |
| Property and equipment, net                                      | 51,505       | 55,630       | 53,811       |
| Right-of-use asset, net                                          | 217,506      | 185,467      | 200,990      |
| Goodwill                                                         | 286,798      | 283,619      | 285,758      |
| Intangible assets, net                                           | 61,017       | 61,922       | 62,104       |
| Notes receivable, net                                            | 1,207        | 1,173        | 1,181        |
| Deferred tax asset, net                                          | 15,773       | 10,292       | 9,746        |
| Other assets                                                     | 5,991        | 4,992        | 4,736        |
| Total assets                                                     | \$ 1,330,827 | \$ 1,238,650 | \$ 1,266,911 |
| Liabilities and stockholders' equity:                            |              |              |              |
| Current liabilities:                                             |              |              |              |
| Accounts payable, accrued expenses and other current liabilities | \$ 76,566    | \$ 84,966    | \$ 90,268    |
| Customer layaway deposits                                        | 14,927       | 11,884       | 12,557       |
| Lease liability                                                  | 53,358       | 47,241       | 52,263       |
| Total current liabilities                                        | 144,851      | 144,091      | 155,088      |
| Long-term debt, net                                              | 312,521      | 260,632      | 264,186      |
| Deferred tax liability, net                                      | 307          | 1,309        | 3,684        |
| Lease liability                                                  | 175,489      | 149,342      | 161,330      |
| Other long-term liabilities                                      | 11,905       | 10,058       | 10,385       |

|                                                                                                                                                                                                                              |              |              |              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|
| Total liabilities                                                                                                                                                                                                            | 645,073      | 565,432      | 594,673      |
| Commitments and Contingencies                                                                                                                                                                                                |              |              |              |
| Stockholders' equity:                                                                                                                                                                                                        |              |              |              |
| Class A Non-voting Common Stock, par value \$0.01 per share; shares authorized: 100 million; issued and outstanding: 53,685,333 as of June 30, 2022; 53,086,438 as of June 30, 2021; and 53,086,438 as of September 30, 2021 | 537          | 530          | 530          |
| Class B Voting Common Stock, convertible, par value \$0.01 per share; shares authorized: 3 million; issued and outstanding: 2,970,171                                                                                        | 30           | 30           | 30           |
| Additional paid-in capital                                                                                                                                                                                                   | 343,763      | 402,522      | 403,312      |
| Retained earnings                                                                                                                                                                                                            | 396,461      | 325,228      | 326,781      |
| Accumulated other comprehensive loss                                                                                                                                                                                         | (55,037 )    | (55,092 )    | (58,415 )    |
| Total stockholders' equity                                                                                                                                                                                                   | 685,754      | 673,218      | 672,238      |
| Total liabilities and stockholders' equity                                                                                                                                                                                   | \$ 1,330,827 | \$ 1,238,650 | \$ 1,266,911 |

**EZCORP, Inc.**

#### **CONSOLIDATED STATEMENTS OF CASH FLOWS**

|                                                                                  | <b>Nine Months Ended</b> |             |
|----------------------------------------------------------------------------------|--------------------------|-------------|
|                                                                                  | <b>June 30,</b>          |             |
| (in thousands)                                                                   | <b>2022</b>              | <b>2021</b> |
| Operating activities:                                                            |                          |             |
| Net income                                                                       | \$ 42,823                | \$ 7,059    |
| Adjustments to reconcile net income to net cash flows from operating activities: |                          |             |
| Depreciation and amortization                                                    | 22,770                   | 23,080      |
| Amortization of debt discount and deferred financing costs                       | 1,051                    | 10,243      |
| Amortization of lease right-of-use asset                                         | 39,061                   | 35,885      |
| Deferred income taxes                                                            | 475                      | (576 )      |
| Other adjustments                                                                | (734 )                   | (331 )      |
| Provision for inventory reserve                                                  | (2,096 )                 | (6,812 )    |
| Stock compensation expense                                                       | 4,008                    | 3,156       |

|                                                                                  |            |            |
|----------------------------------------------------------------------------------|------------|------------|
| Equity in net income of unconsolidated affiliates                                | (1,457 )   | (2,409 )   |
| Changes in operating assets and liabilities:                                     |            |            |
| Service charges and fees receivable                                              | (2,949 )   | (2,832 )   |
| Inventory                                                                        | (7,837 )   | 5,382      |
| Prepaid expenses, other current assets and other assets                          | 2,025      | 7,908      |
| Accounts payable, accrued expenses and other liabilities                         | (53,209 )  | (51,565 )  |
| Customer layaway deposits                                                        | 2,265      | 511        |
| Income taxes                                                                     | (1,068 )   | 4,423      |
| Dividends from unconsolidated affiliates                                         | 3,366      | —          |
| Net cash provided by operating activities                                        | 48,494     | 33,122     |
| Investing activities:                                                            |            |            |
| Loans made                                                                       | (524,965 ) | (423,450 ) |
| Loans repaid                                                                     | 295,823    | 260,536    |
| Recovery of pawn loan principal through sale of forfeited collateral             | 191,082    | 155,595    |
| Capital expenditures, net                                                        | (18,100 )  | (14,635 )  |
| Acquisitions, net of cash acquired                                               | (1,850 )   | (15,132 )  |
| Issuance of note receivable                                                      | (1,000 )   | —          |
| Investment in unconsolidated affiliates                                          | (6,079 )   | —          |
| Investment in other investments                                                  | (16,500 )  | —          |
| Net cash used in investing activities                                            | (81,589 )  | (37,086 )  |
| Financing activities:                                                            |            |            |
| Taxes paid related to net share settlement of equity awards                      | (792 )     | (839 )     |
| Payments on assumed debt and other borrowings                                    | —          | (15,363 )  |
| Net cash used in financing activities                                            | (792 )     | (16,202 )  |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | 1,219      | 5,076      |
| Net decrease in cash, cash equivalents and restricted cash                       | (32,668 )  | (15,090 )  |
| Cash, cash equivalents and restricted cash at beginning of period                | 263,624    | 312,553    |
| Cash, cash equivalents and restricted cash at end of period                      | \$ 230,956 | \$ 297,463 |

Supplemental disclosure of cash flow information

|                                                     |            |            |
|-----------------------------------------------------|------------|------------|
| Cash and cash equivalents                           | \$ 222,342 | \$ 283,668 |
| Restricted cash                                     | 8,614      | 13,795     |
| Total cash and cash equivalents and restricted cash | \$ 230,956 | \$ 297,463 |

Non-cash investing and financing activities:

|                                                           |            |            |
|-----------------------------------------------------------|------------|------------|
| Pawn loans forfeited and transferred to inventory         | \$ 204,662 | \$ 145,839 |
| Transfer of consideration for other investment            | 1,500      | —          |
| Transfer of consideration for acquisition                 | —          | 1,547      |
| Acquisition earn-out contingency                          | —          | 4,608      |
| Accrued acquisition consideration held as restricted cash | —          | 5,824      |

**EZCORP, Inc.**

**OPERATING SEGMENT RESULTS**

(Unaudited)

**Three Months Ended June 30, 2022**

|                                | Latin America |           | Other       | Total      | Corporate |              |
|--------------------------------|---------------|-----------|-------------|------------|-----------|--------------|
| (in thousands)                 | U.S. Pawn     | Pawn      | Investments | Segments   | Items     | Consolidated |
| Revenues:                      |               |           |             |            |           |              |
| Merchandise sales              | \$ 94,005     | \$ 34,329 | \$ —        | \$ 128,334 | \$ —      | \$ 128,334   |
| Jewelry scrapping sales        | 5,404         | 1,764     | —           | 7,168      | —         | 7,168        |
| Pawn service charges           | 59,322        | 20,969    | —           | 80,291     | —         | 80,291       |
| Other revenues                 | 21            | 7         | 21          | 49         | —         | 49           |
| Total revenues                 | 158,752       | 57,069    | 21          | 215,842    | —         | 215,842      |
| Merchandise cost of goods sold | 55,885        | 24,282    | —           | 80,167     | —         | 80,167       |



|                                                   |           |          |          |           |              |           |
|---------------------------------------------------|-----------|----------|----------|-----------|--------------|-----------|
| Jewelry scrapping cost of goods sold              | 4,506     | 1,661    | —        | 6,167     | —            | 6,167     |
| Gross profit                                      | 98,361    | 31,126   | 21       | 129,508   | —            | 129,508   |
| Segment and corporate expenses (income):          |           |          |          |           |              |           |
| Store expenses                                    | 66,036    | 23,394   | —        | 89,430    | —            | 89,430    |
| General and administrative                        | —         | —        | —        | —         | 18,715       | 18,715    |
| Depreciation and amortization                     | 2,572     | 1,987    | —        | 4,559     | 3,187        | 7,746     |
| Interest expense                                  | —         | —        | —        | —         | 2,693        | 2,693     |
| Interest income                                   | (1 )      | (189 )   | —        | (190 )    | —            | (190 )    |
| Equity in net income of unconsolidated affiliates | —         | —        | (1,758 ) | (1,758 )  | —            | (1,758 )  |
| Other (income) expense                            | —         | (163 )   | 19       | (144 )    | (66 )        | (210 )    |
| Segment contribution                              | \$ 29,754 | \$ 6,097 | \$ 1,760 | \$ 37,611 |              |           |
| Income (loss) before income taxes                 |           |          |          | \$ 37,611 | \$ (24,529 ) | \$ 13,082 |

**Three Months Ended June 30, 2021**

|                                          | Latin America |           | Other       | Total      | Corporate |              |
|------------------------------------------|---------------|-----------|-------------|------------|-----------|--------------|
| (in thousands)                           | U.S. Pawn     | Pawn      | Investments | Segments   | Items     | Consolidated |
| Revenues:                                |               |           |             |            |           |              |
| Merchandise sales                        | \$ 84,465     | \$ 23,343 | \$ —        | \$ 107,808 | \$ —      | \$ 107,808   |
| Jewelry scrapping sales                  | 1,908         | 3,765     | —           | 5,673      | —         | 5,673        |
| Pawn service charges                     | 44,039        | 16,392    | —           | 60,431     | —         | 60,431       |
| Other revenues                           | 32            | —         | 89          | 121        | —         | 121          |
| Total revenues                           | 130,444       | 43,500    | 89          | 174,033    | —         | 174,033      |
| Merchandise cost of goods sold           | 45,310        | 15,229    | —           | 60,539     | —         | 60,539       |
| Jewelry scrapping cost of goods sold     | 1,878         | 3,595     | —           | 5,473      | —         | 5,473        |
| Gross profit                             | 83,256        | 24,676    | 89          | 108,021    | —         | 108,021      |
| Segment and corporate expenses (income): |               |           |             |            |           |              |
| Store expenses                           | 62,507        | 19,296    | —           | 81,803     | —         | 81,803       |
| General and administrative               | —             | —         | —           | —          | 14,589    | 14,589       |

|                                                   |           |          |        |           |              |           |
|---------------------------------------------------|-----------|----------|--------|-----------|--------------|-----------|
| Depreciation and amortization                     | 2,600     | 1,806    | —      | 4,406     | 3,013        | 7,419     |
| Other Charges                                     | —         | 497      | —      | 497       | —            | 497       |
| Interest expense                                  | —         | —        | —      | —         | 5,569        | 5,569     |
| Interest income                                   | —         | (484 )   | —      | (484 )    | (28 )        | (512 )    |
| Equity in net income of unconsolidated affiliates | —         | —        | (643 ) | (643 )    | —            | (643 )    |
| Other (income) expense                            | —         | (5 )     | 18     | 13        | 52           | 65        |
| Segment contribution                              | \$ 18,149 | \$ 3,566 | \$ 714 | \$ 22,429 |              |           |
| Income (loss) before income taxes                 |           |          |        | \$ 22,429 | \$ (23,195 ) | \$ (766 ) |

**Nine Months Ended June 30, 2022**

|                                              | Latin America |            | Other       | Total      | Corporate |              |
|----------------------------------------------|---------------|------------|-------------|------------|-----------|--------------|
| (in thousands)                               | U.S. Pawn     | Pawn       | Investments | Segments   | Items     | Consolidated |
| Revenues:                                    |               |            |             |            |           |              |
| Merchandise sales                            | \$ 296,147    | \$ 103,463 | \$ —        | \$ 399,610 | \$ —      | \$ 399,610   |
| Jewelry scrapping sales                      | 13,864        | 5,938      | —           | 19,802     | —         | 19,802       |
| Pawn service charges                         | 174,651       | 58,348     | —           | 232,999    | —         | 232,999      |
| Other revenues                               | 67            | 247        | 93          | 407        | —         | 407          |
| Total revenues                               | 484,729       | 167,996    | 93          | 652,818    | —         | 652,818      |
| Merchandise cost of goods sold               | 172,330       | 73,194     | —           | 245,524    | —         | 245,524      |
| Jewelry scrapping cost of goods sold         | 11,279        | 5,468      | —           | 16,747     | —         | 16,747       |
| Gross profit                                 | 301,120       | 89,334     | 93          | 390,547    | —         | 390,547      |
| Segment and corporate expenses (income):     |               |            |             |            |           |              |
| Store expenses                               | 195,217       | 66,727     | —           | 261,944    | —         | 261,944      |
| General and administrative                   | —             | —          | —           | —          | 46,487    | 46,487       |
| Depreciation and amortization                | 7,867         | 5,858      | —           | 13,725     | 9,045     | 22,770       |
| Gain on sale or disposal of assets and other | —             | (4 )       | —           | (4 )       | (688 )    | (692 )       |
| Interest expense                             | —             | —          | —           | —          | 7,651     | 7,651        |
| Interest income                              | (1 )          | (626 )     | —           | (627 )     | (122 )    | (749 )       |

|                                                   |           |           |          |            |              |           |
|---------------------------------------------------|-----------|-----------|----------|------------|--------------|-----------|
| Equity in net income of unconsolidated affiliates | —         | —         | (1,457 ) | (1,457 )   | —            | (1,457 )  |
| Other expense (income)                            | —         | 37        | 15       | 52         | (11 )        | 41        |
| Segment contribution                              | \$ 98,037 | \$ 17,342 | \$ 1,535 | \$ 116,914 |              |           |
| Income (loss) before income taxes                 |           |           |          | \$ 116,914 | \$ (62,362 ) | \$ 54,552 |

**Nine Months Ended June 30, 2021**

|                                                   | Latin America |           | Other       | Total      | Corporate |              |
|---------------------------------------------------|---------------|-----------|-------------|------------|-----------|--------------|
| (in thousands)                                    | U.S. Pawn     | Pawn      | Investments | Segments   | Items     | Consolidated |
| Revenues:                                         |               |           |             |            |           |              |
| Merchandise sales                                 | \$ 260,545    | \$ 70,271 | \$ —        | \$ 330,816 | \$ —      | \$ 330,816   |
| Jewelry scrapping sales                           | 9,493         | 9,014     | —           | 18,507     | —         | 18,507       |
| Pawn service charges                              | 143,836       | 43,520    | —           | 187,356    | —         | 187,356      |
| Other revenues                                    | 83            | 7         | 338         | 428        | —         | 428          |
| Total revenues                                    | 413,957       | 122,812   | 338         | 537,107    | —         | 537,107      |
| Merchandise cost of goods sold                    | 145,181       | 45,691    | —           | 190,872    | —         | 190,872      |
| Jewelry scrapping cost of goods sold              | 7,871         | 8,205     | —           | 16,076     | —         | 16,076       |
| Gross profit                                      | 260,905       | 68,916    | 338         | 330,159    | —         | 330,159      |
| Segment and corporate expenses (income):          |               |           |             |            |           |              |
| Store expenses                                    | 188,256       | 54,005    | —           | 242,261    | —         | 242,261      |
| General and administrative                        | —             | —         | —           | —          | 40,870    | 40,870       |
| Depreciation and amortization                     | 7,972         | 5,459     | —           | 13,431     | 9,649     | 23,080       |
| Loss on sale or disposal of assets and other      | 27            | —         | —           | 27         | 63        | 90           |
| Other Charges                                     | —             | 497       | —           | 497        | —         | 497          |
| Interest expense                                  | —             | —         | —           | —          | 16,542    | 16,542       |
| Interest income                                   | —             | (1,819 )  | —           | (1,819 )   | (99 )     | (1,918 )     |
| Equity in net income of unconsolidated affiliates | —             | —         | (2,409 )    | (2,409 )   | —         | (2,409 )     |
| Other (income) expense                            | —             | (375 )    | (183 )      | (558 )     | 169       | (389 )       |
| Segment contribution                              | \$ 64,650     | \$ 11,149 | \$ 2,930    | \$ 78,729  |           |              |

Income (loss) before income taxes

\$ 78,729    \$ (67,194 )    \$ 11,535

**EZCORP, Inc.**

**STORE COUNT ACTIVITY**

(Unaudited)

**Three Months Ended June 30, 2022**

|                      | <b>U.S. Pawn</b> | <b>Latin America Pawn</b> | <b>Consolidated</b> |
|----------------------|------------------|---------------------------|---------------------|
| As of March 31, 2022 | 516              | 636                       | 1,152               |
| New locations opened | —                | 8                         | 8                   |
| Locations acquired   | 3                | —                         | 3                   |
| As of June 30, 2022  | 519              | 644                       | 1,163               |

**Three Months Ended June 30, 2021**

|                                    | <b>U.S. Pawn</b> | <b>Latin America Pawn</b> | <b>Consolidated</b> |
|------------------------------------|------------------|---------------------------|---------------------|
| As of March 31, 2021               | 505              | 506                       | 1,011               |
| New locations opened               | —                | 4                         | 4                   |
| Locations acquired                 | 11               | 128                       | 139                 |
| Locations sold, combined or closed | —                | (11 )                     | (11 )               |
| As of June 30, 2021                | 516              | 627                       | 1,143               |

**Nine Months Ended June 30, 2022**

|                          | <b>U.S. Pawn</b> | <b>Latin America Pawn</b> | <b>Consolidated</b> |
|--------------------------|------------------|---------------------------|---------------------|
| As of September 30, 2021 | 516              | 632                       | 1,148               |
| New locations opened     | —                | 12                        | 12                  |
| Locations acquired       | 3                | —                         | 3                   |

|                     |     |     |       |
|---------------------|-----|-----|-------|
| As of June 30, 2022 | 519 | 644 | 1,163 |
|---------------------|-----|-----|-------|

**Nine Months Ended June 30, 2021**

|                                    | U.S. Pawn | Latin America Pawn | Consolidated |
|------------------------------------|-----------|--------------------|--------------|
| As of September 30, 2020           | 505       | 500                | 1,005        |
| New locations opened               | —         | 10                 | 10           |
| Locations acquired                 | 11        | 128                | 139          |
| Locations sold, combined or closed | —         | (11)               | (11)         |
| As of June 30, 2021                | 516       | 627                | 1,143        |

**Non-GAAP Financial Information (Unaudited)**

In addition to the financial information prepared in conformity with accounting principles generally accepted in the United States ("GAAP"), we provide certain other non-GAAP financial information on a constant currency ("constant currency") and adjusted basis. We use constant currency results to evaluate our Latin America Pawn operations, which are denominated primarily in Mexican pesos, Guatemalan quetzales and other Latin American currencies. We believe that presentation of constant currency and adjusted results is meaningful and useful in understanding the activities and business metrics of our operations and reflect an additional way of viewing aspects of our business that, when viewed with GAAP results, provide a more complete understanding of factors and trends affecting our business. We provide non-GAAP financial information for informational purposes and to enhance understanding of our GAAP consolidated financial statements. We use this non-GAAP financial information primarily to evaluate and compare operating results across accounting periods.

Readers should consider the information in addition to, but not instead of or superior to, our financial statements prepared in accordance with GAAP. This non-GAAP financial information may be determined or calculated differently by other companies, limiting the usefulness of those measures for comparative purposes.

Constant currency results reported herein are calculated by translating consolidated balance sheet and consolidated statement of operations items denominated in local currency to U.S. dollars using the exchange rate from the prior-year comparable period, as opposed to the current period, in order to exclude the effects of foreign currency rate fluctuations. We used the end-of-period rate for balance sheet items and the average closing daily exchange rate on a monthly basis during the appropriate period for statement of operations items. The end-of-period and approximate average exchange rates for each applicable currency as compared to U.S. dollars as of and for the three and nine months ended June 30, 2022 and 2021 were as follows:

|                    | Three Months Ended |      |          |      | Nine Months Ended |      |
|--------------------|--------------------|------|----------|------|-------------------|------|
|                    | June 30,           |      | June 30, |      | June 30,          |      |
|                    | 2022               | 2021 | 2022     | 2021 | 2022              | 2021 |
| Mexican peso       | 20.2               | 19.9 | 20.0     | 20.0 | 20.4              | 20.3 |
| Guatemalan quetzal | 7.6                | 7.6  | 7.5      | 7.6  | 7.5               | 7.6  |
| Honduran lempira   | 24.2               | 23.6 | 24.2     | 23.7 | 24.1              | 23.8 |
| Peruvian sol       | 3.7                | 3.9  | 3.7      | 3.8  | 3.8               | 3.7  |

Our statement of operations constant currency results reflect the monthly exchange rate fluctuations and so are not directly calculable from the above rates. Constant currency results, where presented, also exclude the foreign currency gain or loss.

**Miscellaneous Non-GAAP Financial Measures**

**Three Months Ended**

**June 30,**

(in millions)

**2022      2021**

|                               |         |           |
|-------------------------------|---------|-----------|
| Net income (loss)             | \$ 12.2 | \$ (2.6 ) |
| Interest expense              | 2.7     | 5.6       |
| Interest income               | (0.2 )  | (0.5 )    |
| Income tax expense            | 0.9     | 1.8       |
| Depreciation and amortization | 7.7     | 7.4       |
| EBITDA                        | \$ 23.3 | \$ 11.7   |

|  | Total    | Gross  | Income     |            | Net    | Diluted |        |
|--|----------|--------|------------|------------|--------|---------|--------|
|  | Revenues | Profit | Before Tax | Tax Effect | Income | EPS     | EBITDA |

|                            |          |          |         |        |         |         |         |
|----------------------------|----------|----------|---------|--------|---------|---------|---------|
| 2022 Q3 Reported           | \$ 215.8 | \$ 129.5 | \$ 13.1 | \$ 0.9 | \$ 12.2 | \$ 0.17 | \$ 23.3 |
| Litigation accrual         | —        | —        | 2.0     | 0.1    | 1.8     | 0.02    | 2.0     |
| FX impact                  | —        | —        | (0.2 )  | —      | (0.2 )  | —       | (0.2 )  |
| Release of FIN 48 reserves | —        | —        | —       | 2.8    | (2.8 )  | (0.03 ) | —       |
| Constant currency impact   | —        | —        | —       | —      | 0.1     | —       | —       |
| 2022 Q3 Adjusted           | \$ 215.8 | \$ 129.5 | \$ 14.9 | \$ 3.9 | \$ 11.0 | \$ 0.16 | \$ 25.1 |

|  | Total    | Gross  | Income     |            | Net    | Diluted |        |
|--|----------|--------|------------|------------|--------|---------|--------|
|  | Revenues | Profit | Before Tax | Tax Effect | Income | EPS     | EBITDA |

|                      |          |          |           |        |           |            |         |
|----------------------|----------|----------|-----------|--------|-----------|------------|---------|
| 2021 Q3 Reported     | \$ 174.0 | \$ 108.0 | \$ (0.8 ) | \$ 1.8 | \$ (2.6 ) | \$ (0.05 ) | \$ 11.7 |
| Acquisition expenses | —        | —        | 0.4       | 0.3    | 0.1       | —          | 0.4     |
| Peru Reserve         | —        | —        | 0.5       | 0.4    | 0.1       | —          | 0.4     |
| Non cash Interest    | —        | —        | 3.5       | 2.5    | 1.0       | 0.02       | —       |
| 2021 Q3 Adjusted     | \$ 174.0 | \$ 108.0 | \$ 3.6    | \$ 5.0 | \$ (1.4 ) | \$ (0.03 ) | \$ 12.5 |

|                                                   | Three Months Ended |            |            | Nine Months Ended |            |            |
|---------------------------------------------------|--------------------|------------|------------|-------------------|------------|------------|
|                                                   | June 30, 2022      |            |            | June 30, 2022     |            |            |
|                                                   | U.S. Dollar        |            | Percentage | U.S. Dollar       |            | Percentage |
|                                                   | Amount             | Change YOY |            | Amount            | Change YOY |            |
| <i>(in millions)</i>                              |                    |            |            |                   |            |            |
| Consolidated revenue                              | \$ 215.8           | 24         | %          | \$ 652.8          | 22         | %          |
| Currency exchange rate fluctuations               | —                  |            |            | 0.7               |            |            |
| Constant currency consolidated revenue            | \$ 215.8           | 24         | %          | \$ 653.5          | 22         | %          |
| Consolidated gross profit                         | \$ 129.5           | 20         | %          | \$ 390.5          | 18         | %          |
| Currency exchange rate fluctuations               | —                  |            |            | 0.3               |            |            |
| Constant currency consolidated gross profit       | \$ 129.5           | 20         | %          | \$ 390.8          | 18         | %          |
| Consolidated net inventory                        | \$ 132.7           | 44         | %          | \$ 132.7          | 44         | %          |
| Currency exchange rate fluctuations               | 0.4                |            |            | 0.4               |            |            |
| Constant currency consolidated net inventory      | \$ 133.1           | 44         | %          | \$ 133.1          | 44         | %          |
| Latin America Pawn gross profit                   | \$ 31.1            | 26         | %          | \$ 89.3           | 30         | %          |
| Currency exchange rate fluctuations               | —                  |            |            | 0.3               |            |            |
| Constant currency Latin America Pawn gross profit | \$ 31.1            | 26         | %          | \$ 89.6           | 30         | %          |
| Latin America Pawn PLO                            | \$ 44.5            | 11         | %          | \$ 44.5           | 11         | %          |
| Currency exchange rate fluctuations               | 0.5                |            |            | 0.5               |            |            |
| Constant currency Latin America Pawn PLO          | \$ 45.0            | 13         | %          | \$ 45.0           | 13         | %          |
| Latin America Pawn PSC revenues                   | \$ 21.0            | 28         | %          | \$ 58.3           | 34         | %          |
| Currency exchange rate fluctuations               | —                  |            |            | 0.1               |            |            |
| Constant currency Latin America Pawn PSC revenues | \$ 21.0            | 28         | %          | \$ 58.4           | 34         | %          |

|                                                                |          |    |   |          |    |   |
|----------------------------------------------------------------|----------|----|---|----------|----|---|
| Latin America Pawn merchandise sales                           | \$ 34.3  | 47 | % | \$ 103.5 | 47 | % |
|                                                                | consolid |    |   |          |    |   |
| Currency exchange rate fluctuations                            | —        |    |   | 0.6      |    |   |
| Constant currency Latin America Pawn merchandise sales         | \$ 34.3  | 47 | % | \$ 104.1 | 48 | % |
|                                                                |          |    |   |          |    |   |
| Latin America Pawn segment profit before tax                   | \$ 6.1   | 71 | % | \$ 17.3  | 56 | % |
| Currency exchange rate fluctuations                            | —        |    |   | 0.1      |    |   |
| Constant currency Latin America Pawn segment profit before tax | \$ 6.1   | 71 | % | \$ 17.4  | 56 | % |



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Source: EZCORP, Inc.