



EZCORP Reports Second Quarter Fiscal Year 2020 Results

May 11, 2020

AUSTIN, Texas--(BUSINESS WIRE)-- EZCORP, Inc. (NASDAQ: EZPW) today announced results for its second quarter ended March 31, 2020.

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.

"These are difficult times for our people, our customers, the communities we are in and for all of us as we try to understand and manage the impacts of the COVID-19 pandemic. We remain focused on the health and safety of our people and customers and ensuring we are there to help them manage their way through this crisis. Given the challenges in this environment, we are pleased to report that EZCORP entered this crisis in a position of strength, with fiscal second quarter revenue ahead of last year, and a strong and growing cash balance that positions us exceptionally to serve our customers' needs," said EZCORP Chief Executive Officer Stuart Grimshaw.

HIGHLIGHTS FOR SECOND QUARTER OF FISCAL 2020

- Total revenues for the quarter were up 4% to \$223.3 million, and up 5% on an adjusted basis¹. Revenue growth was driven by strong retail demand during the tax refund season and continuing into March with early impacts of the COVID-19 crisis as customers purchased items for working and schooling from home. This drove an increase in cash from retail sales and a decrease in loan demand. Pawn loans outstanding at the end of the quarter were down 7.5% from the prior-year quarter (4.6% reduction on a constant currency basis). Since the end of March, the decline in loan balances has accelerated and is continuing.
- Operations expenses declined by 2% to \$88.4 million (down 1% to \$88.7 million on an adjusted basis) as a result of expense control measures and even though total store count grew by 3%.
- Income before taxes was \$(34.1) million, a decrease of \$39.1 million from the prior-year quarter, including a non-cash asset impairment charge of \$47.1 million (pre-tax) discussed below. On an adjusted basis income before income taxes was \$16.7 million, an increase of 12% from the prior year. Diluted earnings per share was \$(0.74), a decrease of \$(0.80) from the prior-year quarter. On an adjusted basis, diluted earnings per share was \$0.17, a decrease of 15% from the prior year.
- Second quarter fiscal 2020 results include a non-cash asset impairment charge of \$47.1 million (pre-tax), or \$0.85 per diluted share, primarily related to impairment of goodwill in our U.S. Pawn and Latin America Pawn reporting units. While the bulk of our stores (93% at March 31, 2020) have remained open, many of our stores in our GPMX countries (Guatemala, El Salvador, Honduras and Peru) have been closed. Prior to the store closures in March, the GPMX business was performing well, with profits before tax ahead of plan.
- Our cash position remains strong at \$193.7 million as of March 31, 2020, up 35% from \$143 million at the end of the first quarter. We maintain a flexible debt profile with no restrictive covenants or near-term maturities. Since March 31, 2020 our cash balance has grown to greater than \$250 million as loan demand continues to show weakness and retail sales continue to show strength.
- Ongoing inventory management efforts negatively impacted the merchandise sales margin by approximately 200 basis points to 34%. In the U.S. Pawn segment, adjusted merchandise sales margin was relatively steady at 36.3%, and aged general merchandise dropped 10% to 6.5% of inventory, as inventory turns increased from 1.9x to 2.0x. While stores in Mexico have remained open, the Latin America Pawn segment has been impacted by closures at GPMX, with large portions of Guatemala and Honduras closed, and all stores in El Salvador and Peru closed since March. As of April 30, 2020, 18% of our Guatemala stores and 38% of our Honduras stores remain closed, and all stores in El Salvador and Peru remain closed. Despite our continued focus on opportunities in aged general merchandise, Latin America aged inventory increased to 11% of total inventory on a constant currency basis. In the Latin America Pawn segment, we opened nine stores in the second quarter and expect to open approximately ten additional stores during the remainder of fiscal 2020. The Latin America Pawn store count has increased by 27 net new stores, or 6%, over the last twelve months.
- Since initiating our stock repurchase program in December 2019, we have repurchased approximately 943,000 shares of Class A Common Stock for \$5.2 million. On March 20, 2020, we suspended further repurchases under our program in order to preserve current liquidity due to uncertainties related to the COVID-19 pandemic.

Mr. Grimshaw continued, "In the midst of unprecedented uncertainty and volatility, we are taking the right actions to preserve and enhance our liquidity and position ourselves to emerge positively from this crisis. The health and safety of our team and customers are of paramount importance, and we continue to support our colleagues in every way possible. I am incredibly proud of our amazing team of people. They are dealing with this crisis with strength and are committed to serving our customers, who count on our being there for them every day.

"We are supporting our customers and giving them more choices by introducing innovative and flexible measures to support transactions, highlighted by offering remote loan extensions on our Lana application and the introduction of a convenient curbside pawn offering.

"Stepping back, our results for the fiscal second quarter reinforce the uniqueness and resiliency of our business. Revenues and EBITDA were healthy, driven by strong sales and expense controls, and supported by long-term funding and a strong cash position. Our business provides liquidity and vital financial services to many people, and as such is deemed essential, resulting in virtually all of our stores (93% overall and 98% in the US and Mexico)

being open to serve our customers.

“Strong retail demand in the U.S. and Latin America has continued into April as a result of government stimulus funding programs. These programs have also resulted in a lower loan demand, and heightened repayments, than we would typically experience at this time of year, consistent with what is being seen across the industry. Looking ahead, our recession-resilient business remains positioned to perform as loan demand returns. While the timing of the rebound in loan demand remains uncertain, we are seeing a more challenging economic backdrop both here and across Latin America, which we believe will lead to accelerating demand for pawn loans over time.

“Additionally, we are leveraging our differentiated point of sale system to optimize lending decisions, inventory management, customer experience, and ultimately drive higher returns on assets. The future remains difficult to predict; however, we believe we have positioned the company well to successfully navigate our way through this crisis. In the immediate period, we will continue to focus on the health and safety of both our employees and our customers and finding new and innovative ways to satisfy our customers’ needs.”

CONSOLIDATED RESULTS

Three Months Ended March 31

in millions, except per share amounts

| | As Reported | | Adjusted ¹ | |
|---|-------------|----------|-----------------------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| Total Revenues | \$ 223.3 | \$ 214.7 | \$ 224.4 | \$ 213.6 |
| Net Revenues | \$ 127.4 | \$ 127.7 | \$ 127.9 | \$ 127.7 |
| (Loss) Income from Continuing Operations, Before Tax | \$(34.1) | \$ 5.0 | \$ 16.7 | \$ 14.9 |
| Net (Loss) Income from Continuing Operations | \$(40.9) | \$ 2.7 | \$ 9.3 | \$ 10.3 |
| Diluted Earnings Per Share from Continuing Operations | \$(0.74) | \$ 0.06 | \$ 0.17 | \$ 0.19 |
| Adjusted EBITDA ¹ | \$(21.4) | \$ 17.6 | \$ 26.1 | \$ 22.9 |

- Total revenues grew 4% to \$223.3 million. PSC was down 2% to \$80.2 million largely reflecting lower average PLO for the quarter. On an adjusted basis, PSC was flat in spite of a lower average PLO balance for the quarter due to a reduction in new loans made in the second half of March attributable to the early impacts of COVID-19. Since the end of March, demand for new loans remains weak, which will be reflected in declining PSC in future periods.
- Merchandise sales grew 7% and scrap sales were up 14%.
- Net revenues were flat versus the prior-year quarter at \$127.4 million. Consolidated merchandise sales gross profit increased 1% to \$44.1 million, with a 7% increase in merchandise sales offset by higher cost of goods sold. Ongoing efforts to optimize inventory impacted merchandise margins, down approximately 200 basis points to 34%.
- Consolidated operations expenses decreased 2%. Total store count increased 3%, consisting of a net 29 stores acquired or opened since the end of the prior-year quarter. Administrative expense decreased 2% to \$14.6 million.
- Gross interest expense decreased \$2.7 million reflecting the June 2019 repayment of \$195.0 million of cash convertible debt. Gross interest income decreased \$2.2 million due to collections on notes receivable since the prior-year period.
- Second quarter fiscal 2020 results include a pre-tax asset impairment charge of \$47.1 million, or \$0.85 per diluted share, primarily related to impairment of goodwill in our U.S. Pawn and Latin America reporting units.

SEGMENT RESULTS

U.S. Pawn

- Total revenue was up 4.5% reflecting 6% growth in merchandise sales.
- PSC remained flat on a year-over-year basis, as a higher yield was offset by a lower average PLO balance for the quarter. PLO per store ended the period at \$238,000, down 12% compared to the average of \$271,000 for the prior-year period, due to a reduction in new loans made in the second half of March attributable to the early impacts of COVID-19.
- Merchandise margins declined from 36.9% a year ago to 36.3%, as we continued to focus on inventory management. Aged inventory was down to 6.5% from 7.2% in the prior year. Jewelry scrapping gross profit increased 38%, with related margins up 220 basis points to 19.2% on higher gold prices.

- Net revenues increased 2% to \$100.8 million, while segment contribution decreased 28% to \$20.4 million primarily as a result of a \$10.0 million goodwill asset impairment charge. Excluding that impairment charge, segment contribution increased \$1.9 million, or 7.0%, to \$30.4 million.
- EBITDA was \$33.1 million, a increase of \$1.7 million or 5.4% from the prior-year quarter, with the margin expanding by approximately 110 basis points to 32.9%. Adjusted EBITDA was up 5% year-over-year, reflecting higher merchandise sales gross profits, with merchandise sales up 6% versus the prior-year quarter.

Latin America Pawn

- Net revenues decreased 8% to \$25.8 million (down 6% to \$26.3 million on a constant currency basis) largely reflecting lower PSC and merchandise gross profits due in part to COVID-19 related closures in Latin America.
- PSC decreased 7% to \$18.5 million (down 6% to \$18.9 million on a constant currency basis), PSC revenue was flat year-over-year, as a higher average PLO balance for the quarter was offset by a lower yield, reflecting reduced activity and limited originations.
- Ending PLO decreased 11% to \$38.1 million (up 1% to \$43.2 million on a constant currency basis). Same-store PLO was down 0.5%, largely reflecting continuing social welfare programs in Mexico as well as the impact of COVID-19-driven headwinds.
- Merchandise sales growth remained strong, up 11%, to \$27.4 million (14% or \$28.0 million on a constant currency basis). Merchandise margins declined to 25.2% reflecting ongoing efforts to reduce aged inventory.
- Operations expense remained relatively flat, up 1% to \$18.5 million compared to prior-year quarter.
- Latin America Pawn added nine de novo stores in the quarter. New store openings typically pressure earnings in the short term as they ramp up but drive higher profitability over time.
- Segment loss decreased to \$(30.1) million from \$9.5 million in the prior year quarter. Excluding the goodwill and intangible asset impairment of \$35.9 million recorded in the current quarter, segment contribution decreased \$3.7 million, or 39%, to \$5.8 million (44% on a constant currency basis) primarily reflecting lower PSC revenues and merchandise gross profits. Latin America Pawn results and the impairment charge reflect the impact of COVID-19, including a significant decline in pawn loan balances due to changes in typical customer behavior and mandated store closures at GPMX, with large portions of Guatemala and Honduras closed, and our stores in El Salvador and Peru completely closed since March. The decline in pawn loan balances has continued into April. As of April 30, 2020, 18% of our Guatemala stores and 38% of our Honduras stores remain closed, and our stores in El Salvador and Peru remain closed.

CONFERENCE CALL

EZCORP will host a conference call on Tuesday, May 12, 2020, at 7:00 am Central Time to discuss second quarter results. Analysts and institutional investors may participate on the conference call by dialing (833) 579-0921, Conference ID: 4169917, or internationally by dialing (778) 560-2579. 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, 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.

¹ 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. 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

**Three Months Ended March
31,**

**Six Months Ended March
31,**

2020 2019 2020 2019

(Unaudited)

(in thousands, except per share amounts)

Revenues:

| | | | | |
|--------------------------------------|------------|------------|------------|------------|
| Merchandise sales | \$ 129,830 | \$ 121,260 | \$ 256,558 | \$ 242,284 |
| Jewelry scrapping sales | 11,878 | 10,380 | 21,406 | 19,661 |
| Pawn service charges | 80,222 | 81,799 | 164,947 | 165,318 |
| Other revenues | 1,353 | 1,291 | 2,807 | 3,162 |
| Total revenues | 223,283 | 214,730 | 445,718 | 430,425 |
| Merchandise cost of goods sold | 85,776 | 77,800 | 169,852 | 154,912 |
| Jewelry scrapping cost of goods sold | 9,617 | 8,833 | 17,371 | 16,883 |
| Other cost of revenues | 525 | 407 | 1,061 | 891 |
| Net revenues | 127,365 | 127,690 | 257,434 | 257,739 |

Operating expenses:

| | | | | |
|--|----------|-----------|-----------|-----------|
| Operations | 88,372 | 89,766 | 178,997 | 180,642 |
| Administrative | 14,620 | 14,964 | 32,109 | 28,129 |
| Impairment of goodwill and intangible assets | 47,060 | — | 47,060 | — |
| Depreciation and amortization | 7,762 | 7,012 | 15,495 | 13,860 |
| Loss (gain) on sale or disposal of assets and other | 261 | (823) |) 1,005 | 3,619 |
| Total operating expenses | 158,075 | 110,919 | 274,666 | 226,250 |
| Operating (loss) income | (30,710) |) 16,771 | (17,232) |) 31,489 |
| Interest expense | 5,881 | 8,589 | 11,210 | 17,380 |
| Interest income | (941) |) (3,126) |) (1,784) |) (6,465) |
| Equity in net (income) loss of unconsolidated affiliates | (1,184) |) (431) |) 4,713 | 688 |
| Impairment of investment in unconsolidated affiliates | — | 6,451 | — | 19,725 |
| Other (income) expense | (361) |) 269 | (290) |) (117) |
| (Loss) income from continuing operations before income taxes | (34,105) |) 5,019 | (31,081) |) 278 |

| | | | | |
|--|------------|------------|------------|----------|
| Income tax expense | 6,749 | 2,360 | 8,508 | 1,279 |
| (Loss) income from continuing operations, net of tax | (40,854 |) 2,659 | (39,589 |) (1,001 |
| Loss from discontinued operations, net of tax | (20 |) (18 |) (47 |) (201 |
| Net (loss) income | (40,874 |) 2,641 | (39,636 |) (1,202 |
| Net loss attributable to noncontrolling interest | — | (753 |) — | (1,230 |
| Net (loss) income attributable to EZCORP, Inc. | \$ (40,874 |) \$ 3,394 | \$ (39,636 |) \$ 28 |
| Basic (loss) earnings per share attributable to EZCORP, Inc. — continuing operations | \$ (0.74 |) \$ 0.06 | \$ (0.71 |) \$ — |
| Diluted (loss) earnings per share attributable to EZCORP, Inc. — continuing operations | \$ (0.74 |) \$ 0.06 | \$ (0.71 |) \$ — |
| Weighted-average basic shares outstanding | 55,448 | 55,445 | 55,557 | 55,236 |
| Weighted-average diluted shares outstanding | 55,522 | 55,463 | 55,608 | 55,247 |

EZCORP, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

| | March 31, 2020 | March 31, 2019 | September 30, 2019 |
|---|---------------------------|---------------------------|-----------------------------------|
| | (Unaudited) | | |
| Assets: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 193,729 | \$ 347,786 | \$ 157,567 |
| Restricted cash | 4,000 | — | 4,875 |
| Pawn loans | 160,179 | 173,138 | 199,058 |
| Pawn service charges receivable, net | 27,304 | 27,097 | 31,802 |
| Inventory, net | 173,251 | 173,348 | 179,355 |
| Notes receivable, net | 3,728 | 23,450 | 7,182 |
| Prepaid expenses and other current assets | 23,629 | 32,984 | 25,921 |

| | | | |
|---|--------------|--------------|--------------|
| Total current assets | 585,820 | 777,803 | 605,760 |
| Investments in unconsolidated affiliates | 27,993 | 29,387 | 34,516 |
| Property and equipment, net | 58,787 | 67,518 | 67,357 |
| Lease right-of-use asset | 206,839 | — | — |
| Goodwill | 257,222 | 296,881 | 300,527 |
| Intangible assets, net | 64,043 | 58,503 | 68,044 |
| Notes receivable, net | 1,132 | 8,509 | 1,117 |
| Deferred tax asset, net | 6,251 | 10,119 | 1,998 |
| Other assets | 5,045 | 4,395 | 4,383 |
| Total assets | \$ 1,213,132 | \$ 1,253,115 | \$ 1,083,702 |
| Liabilities and equity: | | | |
| Current liabilities: | | | |
| Current maturities of long-term debt, net | \$ 267 | \$ 192,901 | \$ 214 |
| Accounts payable, accrued expenses and other current liabilities | 53,152 | 58,696 | 77,957 |
| Customer layaway deposits | 13,060 | 13,564 | 12,915 |
| Lease liability | 44,076 | — | — |
| Total current liabilities | 110,555 | 265,161 | 91,086 |
| Long-term debt, net | 244,288 | 232,733 | 238,380 |
| Deferred tax liability, net | 2,540 | 9,012 | 1,985 |
| Lease liability | 171,006 | — | — |
| Other long-term liabilities | 7,190 | 6,450 | 7,302 |
| Total liabilities | 535,579 | 513,356 | 338,753 |
| Commitments and contingencies (Note 10) | | | |
| Stockholders' equity: | | | |
| Class A Non-voting Common Stock, par value \$.01 per share; shares authorized: 100 million; issued and outstanding: 52,097,590 as of March 31, 2020; 52,475,070 as of March 31, 2019; and 52,565,064 as of September 30, 2019 | 521 | 524 | 526 |
| Class B Voting Common Stock, convertible, par value \$.01 per share; shares authorized: 3 million; issued and outstanding: 2,970,171 | 30 | 30 | 30 |

| | | |
|--|------------|--------------|
| Inventory | (1,281 |) 421 |
| Prepaid expenses, other current assets and other assets | (2,791 |) (3,590) |
| Accounts payable, accrued expenses and other liabilities | (37,799 |) (409) |
| Customer layaway deposits | 538 | 1,810 |
| Income taxes | 1,412 | (3,176) |
| Net cash provided by operating activities | 21,271 | 50,623 |
| Investing activities: | | |
| Loans made | (351,050 |) (353,537) |
| Loans repaid | 229,054 | 225,695 |
| Recovery of pawn loan principal through sale of forfeited collateral | 158,792 | 142,656 |
| Additions to property and equipment, net | (12,160 |) (13,863) |
| Acquisitions, net of cash acquired | — | (627) |
| Principal collections on notes receivable | 4,000 | 14,591 |
| Net cash provided by investing activities | 28,636 | 14,915 |
| Financing activities: | | |
| Taxes paid related to net share settlement of equity awards | (1,458 |) (3,288) |
| Payout of deferred consideration | (175 |) — |
| Proceeds from borrowings, net of issuance costs | (109 |) 1,066 |
| Payments on borrowings | (355 |) (509) |
| Repurchase of common stock | (5,159 |) — |
| Net cash used in financing activities | (7,256 |) (2,731) |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | (7,364 |) (599) |
| Net increase in cash, cash equivalents and restricted cash | 35,287 | 62,208 |
| Cash, cash equivalents and restricted cash at beginning of period | 162,442 | 285,578 |
| Cash, cash equivalents and restricted cash at end of period | \$ 197,729 | \$ 347,786 |
| Non-cash investing and financing activities: | | |
| Pawn loans forfeited and transferred to inventory | \$ 156,468 | \$ 151,211 |

EZCORP, Inc.

OPERATING SEGMENT RESULTS

(Unaudited and in thousands)

Three Months Ended March 31, 2020

| | U.S. Pawn | Latin America Pawn | Lana | Other International | Total Segments | Corporate Items | Consolidated |
|---|------------------|---------------------------|-------------|----------------------------|-----------------------|------------------------|---------------------|
| <i>(in thousands)</i> | | | | | | | |
| Revenues: | | | | | | | |
| Merchandise sales | \$ 102,447 | \$ 27,383 | \$ — | \$ — | \$ 129,830 | \$ — | \$ 129,830 |
| Jewelry scrapping sales | 9,659 | 2,219 | — | — | 11,878 | — | 11,878 |
| Pawn service charges | 61,700 | 18,522 | — | — | 80,222 | — | 80,222 |
| Other revenues | 31 | 25 | 3 | 1,294 | 1,353 | — | 1,353 |
| Total revenues | 173,837 | 48,149 | 3 | 1,294 | 223,283 | — | 223,283 |
| Merchandise cost of goods sold | 65,286 | 20,490 | — | — | 85,776 | — | 85,776 |
| Jewelry scrapping cost of goods sold | 7,800 | 1,817 | — | — | 9,617 | — | 9,617 |
| Other cost of revenues | — | 37 | — | 488 | 525 | — | 525 |
| Net revenues | 100,751 | 25,805 | 3 | 806 | 127,365 | — | 127,365 |
| Segment and corporate expenses (income): | | | | | | | |
| Operations | 67,619 | 18,469 | 724 | 1,560 | 88,372 | — | 88,372 |
| Administrative | — | — | — | — | — | 14,620 | 14,620 |
| Depreciation and amortization | 2,711 | 1,940 | 377 | 23 | 5,051 | 2,711 | 7,762 |
| Loss (gain) on sale or disposal of assets and other | — | (123) | — | — | (123) | 384 | 261 |
| Interest expense | — | 402 | — | 154 | 556 | 5,325 | 5,881 |
| Interest income | — | (369) | — | — | (369) | (572) | (941) |
| Equity in net income of unconsolidated affiliates | — | — | — | (1,184) | (1,184) | — | (1,184) |
| Impairment of goodwill and intangible assets | 10,000 | 35,936 | — | 1,124 | 47,060 | — | 47,060 |
| Other (income) expense | — | (309) | — | 20 | (289) | (72) | (361) |

Segment contribution (loss) \$ 20,421 \$ (30,141) \$ (1,098) \$ (891) \$ (11,709)

Loss from continuing operations before income taxes \$ (11,709) \$ (22,396) \$ (34,105)

Three Months Ended March 31, 2019

U.S. Pawn Latin America Pawn Lana Other International Total Segments Corporate Items Consolidated

(in thousands)

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 | 1,523 | 2,545 | 89,766 | — | 89,766 |
| Administrative | — | — | — | — | — | 14,964 | 14,964 |
| Depreciation and amortization | 2,982 | 1,495 | — | 77 | 4,554 | 2,458 | 7,012 |
| (Gain) loss on sale or disposal of assets and other | (1) | (838) | — | 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) | \$ 28,434 | \$ 9,456 | \$ (1,523) | \$ (8,236) | \$ 28,131 | | |

Income from continuing operations before income taxes

\$ 28,131 \$ (23,112) \$ 5,019

Six Months Ended March 31, 2020

| | U.S. Pawn | Latin America Pawn | Lana | Other International | Total Segments | Corporate Items | Consolidated |
|--|------------|--------------------|-------------|---------------------|----------------|-----------------|--------------|
| <i>(in thousands)</i> | | | | | | | |
| Revenues: | | | | | | | |
| Merchandise sales | \$ 197,801 | \$ 58,757 | \$ — | \$ — | \$ 256,558 | \$ — | \$ 256,558 |
| Jewelry scrapping sales | 15,776 | 5,630 | — | — | 21,406 | — | 21,406 |
| Pawn service charges | 125,790 | 39,157 | — | — | 164,947 | — | 164,947 |
| Other revenues | 67 | 50 | 4 | 2,686 | 2,807 | — | 2,807 |
| Total revenues | 339,434 | 103,594 | 4 | 2,686 | 445,718 | — | 445,718 |
| Merchandise cost of goods sold | 126,650 | 43,202 | — | — | 169,852 | — | 169,852 |
| Jewelry scrapping cost of goods sold | 12,555 | 4,816 | — | — | 17,371 | — | 17,371 |
| Other cost of revenues | — | 37 | — | 1,024 | 1,061 | — | 1,061 |
| Net revenues | 200,229 | 55,539 | 4 | 1,662 | 257,434 | — | 257,434 |
| Segment and corporate expenses (income): | | | | | | | |
| Operations | 135,678 | 38,452 | 2,074 | 2,793 | 178,997 | — | 178,997 |
| Administrative | — | — | — | — | — | 32,109 | 32,109 |
| Depreciation and amortization | 5,576 | 3,829 | 389 | 57 | 9,851 | 5,644 | 15,495 |
| Loss (gain) on sale or disposal of assets and other | — | (95) | — | — | (95) | 1,100 | 1,005 |
| Interest expense | — | 430 | (36) | 324 | 718 | 10,492 | 11,210 |
| Interest income | — | (757) | — | — | (757) | (1,027) | (1,784) |
| Equity in net loss of unconsolidated affiliates | — | — | — | 4,713 | 4,713 | — | 4,713 |
| Impairment of goodwill and intangible assets | 10,000 | 35,936 | 1,124 | — | 47,060 | — | 47,060 |
| Other (income) expense | — | (242) | — | 19 | (223) | (67) | (290) |
| Segment contribution (loss) | \$ 48,975 | \$ (22,014) | \$ (3,547) | \$ (6,244) | \$ 17,170 | | |
| Income (loss) from continuing operations before income taxes | | | | | \$ 17,170 | \$ (48,251) | \$ (31,081) |

Six Months Ended March 31, 2019

| | U.S. Pawn | Latin America Pawn | Lana | Other International | Total Segments | Corporate Items | Consolidated |
|---|-----------------------|--------------------------|-------------|------------------------|-------------------|--------------------|--------------|
| | <i>(in thousands)</i> | | | | | | |
| 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 | 3,613 | 5,175 | 180,642 | — | 180,642 |
| Administrative | — | — | — | — | — | 28,129 | 28,129 |
| 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 | \$ (3,613) | \$ (24,097) | \$ 44,393 | | |
| Income from continuing operations before income taxes | | | | | \$ 44,393 | \$ (44,115) | \$ 278 |

Three Months Ended March 31, 2020

| | U.S. Pawn | Latin America Pawn | Other International | Consolidated |
|-------------------------|-----------|--------------------|---------------------|--------------|
| As of December 31, 2019 | 512 | 484 | 22 | 1,018 |
| New locations opened | — | 9 | — | 9 |
| As of March 31, 2020 | 512 | 493 | 22 | 1,027 |

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 |

Six Months Ended March 31, 2020

| | U.S. Pawn | Latin America Pawn | Other International | Consolidated |
|--------------------------|-----------|--------------------|---------------------|--------------|
| As of September 30, 2019 | 512 | 480 | 22 | 1,014 |
| New locations opened | — | 13 | — | 13 |
| As of March 31, 2020 | 512 | 493 | 22 | 1,027 |

Six Months Ended March 31, 2019

| | U.S. Pawn | Latin America Pawn | Other 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 |

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, Guatemalan quetzals 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 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. 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. 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 six months ended March 31 were as follows:

| | March 31, | | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--------------------|------------------|-------------|-------------------------------------|-------------|-----------------------------------|-------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Mexican peso | 23.8 | 19.4 | 20.0 | 19.2 | 19.6 | 19.5 |
| Guatemalan quetzal | 7.6 | 7.6 | 7.5 | 7.6 | 7.5 | 7.6 |
| Honduran lempira | 24.4 | 24.3 | 24.3 | 24.2 | 24.3 | 24.1 |
| Peruvian sol | 3.4 | 3.3 | 3.4 | 3.3 | 3.3 | 3.3 |

Miscellaneous Non-GAAP Financial Measures

| | 2020 Q2 | 2019 Q2 |
|---|----------------------|----------------|
| | <i>(in millions)</i> | |
| Net income | \$ (40.9) | \$ 2.6 |
| Loss from discontinued operations, net of tax | — | — |
| Interest expense | 5.9 | 8.6 |
| Interest income | (0.9) | (3.1) |
| Income tax expense | 6.7 | 2.4 |
| Depreciation and amortization | 7.8 | 7.0 |
| Adjusted EBITDA | \$ (21.4) | \$ 17.6 |

| Income from Continuing Operations, Before Tax | Tax Effect | Net Income from Continuing Operations | Adjusted EBITDA | Continuing Operations Diluted EPS |
|--|-------------------|--|------------------------|--|
|--|-------------------|--|------------------------|--|

(in millions)

| | | | | | |
|--|------------|-----------|------------|------------|------------|
| 2020 Q2 reported | \$ (34.1) | \$ (6.8) | \$ (40.9) | \$ (21.4) | \$ (0.74) |
| Termination of non-core software project | 0.5 | (0.1) | 0.4 | 0.5 | 0.01 |
| Lobbying expense | 0.2 | — | 0.2 | 0.2 | — |
| Currency exchange rate fluctuations | (0.3) | — | (0.3) | (0.3) | (0.01) |
| Non-recurring tax expense | — | 1.9 | 1.9 | — | 0.03 |
| Non-cash net interest expense | 3.3 | (0.7) | 2.6 | — | 0.05 |
| Impairment of goodwill and intangible assets | \$ 47.1 | \$ (1.7) | \$ 45.4 | \$ 47.1 | \$ 0.83 |
| 2020 Q2 adjusted | \$ 16.7 | \$ (7.4) | \$ 9.3 | \$ 26.1 | \$ 0.17 |

| | Income from Continuing Operations, Before Tax | Tax Effect | Net Income from Continuing Operations | Adjusted EBITDA | Continuing Operations Diluted EPS |
|--|--|---------------|--|--------------------|---|
|--|--|---------------|--|--------------------|---|

(in millions)

| | | | | | |
|---|---------|-----------|---------|---------|---------|
| 2019 Q2 reported | \$ 5.0 | \$ (2.3) | \$ 2.7 | \$ 17.6 | \$ 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 reserve | (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) |
| Non-cash net interest expense | 4.5 | (1.1) | 3.4 | — | 0.06 |
| Board of director search fees | 0.4 | (0.1) | 0.3 | 0.4 | 0.01 |
| 2019 Q2 adjusted* | \$ 14.9 | \$ (4.6) | \$ 10.3 | \$ 23.0 | \$ 0.20 |

* During the first quarter of fiscal 2020, we revised the financial information our chief operating decision maker (currently our chief executive officer) reviews for operational decision-making purposes to include the separate financial results of our Lana business. Our historical segment results have been recast to conform to current presentation including the removal of discretionary strategic investment in digital platform costs in historically adjusted results. We additionally recast certain other adjustments to conform to restated historical results.

2020 Q2:

U.S. Dollar Amount Percentage
Change YOY

(in millions)

| | | | | |
|--|----|-------|--------|----|
| Consolidated revenue (three months ended March 31, 2020) | \$ | 223.3 | 4 | % |
| Currency exchange rate fluctuations | | 1.1 | | |
| Constant currency consolidated revenue (three months ended March 31, 2020) | \$ | 224.4 | 5 | % |
| Consolidated net revenue (three months ended March 31, 2020) | \$ | 127.4 | — | % |
| Currency exchange rate fluctuations | | 0.5 | | |
| Constant currency consolidated net revenue (three months ended March 31, 2020) | \$ | 127.9 | — | % |
| Latin America Pawn net revenue (three months ended March 31, 2020) | \$ | 25.8 | (8 |)% |
| Currency exchange rate fluctuations | | 0.5 | | |
| Constant currency Latin America Pawn net revenue (three months ended March 31, 2020) | \$ | 26.3 | (6 |)% |
| Latin America Pawn PLO | \$ | 38.1 | (11 |)% |
| Currency exchange rate fluctuations | | 5.0 | | |
| Constant currency Latin America Pawn PLO | \$ | 43.1 | 1 | % |
| Latin America Pawn PSC revenues (three months ended March 31, 2020) | \$ | 18.5 | (7 |)% |
| Currency exchange rate fluctuations | | 0.4 | | |
| Constant currency Latin America Pawn PSC revenues (three months ended March 31, 2020) | \$ | 18.9 | (6 |)% |
| Latin America Pawn merchandise sales (three months ended March 31, 2020) | \$ | 27.4 | 11 | % |
| Currency exchange rate fluctuations | | 0.6 | | |
| Constant currency Latin America Pawn merchandise sales (three months ended March 31, 2020) | \$ | 28.0 | 14 | % |
| Latin America Pawn segment profit before tax (three months ended March 31, 2020) | \$ | (30.1 |) (419 |)% |
| Currency exchange rate fluctuations | | (1.6 |) | |
| Constant currency Latin America Pawn segment profit before tax (three months ended March 31, 2020) | \$ | (31.7 |) (436 |)% |



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