



## EZCORP Reports Second Quarter Fiscal Year 2019 Results

May 08, 2019

AUSTIN, Texas--(BUSINESS WIRE)-- EZCORP, Inc. (NASDAQ:EZPW) today announced results for its second quarter ended March 31, 2019.

All amounts in this release are from EZCORP continuing operations and in conformity with U.S. generally accepted accounting principles ("GAAP") unless otherwise noted. Comparisons shown in this release are to the same period in the prior year unless otherwise noted.

### HIGHLIGHTS FOR SECOND QUARTER OF FISCAL 2019

- Strong revenue growth, up 6% to \$214.7 million, reflects the company's long-standing focus on best meeting customers' need for cash. Growth in pawn loans outstanding (PLO), pawn service charges (PSC) and merchandise sales in U.S. and Latin America pawn segments contributed to improvement in key pawn operating metrics during the quarter.
  - PLO, the most influential driver of revenue and profitability, expanded 9% to \$173.1 million, and PSC rose 10% to \$81.8 million.
  - U.S. Pawn segment same store PLO and PSC each rose 5%, driving total ending PLO of \$130.6 million and PSC of \$61.8 million.
  - Latin America Pawn total PLO grew 20% to \$42.6 million (up 27% to \$44.7 million on a constant currency basis<sup>1</sup>). Same store PLO increased 4% (9% higher on a constant currency basis). PSC rose 33% to \$20.0 million (increasing 37% to \$20.6 million on a constant currency basis).
- Income before tax of \$5.0 million and diluted earnings per share of \$0.06 were each down 71%, impacted by non-cash charges of \$6.5 million as well as growth investments and other discrete costs. Excluding those items and adjusting for constant currency, adjusted<sup>2</sup> income before tax was \$16.6 million, down 10%, and adjusted diluted earnings per share was flat to the prior-year quarter at \$0.22.
- The company continued investing to sustain strong competitive advantages, including ongoing progress on developing a new customer-centric digital platform, predictive product and customer analytics, and upgrading its point-of-sale and other systems. Capital and other expenditures related directly to growth initiatives totaled \$7.0 million in the quarter.
- Cash and cash equivalents ended the current quarter at \$347.8 million, providing liquidity to retire the \$195.0 million cash convertible notes due in June 2019 and continue investment in the company's growth. Fiscal year-to-date operating cash flow increased 11% to \$50.6 million and the company collected another \$14.6 million of principal under the Alpha Credit / Grupo Finmart notes receivable.

### CEO COMMENTARY AND OUTLOOK

Chief Executive Officer Stuart Grimshaw commented, "Fundamental trends remain healthy, with strong PLO growth driving accelerated revenue for the quarter compared to prior year levels. Rising demand for pawn loans and stable yields bode well for the near-term trajectory of PSC, while our proactive investing initiatives centered on digital engagement and data analytics position us well to increasingly differentiate our services and enhance profitable client acquisition and retention over time.

"As our liquidity and free cash flow continue to build, we maintain financial flexibility to de-lever the balance sheet and enhance our organic growth through incremental acquisitions, assuming our strict strategic and financial criteria are met. We remain committed to delivering accretive, sustainable growth - regardless of the broader economic environment - across multiple avenues to drive long-term shareholder value."

### CONSOLIDATED RESULTS

#### Three Months Ended March 31

*in thousands, except per share amounts*

|   | As Reported |            | Adjusted <sup>2</sup> |            |
|---|-------------|------------|-----------------------|------------|
|   | 2019        | 2018       | 2019                  | 2018       |
| Total Revenues                                | \$ 214,730  | \$ 202,398 | \$ 215,028            | \$ 202,398 |
| Income from Continuing Operations, Before Tax | \$ 5,019    | \$ 17,504  | \$ 16,591             | \$ 18,518  |
| Net Income from Continuing Operations         | \$ 2,659    | \$ 11,707  | \$ 11,648             | \$ 12,450  |
| Diluted Earnings Per Share                    | \$ 0.06     | \$ 0.21    | \$ 0.22               | \$ 0.22    |
| Adjusted EBITDA <sup>2</sup>                  | \$ 17,494   | \$ 25,516  | \$ 24,586             | \$ 25,272  |

With total revenues up \$12.3 million, or 6%, on growth in both pawn service charges and merchandise sales, income from continuing operations before tax decreased \$12.5 million from the prior year quarter on a GAAP basis and \$1.9 million on an adjusted basis, including the effect of expenses

at new and same stores. Included in the unadjusted year-over-year change in results is a \$6.5 million non-cash impairment on an equity investment and \$0.4 million lower income from this investment, a \$3.9 million increase in net interest expense primarily from debt issued in May 2018, the effect of 77 net new and acquired stores that do not yet fully reflect the company's historical store performance, additional investment in the company's Evergreen customer-centric digital platform, and other operating and administrative expense growth. While consolidated merchandise sales gross profit increased \$0.7 million, related sales margins decreased 130 basis points to 35.8%, reflecting both the effective liquidation of aged general merchandise in U.S. Pawn from 9% to 7% and a greater portion of total sales derived from Latin America, where average margins are lower due to the concentration in general merchandise.

- Ending and average PLO grew 9%, driving a 10% increase in PSC and a 6% improvement in net revenues to \$127.7 million (up 7% to \$128.5 million on a constant currency basis). Consolidated merchandise sales gross profit grew 2% to \$43.5 million on a 5% rise in merchandise sales. On a constant currency basis, PSC expanded 11% and merchandise sales gross profit improved 2%.
- Consolidated operations expenses rose 7% to \$88.2 million (up 8% to \$88.8 million on a constant currency basis) from a net increase of 74 stores acquired or opened since the prior year quarter (79 new and acquired stores in Latin America net of five closures in the U.S. and Canada) and increases in same stores. Same store operations expense increased 5% primarily due to labor and benefit cost increases, including reduced vacancies, an increase in robbery losses in the period and other smaller items. The company expects operating efficiencies to increasingly take hold as acquired stores are further integrated and new stores season and build scale.
- Administrative expense increased 24% to \$16.5 million principally as a result of a \$1.5 million strategic investment that is not capitalizable related to the development of the Evergreen customer-centric digital platform, which remains pre-revenue. Another \$1.0 million related to this project was capitalized in the quarter, based on the nature of the specific work performed.
- The company's global pawn businesses (consisting of U.S. Pawn and Latin America Pawn) generated consolidated segment contribution of \$37.9 million, up 18% from the prior year quarter. Included in this is a \$0.8 million recovery from a refiner that was fully reserved in the first fiscal quarter of 2019 and a \$1.1 million PSC-related indemnification claim settlement from the previous owners of GPMX. On an adjusted basis, consolidated global pawn segment contribution increased 2%, or \$0.8 million, to \$36.2 million.
- Non-cash charges consisted of a \$6.5 million impairment to the carrying value of the company's investment in Cash Converters International Limited, an unconsolidated affiliate, based on its share price at the end of the period. The current quarter equity in underlying earnings of this investment decreased \$0.4 million from the prior year quarter.
- Net interest expense increased \$3.9 million, driven by additional debt issued in May 2018, and lower interest income on the declining balance of notes receivable as principal collections are received monthly. The cash convertible senior notes expected to be repaid in June 2019 represent \$3.6 million of total interest expense in the current quarter.

## SEGMENT RESULTS

### U.S. Pawn

- Same store PLO and PSC both rose 5%, with ending PLO per store of \$257,000, up 6% on a year-over-year basis. The growth reflected disciplined lending practices, a focus on meeting customers' need for cash and stronger performance from stores affected by hurricanes in the prior-year quarter.
- Same store sales improved 2% and merchandise margins remained strong at 37%. Aged general merchandise inventory was reduced during the quarter from 9% to 7%.
- U.S. Pawn's revenue rose 3% to \$166.4 million, with a 3% rise in combined operating expenses and depreciation to \$70.5 million, resulting in a 1% increase in segment contribution to \$28.4 million. Adjusted segment contribution decreased 1% to \$28.4 million. Operating expense growth was primarily attributable to increased labor and benefit costs including vacancy reduction and higher robbery losses.

### Latin America Pawn

- Latin America Pawn's PLO grew 20% to \$42.6 million (up 27% to \$44.7 million on a constant currency basis). Same store PLO increased 4% (9% on a constant currency basis), with ending PLO per store of \$91,000, up 32%.
- The company added four stores in the quarter. Pawn store count in Latin America has expanded 20% in the last 12 months to a total of 466 stores, with 68 acquired and 11 opened. New stores drive attractive long-term profit enhancement but create a short-term drag on earnings as they ramp. Acquired stores are generally less efficient than our same stores until fully integrated, but typically are accretive in their first full quarter of ownership.
- Net revenues grew 27% to \$28.0 million (up 31% to \$28.8 million on a constant currency basis). PSC rose 33% to \$20.0 million (increasing 37% to \$20.6 million on a constant currency basis). PSC in the current period includes \$1.1 million attributable to settling certain PSC-related indemnification claims with the previous owners of GPMX.
- Operations expense increased 21% to \$18.2 million primarily from 79 stores acquired or opened since the prior year quarter and increases in same stores. Same store operations expense increased 10%, primarily as a result of incremental administrative and professional fees incurred to support the integration of previous acquisitions and enhance the administrative staff, as well as an increase in robbery losses.
- Segment contribution increased 39% to \$9.5 million (\$9.7 million on a constant currency basis). Adjusted segment contribution increased 20% to \$7.8 million, excluding foreign currency impacts and other discrete costs, as well as the \$0.8 million recovery from a refiner that was fully reserved in the first fiscal quarter of 2019 and a \$1.1 million PSC-related indemnification claim settlement from the previous owners of GPMX.

## CORRECTIONS TO PRIOR PERIOD FINANCIAL STATEMENTS

During the current quarter, the company identified errors in its previously reported financial statements during the ordinary course of account reviews and subsequent investigation of related accounts. None of the identified errors was material to any previously reported period. These have now been corrected in all periods presented. The errors relate primarily to the overstatement of historical balances of pawn service charges receivable resulting from errors in the configuration of information technology reports. Compared to amounts previously reported, the corrections reduced income from continuing operations, net of tax by \$0.2 million (no change to diluted earnings per share) and \$0.3 million (\$0.01 diluted earnings per share) in the three and six-month periods ended March 31, 2018. In the first quarter of fiscal 2019 included in the current year-to-date results, the correction increased previously reported income from continuing operations, net of tax by \$0.9 million (\$0.01 diluted earnings per share). Prior to correction, these errors resulted in an overstatement of October 1, 2017 beginning retained earnings of \$3.8 million. Greater detail on this is included in Note 1 to our Condensed Consolidated Financial Statements on Form 10-Q.

## CONFERENCE CALL

EZCORP will host a conference call on Thursday, May 9, 2019, at 7:30am Central Time to discuss first quarter results. Analysts and institutional investors may participate on the conference call by dialing (877) 201-0168, Conference ID: 2278077, or internationally by dialing (647) 788-4901. 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 loans in the United States and Latin America. It also sells merchandise, primarily collateral forfeited from pawn lending operations and used 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 SmallCap 600 Index, S&P 1000 Index and Nasdaq Composite Index.

## 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 or current or future litigation. 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.

<sup>1</sup> "Constant currency" basis, which is a non-GAAP measure, excludes the impact of foreign currency exchange rate fluctuations. 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>2</sup> Adjusted basis, which is a non-GAAP measure, excludes certain items. 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.

## EZCORP, Inc.

### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

|  | <b>Three Months Ended March 31,</b>             |             | <b>Six Months Ended March 31,</b> |             |
|--|---|-------------|-----------------------------------|-------------|
|  | <b>2019</b>                                     | <b>2018</b> | <b>2019</b>                       | <b>2018</b> |
|  | <b>(Unaudited)</b>                              |             |                                   |             |
|  | <i>(in thousands, except per share amounts)</i> |             |                                   |             |
| Revenues:  |   |             |                                   |             |
| Merchandise sales  | \$ 121,260                                      | \$ 114,945  | \$ 242,284                        | \$ 228,533  |
| Jewelry scrapping sales                                  | 10,380  | 11,525      | 19,661                            | 23,738      |
| Pawn service charges                                     | 81,799  | 74,031      | 165,318                           | 150,053     |
| Other revenues   | 1,291   | 1,897       | 3,162                             | 4,244       |
| Total revenues   | 214,730   | 202,398     | 430,425                           | 406,568     |
| Merchandise cost of goods sold                           | 77,800  | 72,220      | 154,912                           | 143,387     |
| Jewelry scrapping cost of goods sold                     | 8,833   | 9,574       | 16,883                            | 19,911      |
| Other cost of revenues                                   | 407   | 347         | 891                               | 924         |
| Net revenues   | 127,690   | 120,257     | 257,739                           | 242,346     |
| Operating expenses:                                      |   |             |                                   |             |
| Operations   | 88,243  | 82,180      | 177,029                           | 165,826     |
| Administrative   | 16,487  | 13,341      | 31,742                            | 26,420      |
| Depreciation and amortization                            | 7,012   | 6,451       | 13,860                            | 12,174      |
| (Gain) loss on sale or disposal of assets and other      | (823)   | ) 100       | 3,619                             | 139         |
| Total operating expenses                                 | 110,919   | 102,072     | 226,250                           | 204,559     |
| Operating income   | 16,771  | 18,185      | 31,489                            | 37,787      |
| Interest expense   | 8,589   | 5,829       | 17,380                            | 11,676      |
| Interest income  | (3,126)   | ) (4,268)   | ) (6,465)                         | ) (8,538)   |
| Equity in net (income) loss of unconsolidated affiliates | (431)   | ) (876)     | ) 688                             | ) (2,326)   |
| Impairment of investment in unconsolidated affiliates    | 6,451   | —           | 19,725                            | —           |
| Other expense (income)                                   | 269   | (4)         | ) (117)                           | ) (186)     |
| Income from continuing operations before income taxes    | 5,019   | 17,504      | 278                               | 37,161      |

|   |          |           |         |           |
|---|----------|-----------|---------|-----------|
| Income tax expense  | 2,360    | 5,797     | 1,279   | 13,208    |
| Income (loss) from continuing operations, net of tax                            | 2,659    | 11,707    | (1,001) | 23,953    |
| Loss from discontinued operations, net of tax                                   | (18)     | (500)     | (201)   | (722)     |
| Net income (loss)   | 2,641    | 11,207    | (1,202) | 23,231    |
| Net loss attributable to noncontrolling interest                                | (753)    | (374)     | (1,230) | (989)     |
| Net income attributable to EZCORP, Inc.   | \$ 3,394 | \$ 11,581 | \$ 28   | \$ 24,220 |
| Basic earnings per share attributable to EZCORP, Inc. — continuing operations   | \$ 0.06  | \$ 0.22   | \$ —    | \$ 0.46   |
| Diluted earnings per share attributable to EZCORP, Inc. — continuing operations | \$ 0.06  | \$ 0.21   | \$ —    | \$ 0.44   |
| Weighted-average basic shares outstanding                                       | 55,445   | 54,464    | 55,236  | 54,447    |
| Weighted-average diluted shares outstanding                                     | 55,463   | 57,624    | 55,247  | 56,642    |

**EZCORP, Inc.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except share and per share amounts)

|   | March 31,<br>2019 | March 31,<br>2018 | September<br>30,<br>2018 |
|---|-------------------|-------------------|--------------------------|
|   | (Unaudited)       |                   |                          |
| Assets:   |                   |                   |                          |
| Current assets:   |                   |                   |                          |
| Cash and cash equivalents   | \$ 347,786        | \$ 159,216        | \$ 285,311               |
| Pawn loans  | 173,138           | 159,410           | 198,463                  |
| Pawn service charges receivable, net  | 27,097            | 24,130            | 30,959                   |
| Inventory, net  | 173,348           | 158,642           | 166,997                  |
| Notes receivable, net   | 23,450            | 38,091            | 34,199                   |
| Prepaid expenses and other current assets   | 32,984            | 29,533            | 33,456                   |
| Total current assets  | 777,803           | 569,022           | 749,385                  |
| Investment in unconsolidated affiliates   | 29,387            | 46,509            | 49,500                   |
| Property and equipment, net   | 67,518            | 64,833            | 73,649                   |
| Goodwill  | 296,881           | 290,884           | 299,248                  |
| Intangible assets, net  | 58,503            | 45,728            | 54,923                   |
| Notes receivable, net   | 8,509             | 18,660            | 3,226                    |
| Deferred tax asset, net   | 10,119            | 15,087            | 7,986                    |
| Other assets  | 4,395             | 19,773            | 3,863                    |
| Total assets  | \$ 1,253,115      | \$ 1,070,496      | \$ 1,241,780             |
| Liabilities and equity:   |                   |                   |                          |
| Current liabilities:  |                   |                   |                          |
| Current maturities of long-term debt, net   | \$ 192,901        | \$ 103,287        | \$ 190,181               |
| Accounts payable, accrued expenses and other current liabilities  | 58,696            | 60,538            | 57,958                   |
| Customer layaway deposits   | 13,564            | 12,225            | 11,824                   |
| Total current liabilities   | 265,161           | 176,050           | 259,963                  |
| Long-term debt, net   | 232,733           | 198,338           | 226,702                  |
| Deferred tax liability, net   | 9,012             | 2,525             | 8,817                    |
| Other long-term liabilities   | 6,450             | 9,359             | 6,890                    |
| Total liabilities   | 513,356           | 386,272           | 502,372                  |
| Commitments and contingencies   |                   |                   |                          |
| Stockholders' equity:   |                   |                   |                          |
| Class A Non-voting Common Stock, par value \$.01 per share; shares authorized: 100 million; issued and outstanding: 52,475,070 as of March 31, 2019; 51,494,246 as of March 31, 2018; and 51,614,746 as of September 30, 2018 | 524               | 515               | 516                      |
| Class B Voting Common Stock, convertible, par value \$.01 per share; shares authorized: 3 million; issued and outstanding: 2,970,171  | 30                | 30                | 30                       |
| Additional paid-in capital  | 402,505           | 353,698           | 397,927                  |
| Retained earnings   | 386,650           | 373,560           | 386,622                  |
| Accumulated other comprehensive loss  | (49,950)          | (40,247)          | (42,356)                 |
| EZCORP, Inc. stockholders' equity   | 739,759           | 687,556           | 742,739                  |
| Noncontrolling interest   | —                 | (3,332)           | (3,331)                  |
| Total equity  | 739,759           | 684,224           | 739,408                  |
| Total liabilities and equity  | \$ 1,253,115      | \$ 1,070,496      | \$ 1,241,780             |

**EZCORP, Inc.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Six Months Ended March 31,**  
**2019**                      **2018**  
**(Unaudited)**  
*(in thousands)*

|   |            |             |
|---|------------|-------------|
| Operating activities:   |            |             |
| Net (loss) income   | \$ (1,202  | ) \$ 23,231 |
| Adjustments to reconcile net (loss) income to net cash flows from operating activities: |            |             |
| Depreciation and amortization   | 13,860     | 12,174      |
| Amortization of debt discount and deferred financing costs                              | 11,225     | 7,439       |
| Accretion of notes receivable discount and deferred compensation fee                    | (2,492     | ) (5,032    |
| Deferred income taxes   | 358        | 2,801       |
| Impairment of investment in unconsolidated affiliate                                    | 19,725     | —           |
| Other adjustments   | 1,265      | 1,081       |
| Reserve on jewelry scrap receivable   | 3,646      | —           |
| Stock compensation expense  | 4,697      | 5,534       |
| Loss (income) from investment in unconsolidated affiliates                              | 688        | (2,326      |
| Changes in operating assets and liabilities, net of business acquisitions:              |            |             |
| Service charges and fees receivable   | 3,797      | 4,644       |
| Inventory   | 421        | (628        |
| Prepaid expenses, other current assets and other assets                                 | (3,590     | ) (2,982    |
| Accounts payable, accrued expenses and other liabilities                                | (409       | ) (5,357    |
| Customer layaway deposits   | 1,810      | 1,128       |
| Income taxes, net of excess tax benefit from stock compensation                         | (3,176     | ) 3,937     |
| Net cash provided by operating activities   | 50,623     | 45,644      |
| Investing activities:   |            |             |
| Loans made  | (353,537   | ) (330,732  |
| Loans repaid  | 225,695    | 220,267     |
| Recovery of pawn loan principal through sale of forfeited collateral                    | 142,656    | 134,870     |
| Additions to property and equipment, net  | (13,863    | ) (19,251   |
| Acquisitions, net of cash acquired  | (627       | ) (63,780   |
| Principal collections on notes receivable   | 14,591     | 9,152       |
| Net cash provided by (used in) investing activities                                     | 14,915     | (49,474     |
| Financing activities:   |            |             |
| Taxes paid related to net share settlement of equity awards                             | (3,288     | ) (311      |
| Proceeds from borrowings, net of issuance costs   | 1,066      | —           |
| Payments on borrowings  | (509       | ) —         |
| Net cash used in financing activities   | (2,731     | ) (311      |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash        | (599       | ) (238      |
| Net increase (decrease) in cash, cash equivalents and restricted cash                   | 62,208     | (4,379      |
| Cash, cash equivalents and restricted cash at beginning of period                       | 285,578    | 163,868     |
| Cash, cash equivalents and restricted cash at end of period                             | \$ 347,786 | \$ 159,489  |
| Non-cash investing and financing activities:  |            |             |
| Pawn loans forfeited and transferred to inventory                                       | \$ 151,211 | \$ 134,952  |

**EZCORP, Inc.**
**OPERATING SEGMENT RESULTS**
*(Unaudited and in thousands)*

**Three Months Ended March 31, 2019**

|                                | U.S. Pawn | Latin<br>America<br>Pawn | Other<br>International | Total<br>Segments | Corporate<br>Items | Consolidated |
|--------------------------------|-----------|--------------------------|------------------------|-------------------|--------------------|--------------|
| Revenues:                      |           |                          |                        |                   |                    |              |
| Merchandise sales              | \$ 96,632 | \$ 24,628                | \$ —                   | \$ 121,260        | \$ —               | \$ 121,260   |
| Jewelry scrapping sales        | 7,916     | 2,464                    | —                      | 10,380            | —                  | 10,380       |
| Pawn service charges           | 61,798    | 20,001                   | —                      | 81,799            | —                  | 81,799       |
| Other revenues                 | 43        | 25                       | 1,223                  | 1,291             | —                  | 1,291        |
| Total revenues                 | 166,389   | 47,118                   | 1,223                  | 214,730           | —                  | 214,730      |
| Merchandise cost of goods sold | 60,928    | 16,872                   | —                      | 77,800            | —                  | 77,800       |

|   |           |          |            |           |             |           |
|---|-----------|----------|------------|-----------|-------------|-----------|
| Jewelry scrapping cost of goods sold                  | 6,571     | 2,262    | —          | 8,833     | —           | 8,833     |
| Other cost of revenues                                | —         | —        | 407        | 407       | —           | 407       |
| Net revenues  | 98,890    | 27,984   | 816        | 127,690   | —           | 127,690   |
| Segment and corporate expenses (income):              |           |          |            |           |             |           |
| Operations  | 67,475    | 18,223   | 2,545      | 88,243    | —           | 88,243    |
| Administrative  | —         | —        | —          | —         | 16,487      | 16,487    |
| Depreciation and amortization                         | 2,982     | 1,495    | 77         | 4,554     | 2,458       | 7,012     |
| (Gain) loss on sale or disposal of assets and other   | —         | (839)    | 16         | (823)     | —           | (823)     |
| Interest expense                                      | —         | 50       | 132        | 182       | 8,407       | 8,589     |
| Interest income                                       | —         | (431)    | —          | (431)     | (2,695)     | (3,126)   |
| Equity in net income of unconsolidated affiliates     | —         | —        | (431)      | (431)     | —           | (431)     |
| Impairment of investment in unconsolidated affiliates | —         | —        | 6,451      | 6,451     | —           | 6,451     |
| Other expense (income)                                | —         | 29       | 262        | 291       | (22)        | 269       |
| Segment contribution (loss)                           | \$ 28,433 | \$ 9,457 | \$ (8,236) | \$ 29,654 |             | \$ 29,654 |
| Income from continuing operations before income taxes |           |          |            | \$ 29,654 | \$ (24,635) | \$ 5,019  |

### Three Months Ended March 31, 2018

|   | U.S. Pawn | Latin America Pawn | Other International | Total Segments | Corporate Items | Consolidated |
|---|-----------|--------------------|---------------------|----------------|-----------------|--------------|
| Revenues:   |           |                    |                     |                |                 |              |
| Merchandise sales                                     | \$ 94,753 | \$ 20,192          | \$ —                | \$ 114,945     | \$ —            | \$ 114,945   |
| Jewelry scrapping sales                               | 8,177     | 3,348              | —                   | 11,525         | —               | 11,525       |
| Pawn service charges                                  | 59,027    | 15,004             | —                   | 74,031         | —               | 74,031       |
| Other revenues  | 76        | 174                | 1,647               | 1,897          | —               | 1,897        |
| Total revenues  | 162,033   | 38,718             | 1,647               | 202,398        | —               | 202,398      |
| Merchandise cost of goods sold                        | 58,537    | 13,683             | —                   | 72,220         | —               | 72,220       |
| Jewelry scrapping cost of goods sold                  | 6,512     | 3,062              | —                   | 9,574          | —               | 9,574        |
| Other cost of revenues                                | —         | —                  | 347                 | 347            | —               | 347          |
| Net revenues  | 96,984    | 21,973             | 1,300               | 120,257        | —               | 120,257      |
| Segment and corporate expenses (income):              |           |                    |                     |                |                 |              |
| Operations  | 65,190    | 15,015             | 1,975               | 82,180         | —               | 82,180       |
| Administrative  | —         | —                  | —                   | —              | 13,341          | 13,341       |
| Depreciation and amortization                         | 3,531     | 916                | 47                  | 4,494          | 1,957           | 6,451        |
| Loss (gain) on sale or disposal of assets             | 107       | (5)                | —                   | 102            | (2)             | 100          |
| Interest expense                                      | —         | 2                  | —                   | 2              | 5,827           | 5,829        |
| Interest income                                       | —         | (763)              | —                   | (763)          | (3,505)         | (4,268)      |
| Equity in net income of unconsolidated affiliates     | —         | —                  | (876)               | (876)          | —               | (876)        |
| Other (income) expense                                | 1         | (1)                | (35)                | (35)           | 31              | (4)          |
| Segment contribution                                  | \$ 28,155 | \$ 6,809           | \$ 189              | \$ 35,153      |                 | \$ 35,153    |
| Income from continuing operations before income taxes |           |                    |                     | \$ 35,153      | \$ (17,649)     | \$ 17,504    |

### Six Months Ended March 31, 2019

|  | U.S. Pawn  | Latin America Pawn | Other International | Total Segments | Corporate Items | Consolidated |
|--|------------|--------------------|---------------------|----------------|-----------------|--------------|
| Revenues:                                    |            |                    |                     |                |                 |              |
| Merchandise sales                            | \$ 191,735 | \$ 50,549          | \$ —                | \$ 242,284     | \$ —            | \$ 242,284   |
| Jewelry scrapping sales                      | 14,468     | 5,193              | —                   | 19,661         | —               | 19,661       |
| Pawn service charges                         | 126,023    | 39,295             | —                   | 165,318        | —               | 165,318      |
| Other revenues                               | 91         | 67                 | 3,004               | 3,162          | —               | 3,162        |
| Total revenues                               | 332,317    | 95,104             | 3,004               | 430,425        | —               | 430,425      |
| Merchandise cost of goods sold               | 120,076    | 34,836             | —                   | 154,912        | —               | 154,912      |
| Jewelry scrapping cost of goods sold         | 12,081     | 4,802              | —                   | 16,883         | —               | 16,883       |
| Other cost of revenues                       | —          | —                  | 891                 | 891            | —               | 891          |
| Net revenues                                 | 200,160    | 55,466             | 2,113               | 257,739        | —               | 257,739      |
| Segment and corporate expenses (income):     |            |                    |                     |                |                 |              |
| Operations                                   | 135,435    | 36,419             | 5,175               | 177,029        | —               | 177,029      |
| Administrative                               | —          | —                  | —                   | —              | 31,742          | 31,742       |
| Depreciation and amortization                | 6,017      | 2,917              | 118                 | 9,052          | 4,808           | 13,860       |
| Loss on sale or disposal of assets and other | 2,852      | 751                | 16                  | 3,619          | —               | 3,619        |
| Interest expense                             | —          | 79                 | 204                 | 283            | 17,097          | 17,380       |

|   |           |           |              |           |              |          |
|---|-----------|-----------|--------------|-----------|--------------|----------|
| Interest income                                       | —         | (850 )    | —            | (850 )    | (5,615 )     | (6,465 ) |
| Equity in net loss of unconsolidated affiliates       | —         | —         | 688          | 688       | —            | 688      |
| Impairment of investment in unconsolidated affiliates | —         | —         | 19,725       | 19,725    | —            | 19,725   |
| Other (income) expense                                | —         | (97 )     | 284          | 187       | (304 )       | (117 )   |
| Segment contribution (loss)                           | \$ 55,856 | \$ 16,247 | \$ (24,097 ) | \$ 48,006 |              |          |
| Income from continuing operations before income taxes |           |           |              | \$ 48,006 | \$ (47,728 ) | \$ 278   |

#### Six Months Ended March 31, 2018

|   | U.S. Pawn  | Latin America Pawn | Other International | Total Segments | Corporate Items | Consolidated |
|---|------------|--------------------|---------------------|----------------|-----------------|--------------|
| Revenues:   |            |                    |                     |                |                 |              |
| Merchandise sales                                     | \$ 186,247 | \$ 42,286          | \$ —                | \$ 228,533     | \$ —            | \$ 228,533   |
| Jewelry scrapping sales                               | 16,702     | 7,036              | —                   | 23,738         | —               | 23,738       |
| Pawn service charges                                  | 118,644    | 31,409             | —                   | 150,053        | —               | 150,053      |
| Other revenues  | 150        | 343                | 3,751               | 4,244          | —               | 4,244        |
| Total revenues  | 321,743    | 81,074             | 3,751               | 406,568        | —               | 406,568      |
| Merchandise cost of goods sold                        | 114,625    | 28,762             | —                   | 143,387        | —               | 143,387      |
| Jewelry scrapping cost of goods sold                  | 13,354     | 6,557              | —                   | 19,911         | —               | 19,911       |
| Other cost of revenues                                | —          | —                  | 924                 | 924            | —               | 924          |
| Net revenues  | 193,764    | 45,755             | 2,827               | 242,346        | —               | 242,346      |
| Segment and corporate expenses (income):              |            |                    |                     |                |                 |              |
| Operations  | 131,378    | 29,850             | 4,598               | 165,826        | —               | 165,826      |
| Administrative  | —          | —                  | —                   | —              | 26,420          | 26,420       |
| Depreciation and amortization                         | 6,330      | 1,761              | 94                  | 8,185          | 3,989           | 12,174       |
| Loss on sale or disposal of assets                    | 123        | 5                  | —                   | 128            | 11              | 139          |
| Interest expense                                      | —          | 3                  | —                   | 3              | 11,673          | 11,676       |
| Interest income                                       | —          | (1,400 )           | —                   | (1,400 )       | (7,138 )        | (8,538 )     |
| Equity in net income of unconsolidated affiliates     | —          | —                  | (2,326 )            | (2,326 )       | —               | (2,326 )     |
| Other (income) expense                                | (3 )       | 114                | (118 )              | (7 )           | (179 )          | (186 )       |
| Segment contribution                                  | \$ 55,936  | \$ 15,422          | \$ 579              | \$ 71,937      |                 |              |
| Income from continuing operations before income taxes |            |                    |                     | \$ 71,937      | \$ (34,776 )    | \$ 37,161    |

#### EZCORP, Inc.

#### STORE COUNT ACTIVITY

(Unaudited)

#### Three Months Ended March 31, 2019

|                                    | U.S. Pawn | Latin America Pawn | Other International | Consolidated |
|------------------------------------|-----------|--------------------|---------------------|--------------|
| As of December 31, 2018            | 508       | 462                | 27                  | 997          |
| New locations opened               | —         | 4                  | —                   | 4            |
| Locations sold, combined or closed | —         | —                  | (3 )                | (3 )         |
| As of March 31, 2019               | 508       | 466                | 24                  | 998          |

#### Three Months Ended March 31, 2018

|                                    | U.S. Pawn | Latin America Pawn | Other International | Consolidated |
|------------------------------------|-----------|--------------------|---------------------|--------------|
| As of December 31, 2017            | 513       | 383                | 27                  | 923          |
| New locations opened               | —         | 4                  | —                   | 4            |
| Locations sold, combined or closed | (3 )      | —                  | —                   | (3 )         |
| As of March 31, 2018               | 510       | 387                | 27                  | 924          |

#### Six Months Ended March 31, 2019

|                                    | U.S.<br>Pawn | Latin America<br>Pawn | Other<br>International | Consolidated |
|------------------------------------|--------------|-----------------------|------------------------|--------------|
| As of September 30, 2018           | 508          | 453                   | 27                     | 988          |
| New locations opened               | —            | 8                     | —                      | 8            |
| Locations acquired                 | —            | 5                     | —                      | 5            |
| Locations sold, combined or closed | —            | —                     | (3 )                   | (3 )         |
| As of March 31, 2019               | 508          | 466                   | 24                     | 998          |

#### Six Months Ended March 31, 2018

|                                    | U.S.<br>Pawn | Latin America<br>Pawn | Other<br>International | Consolidated |
|------------------------------------|--------------|-----------------------|------------------------|--------------|
| As of September 30, 2017           | 513          | 246                   | 27                     | 786          |
| New locations opened               | —            | 8                     | —                      | 8            |
| Locations acquired                 | —            | 133                   | —                      | 133          |
| Locations sold, combined or closed | (3 )         | —                     | —                      | (3 )         |
| As of March 31, 2018               | 510          | 387                   | 27                     | 924          |

#### 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 basis ("constant currency"). We use constant currency results to evaluate our Latin America Pawn operations, which are denominated primarily in Mexican pesos and other Latin American currencies. We believe that presentation of constant currency results is meaningful and useful in understanding the activities and business metrics of our Latin America Pawn 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 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 Mexican pesos, Guatemalan quetzals, Honduran lempiras and Peruvian sols 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 currency as compared to U.S. dollars as of and for the three and six months ended March 31, 2019 and 2018 were as follows:

|                    | March 31, |      | Three Months Ended March 31, |      | Six Months Ended March 31, |      |
|--------------------|-----------|------|------------------------------|------|----------------------------|------|
|                    | 2019      | 2018 | 2019                         | 2018 | 2019                       | 2018 |
| Mexican peso       | 19.4      | 18.3 | 19.2                         | 18.7 | 19.5                       | 18.8 |
| Guatemalan quetzal | 7.6       | 7.3  | 7.6                          | 7.3  | 7.6                        | 7.2  |
| Honduran lempira   | 24.3      | 23.5 | 24.2                         | 23.5 | 24.1                       | 23.4 |
| Peruvian sol       | 3.3       | 3.2  | 3.3                          | 3.2  | 3.3                        | 3.2  |

The constant currency results of our statement of operations 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. We have experienced a prolonged weakening of the Mexican peso to the U.S. dollar and may continue to experience further weakening in future reporting periods, which may adversely impact our future operating results when stated on a GAAP basis.

#### Miscellaneous Non-GAAP Financial Measures

|   | 2019 Q2              | 2018 Q2 |
|---|----------------------|---------|
|   | <i>(in millions)</i> |         |
| Net income                                    | \$ 2.6               | \$ 11.2 |
| Loss from discontinued operations, net of tax | —                    | 0.5     |
| Interest expense                              | 8.6                  | 5.8     |
| Interest income                               | (3.1 )               | (4.3 )  |
| Income tax expense                            | 2.4                  | 5.8     |
| Depreciation and amortization                 | 7.0                  | 6.5     |
| Adjusted EBITDA                               | \$ 17.5              | \$ 25.5 |

#### Revenues

|  |                      |
|--|----------------------|
|  | <i>(in millions)</i> |
| 2019 Q2 reported                                     | \$ 214.7             |
| Settlement of GPMX PSC-related indemnification claim | (1.1 )               |
| Currency exchange rate fluctuations                  | 1.4                  |
| 2019 Q2 adjusted                                     | \$ 215.0             |

|  | Income from<br>Continuing<br>Operations,<br>Before Tax | Tax<br>Effect | Net Income<br>from<br>Continuing<br>Operations | Adjusted<br>EBITDA | EPS     |
|--|--|---------------|--|--------------------|---------|
|  | <i>(in millions)</i>                                   |               |  |                    |         |
| 2019 Q2 reported   | \$ 5.0   | \$ (2.3 )     | \$ 2.7   | \$ 17.5            | \$ 0.06 |
| Acquisition costs  | 0.1  | —             | 0.1  | 0.1                | —       |
| Impairment on CCV investment   | 6.5  | (1.5 )        | 5.0  | 6.5                | 0.09    |
| Adjustment for Republic Metals Corporation recovery                                      | (0.8 )   | 0.2           | (0.6 )   | (0.8 )             | (0.01 ) |
| Deconsolidation of previously consolidated subsidiary                                    | 0.3  | (0.1 )        | 0.2  | 0.3                | —       |
| Settlement of GPMX PSC-related indemnification claim                                     | (1.1 )   | 0.3           | (0.8 )   | (1.1 )             | (0.01 ) |
| Currency exchange rate fluctuations  | 0.2  | (0.1 )        | 0.1  | 0.2                | —       |
| Non-cash net interest expense  | 4.5  | (1.1 )        | 3.4  | —                  | 0.06    |
| Discretionary strategic investment in digital platform and board of director search fees | 1.9  | (0.4 )        | 1.5  | 1.9                | 0.03    |
| 2019 Q2 adjusted   | \$ 16.6  | \$ (5.0 )     | \$ 11.6  | \$ 24.6            | \$ 0.22 |

|  | Income<br>from<br>Continuing<br>Operations,<br>Before Tax | Tax<br>Effect | Net Income<br>from<br>Continuing<br>Operations | Adjusted<br>EBITDA | EPS     |
|--|---|---------------|--|--------------------|---------|
|  | <i>(in millions)</i>                                      |               |  |                    |         |
| 2018 Q2 reported                               | \$ 17.5   | \$ (5.8 )     | \$ 11.7  | \$ 25.5            | \$ 0.21 |
| Charge-off of aged assets                      | 0.1   | —             | 0.1  | 0.1                | —       |
| Impact from hurricane store operating expenses | (0.3 )  | 0.1           | (0.2 )   | (0.3 )             | —       |
| Non-cash net interest expense                  | 1.2   | (0.3 )        | 0.9  | —                  | 0.01    |
| 2018 Q2 adjusted                               | \$ 18.5   | \$ (6.0 )     | \$ 12.5  | \$ 25.3            | \$ 0.22 |

#### U.S. Pawn Latin America Pawn Total

|  | <i>(in millions)</i> |        |   |         |
|--|----------------------|--------|---|---------|
| Segment contribution 2019 Q2                         | \$ 28.4              | \$ 9.5 |   | \$ 37.9 |
| Adjustment for Republic Metals Corporation recovery  | —                    | (0.8 ) | ) | (0.8 )  |
| Settlement of GPMX PSC-related indemnification claim | —                    | (1.1 ) | ) | (1.1 )  |
| Currency exchange rate fluctuations                  | —                    | 0.2    |   | 0.2     |
| Adjusted segment contribution 2019 Q2                | \$ 28.4              | \$ 7.8 |   | \$ 36.2 |

#### U.S. Pawn

|  | <i>(in millions)</i> |
|--|----------------------|
| Segment contribution 2018 Q2                   | \$ 28.2              |
| Charge-off of aged assets                      | 0.1                  |
| Impact from hurricane store operating expenses | 0.3                  |
| Adjusted segment contribution 2018 Q2          | \$ 28.6              |

#### 2019 Q2:

**U.S. Dollar Amount    Percentage Change YOY**

|  | <i>(in millions)</i> |      |
|--|----------------------|------|
| Latin America Pawn PLO                   | \$ 42.6              | 20 % |
| Currency exchange rate fluctuations      | 2.1                  |      |
| Constant currency Latin America Pawn PLO | \$ 44.7              | 27 % |
| Latin America Pawn same store PLO        | \$ 36.8              | 4 %  |
| Currency exchange rate fluctuations      | 1.9                  |      |

|  |          |      |
|--|----------|------|
| Constant currency Latin America Pawn same store PLO  | \$ 38.7  | 9 %  |
| Consolidated revenue (three months ended March 31, 2019)   | \$ 214.7 | 6 %  |
| Currency exchange rate fluctuations  | 1.4      |      |
| Constant currency consolidated revenue (three months ended March 31, 2019)                         | \$ 216.1 | 7 %  |
| Consolidated net revenue (three months ended March 31, 2019)                                       | \$ 127.7 | 6 %  |
| Currency exchange rate fluctuations  | 0.8      |      |
| Constant currency consolidated net revenue (three months ended March 31, 2019)                     | \$ 128.5 | 7 %  |
| Consolidated PSC revenue (three months ended March 31, 2019)                                       | \$ 81.8  | 10 % |
| Currency exchange rate fluctuations  | 0.6      |      |
| Constant currency consolidated PSC revenue (three months ended March 31, 2019)                     | \$ 82.4  | 11 % |
| Consolidated merchandise sales gross profit (three months ended March 31, 2019)                    | \$ 43.5  | 2 %  |
| Currency exchange rate fluctuations  | 0.2      |      |
| Constant currency consolidated merchandise sales gross profit (three months ended March 31, 2019)  | \$ 43.7  | 2 %  |
| Consolidated operations expenses (three months ended March 31, 2019)                               | \$ 88.2  | 7 %  |
| Currency exchange rate fluctuations  | 0.6      |      |
| Constant currency consolidated operations expenses (three months ended March 31, 2019)             | \$ 88.8  | 8 %  |
| Latin America Pawn net revenue (three months ended March 31, 2019)                                 | \$ 28.0  | 27 % |
| Currency exchange rate fluctuations  | 0.8      |      |
| Constant currency Latin America Pawn net revenue (three months ended March 31, 2019)               | \$ 28.8  | 31 % |
| Latin America Pawn PSC revenue (three months ended March 31, 2019)                                 | \$ 20.0  | 33 % |
| Currency exchange rate fluctuations  | 0.6      |      |
| Constant currency Latin America Pawn PSC revenue (three months ended March 31, 2019)               | \$ 20.6  | 37 % |
| Latin America Pawn segment profit before tax (three months ended March 31, 2019)                   | \$ 9.5   | 39 % |
| Currency exchange rate fluctuations  | 0.2      |      |
| Constant currency Latin America Pawn segment profit before tax (three months ended March 31, 2019) | \$ 9.7   | 43 % |



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