UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2021 or

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

For the transition period from __________ to ____________

Commission File No. 0-19424

EZCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**74-2540145**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2500 Bee Cave Road Bldg One Suite 200 Rollingwood TX	**78746**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(512) 314-3400**

Securities registered pursuant to Section 12(b) of the Act

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Non-voting Common Stock, par value $.01 per share	**EZPW**	**NASDAQ Stock Market (NASDAQ Global Select Market)**

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☐	Accelerated Filer	☒
Non-accelerated Filer	☐	Smaller Reporting Company	☒
		Emerging Growth Company	☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The only class of voting securities of the registrant issued and outstanding is the Class B Voting Common Stock, par value $.01 per share, all of which is owned by an affiliate of the registrant. There is no trading market for the Class B Voting Common Stock.

As of April 30, 2021, 52,873,568 shares of the registrant's Class A Non-voting Common Stock ("Class A Common Stock"), par value $.01 per share, and 2,970,171 shares of the registrant's Class B Voting Common Stock, par value $.01 per share, were outstanding.

EZCORP, Inc.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EZCORP, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)	March 31, 2021	March 31, 2020	September 30, 2020
	(Unaudited)		
Assets:			
Current assets:			
Cash and cash equivalents	$ 335,638	$ 193,729	$ 304,542
Restricted cash	8,006	4,000	8,011
Pawn loans	125,268	160,179	131,323
Pawn service charges receivable, net	20,842	27,304	20,580
Inventory, net	86,214	173,251	95,891
Notes receivable, net	—	3,728	—
Prepaid expenses and other current assets	30,676	23,629	32,903
Total current assets	606,644	585,820	593,250
Investments in unconsolidated affiliates	34,961	27,993	32,458
Property and equipment, net	51,836	58,787	56,986
Lease right-of-use asset	170,479	206,839	183,809
Goodwill	258,199	257,222	257,582
Intangible assets, net	58,125	64,043	58,638
Notes receivable, net	1,164	1,132	1,148
Deferred tax asset, net	9,693	6,251	8,931
Other assets	5,152	5,045	4,221
Total assets	$ 1,196,253	$ 1,213,132	$ 1,197,023
Liabilities and equity:			
Current liabilities:			
Current maturities of long-term debt, net	$ —	$ 267	$ 213
Accounts payable, accrued expenses and other current liabilities	69,019	53,152	71,504
Customer layaway deposits	11,401	13,060	11,008
Lease liability	41,060	44,076	49,742
Total current liabilities	121,480	110,555	132,467
Long-term debt, net	257,143	244,288	251,016
Deferred tax liability, net	167	2,540	524
Lease liability	138,622	171,006	153,040
Other long-term liabilities	9,597	7,190	10,849
Total liabilities	527,009	535,579	547,896
Commitments and Contingencies (Note 11)			
Stockholders' equity:			
Class A Non-voting Common Stock, par value $0.01 per share; shares authorized: 100 million; issued and outstanding: 52,873,568 as of March 31, 2021; 52,097,590 as of March 31, 2020; and 52,332,848 as of September 30, 2020	528	521	521
Class B Voting Common Stock, convertible, par value $0.01 per share; shares authorized: 3 million; issued and outstanding: 2,970,171	30	30	30
Additional paid-in capital	399,439	406,171	398,475
Retained earnings	327,798	347,004	318,169
Accumulated other comprehensive loss	(58,551)	(76,173)	(68,068)
Total equity	669,244	677,553	649,127
Total liabilities and equity	$ 1,196,253	$ 1,213,132	$ 1,197,023

See accompanying notes to unaudited interim condensed consolidated financial statements

EZCORP, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
(in thousands, except per share amount)	2021	2020	2021	2020
Revenues:				
Merchandise sales	$ 115,225	$ 129,830	$ 223,008	$ 256,558
Jewelry scrapping sales	6,075	11,878	12,834	21,406
Pawn service charges	63,436	80,222	126,925	164,947
Other revenues	203	1,350	307	2,803
Total revenues	184,939	223,280	363,074	445,714
Merchandise cost of goods sold	65,790	85,776	130,333	169,852
Jewelry scrapping cost of goods sold	5,401	9,617	10,603	17,371
Other cost of revenues	—	525	—	1,061
Net revenues	113,748	127,362	222,138	257,430
Operating expenses:				
Store expenses	81,149	87,648	160,458	176,923
General and administrative	13,771	15,341	26,281	34,179
Impairment of goodwill, intangible and other assets	—	47,060	—	47,060
Depreciation and amortization	8,089	7,762	15,661	15,495
Loss on sale or disposal of assets and other	112	261	90	1,005
Total operating expenses	103,121	158,072	202,490	274,662
Operating income (loss)	10,627	(30,710)	19,648	(17,232)
Interest expense	5,518	5,881	10,973	11,210
Interest income	(585)	(941)	(1,406)	(1,784)
Equity in net (income) loss of unconsolidated affiliates	(1,250)	(1,184)	(1,766)	4,713
Other expense (income)	145	(341)	(454)	(243)
Income (loss) before income taxes	6,799	(34,125)	12,301	(31,128)
Income tax expense	1,469	6,749	2,672	8,508
Net income (loss)	$ 5,330	$ (40,874)	$ 9,629	$ (39,636)
Basic earnings (loss) per share	$ 0.10	$ (0.74)	$ 0.17	$ (0.71)
Diluted earnings (loss) per share	$ 0.10	$ (0.74)	$ 0.17	$ (0.71)
Weighted-average basic shares outstanding	55,661	55,448	55,509	55,557
Weighted-average diluted shares outstanding	55,665	55,522	55,511	55,608

See accompanying notes to unaudited interim condensed consolidated financial statements

EZCORP, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
(in thousands)	2021	2020	2021	2020
Net income (loss)	$ 5,330	$ (40,874)	$ 9,629	$ (39,636)
Other comprehensive (loss) income:				
Foreign currency translation adjustment, net of tax	(1,760)	(29,846)	9,517	(23,775)
Comprehensive income (loss)	$ 3,570	$ (70,720)	$ 19,146	$ (63,411)

See accompanying notes to unaudited interim condensed consolidated financial statements.

EZCORP, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited except for balances as of September 30, 2020 and September 30, 2019)

(in thousands)	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Equity
Balances as of September 30, 2020	55,303	$ 551	$ 398,475	$ 318,169	$ (68,068)	$ 649,127
Stock compensation	—	—	524	—	—	524
Release of restricted stock	296	5	—	—	—	5
Taxes paid related to net share settlement of equity awards	—	—	(730)	—	—	(730)
Foreign currency translation gain	—	—	—	—	11,277	11,277
Net income	—	—	—	4,299	—	4,299
Balances as of December 31, 2020	55,599	$ 556	$ 398,269	$ 322,468	$ (56,791)	$ 664,502
Stock compensation	—	—	1,094	—	—	1,094
Transfer of consideration for prior period acquisition	33	—	185	—	—	185
Release of restricted stock	212	2	—	—	—	2
Taxes paid related to net share settlement of equity awards	—	—	(109)	—	—	(109)
Foreign currency translation loss	—	—	—	—	(1,760)	(1,760)
Net income	—	—	—	5,330	—	5,330
Balances as of March 31, 2021	55,844	$ 558	$ 399,439	$ 327,798	$ (58,551)	$ 669,244

(in thousands)	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Equity
Balances as of September 30, 2019	55,535	$ 556	$ 407,628	$ 389,163	$ (52,398)	$ 744,949
Stock compensation	—	—	1,695	—	—	1,695
Release of restricted stock	463	5	—	—	—	5
Taxes paid related to net share settlement of equity awards	—	—	(1,395)	—	—	(1,395)
Foreign currency translation gain	—	—	—	—	6,071	6,071
Purchase and retirement of treasury stock	(142)	(2)	(488)	(473)	—	(963)
Net income	—	—	—	1,238	—	1,238
Balances as of December 31, 2019	55,856	$ 559	$ 407,440	$ 389,928	$ (46,327)	$ 751,600
Stock compensation	—	—	930	—	—	930
Release of restricted stock	13	1	—	—	—	1
Taxes paid related to net share settlement of equity awards	—	—	(63)	—	—	(63)
Foreign currency translation loss	—	—	—	—	(29,846)	(29,846)
Purchase and retirement of treasury stock	(801)	(9)	(2,136)	(2,050)	—	(4,195)
Net loss	—	—	—	(40,874)	—	(40,874)
Balances as of March 31, 2020	55,068	$ 551	$ 406,171	$ 347,004	$ (76,173)	$ 677,553

See accompanying notes to unaudited interim condensed consolidated financial statements

EZCORP, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in thousands)	Six Months Ended March 31, 2021	Six Months Ended March 31, 2020
Operating activities:		
Net income (loss)	$ 9,629	$ (39,636)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	15,661	15,495
Amortization of debt discount and deferred financing costs	6,754	6,493
Amortization of lease right-of-use asset	23,835	22,752
Accretion of notes receivable discount and deferred compensation fee	—	(546)
Deferred income taxes	(1,119)	(3,698)
Impairment of goodwill and intangible assets	—	47,060
Other adjustments	(250)	1,810
Provision for inventory reserve	(5,265)	(742)
Stock compensation expense	1,618	2,722
Equity in net (income) loss of unconsolidated affiliates	(1,766)	4,713
Changes in operating assets and liabilities:		
Service charges and fees receivable	(106)	4,027
Inventory	6,481	(539)
Prepaid expenses, other current assets and other assets	3,874	(2,791)
Accounts payable, accrued expenses and other liabilities	(43,436)	(37,799)
Customer layaway deposits	238	538
Income taxes	2,573	1,412
Net cash provided by operating activities	18,721	21,271
Investing activities:		
Loans made	(269,468)	(351,050)
Loans repaid	177,888	229,054
Recovery of pawn loan principal through sale of forfeited collateral	109,019	158,792
Capital expenditures, net	(8,359)	(12,160)
Principal collections on notes receivable	—	4,000
Net cash provided by investing activities	9,080	28,636
Financing activities:		
Taxes paid related to net share settlement of equity awards	(839)	(1,458)
Payout of deferred consideration	—	(175)
Proceeds from borrowings, net of issuance costs	—	(109)
Payments on borrowings	(871)	(355)
Repurchase of common stock	—	(5,159)
Net cash used in financing activities	(1,710)	(7,256)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	5,000	(7,364)
Net increase in cash, cash equivalents and restricted cash	31,091	35,287
Cash, cash equivalents and restricted cash at beginning of period	312,553	162,442
Cash, cash equivalents and restricted cash at end of period	$ 343,644	$ 197,729
Supplemental disclosure of cash flow information		
Cash and cash equivalents	$ 335,638	$ 193,729
Restricted cash	8,006	4,000
Total cash and cash equivalents and restricted cash	$ 343,644	$ 197,729
Non-cash investing and financing activities:		
Pawn loans forfeited and transferred to inventory	$ 99,285	$ 156,468

See accompanying notes to unaudited interim condensed consolidated financial statements.

Notes to Interim Condensed Consolidated Financial Statements

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

EZCORP, Inc. (collectively with its subsidiaries, the “Company”, “we”, “us” or “our”) is a leading provider of pawn loans in the United States and Latin America. Pawn loans are non-recourse loans collateralized by tangible property. We also sell merchandise, primarily collateral forfeited from pawn lending operations and pre-owned merchandise purchased from customers.

Basis of Presentation

The accompanying interim unaudited condensed consolidated financial statements (“Condensed Consolidated Financial Statements”) have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

These Condensed Consolidated Financial Statements should be read in conjunction with the audited consolidated financial statements and related notes contained in the Company’s Annual Report on Form 10-K for the year ended September 30, 2020, filed with the SEC on December 14, 2020 (“2020 Annual Report”).

In the opinion of management, the accompanying Condensed Consolidated Financial Statements include all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation. Financial results for the three and six-month periods ended March 31, 2021, are not necessarily indicative of results that may be expected for the fiscal year ending September 30, 2021.

Our business is subject to seasonal variations, and operating results for the three and six months ended March 31, 2021 and 2020 (the "current quarter" and "prior-year quarter," respectively) are not necessarily indicative of the results of operations for the full fiscal year.

There have been no changes that have had a material impact in significant accounting policies as described in our Annual Report on Form 10-K for the year ended September 30, 2020.

Principles of Consolidation

The accompanying Condensed Consolidated Financial Statements include the accounts of EZCORP, Inc. and its wholly owned subsidiaries. We use the equity method of accounting for entities in which we have a 50% or less investment and exercise significant influence. We account for equity investments for which we do not have significant influence and without readily determinable fair values at cost with adjustments for observable changes in price in orderly transactions for identical or similar investments of the same issuer or impairments. All inter-company accounts and transactions have been eliminated in consolidation.

Reclassifications

We have reclassified certain amounts in prior-period financial statements to conform to the current period presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions include the determination of revenue recognition, inventory reserves, expected credit losses, useful lives of long-lived and intangible assets, valuation of share-based compensation, valuation of equity investments, valuation of deferred tax assets and liabilities, loss contingencies related to litigation and discount rates used for operating leases. Actual results may result in actual amounts differing from reported amounts.

Impact of COVID-19

The COVID-19 pandemic continues to affect the U.S. and global economies, and as previously disclosed in our 2020 Annual Report, the pandemic also affected our businesses in a variety of ways beginning in the second quarter of fiscal 2020 and continuing into fiscal 2021. We cannot estimate the length or severity of the COVID-19 pandemic or the related financial consequences on our business and operations, including whether and when historic economic and operating conditions will resume or the extent to which the disruption may impact our business, financial position, results of operations or cash flows. Our estimates, judgments and assumptions related to COVID-19 could ultimately differ over time.

Recently Adopted Accounting Policies

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments — Credit Losses* (Topic 326) ("ASU 2016-13"). ASU 2016-13 modifies the measurement of expected credit losses of certain financial instruments, requiring entities to estimate an expected lifetime credit loss on financial assets. The ASU amends the impairment model to utilize an expected loss methodology and replaces the incurred loss methodology for financial instruments including trade receivables. The amendment requires entities to consider other factors, such as historical loss experience, current conditions and reasonable and supportable forecasts. ASU 2016-13 was effective on October 1, 2020.

We adopted ASU 2016-13 effective October 1, 2020 using the modified retrospective approach. There was no net cumulative effect adjustment to retained earnings as of October 1, 2020 as a result of this adoption. This amendment did not have a material impact on our balance sheets or cash flows from operations and did not have a material impact on our operating results.

Recently Issued Accounting Pronouncements

In August 2020, the FASB issued ASU 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity" ("ASU 2020-06"), which simplifies accounting for convertible instruments by removing major separation models required under current U.S. GAAP. ASU 2020-06 removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception and it also simplifies the diluted earnings per share calculation in certain areas. ASU 2020-06 is effective for the Company for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020 and adoption must be as of the beginning of our annual fiscal year. We are currently evaluating the impact of this standard on our consolidated financial statements and related disclosures.

NOTE 2: EXPECTED CREDIT LOSSES

We adopted ASU 2016-13 effective October 1, 2020. We have financing receivables within the scope of ASU 2016-13, specifically pawn loans receivables and related pawn service charges receivables.

Our pawn loans are short-term in nature, typically 30-120 days for U.S. Pawn loans and 30 days for Latin America Pawn loans. Under our existing accounting policy, if a pawn loan is deemed to be uncollectible, we do not recognize an allowance for doubtful accounts due to the expected recovery of the loan principal amount through the sale of the collateral. We record the forfeited collateral as inventory at the pawn loan principal amount.

Pawn service charges are recorded under the interest method over the term of the related pawn loan. Under our existing accounting policy, we accrue for any earned but unpaid pawn service charges at the end each month. We then apply a reserve to pawn service charges receivable at the end of each month using a pawn loan forfeiture rate derived from a trailing twelve-month average, adjusted for seasonality factors.

We have evaluated, on a collective basis, our pawn loan receivables and pawn service charge receivables and determined the new credit loss standard did not have a material impact on our consolidated financial statements, as our current polices appropriately capture lifetime expected credit losses.

The presentation of pawn loan and pawn service charge receivable as separate line items on our consolidated balance sheet will remain unchanged under the new credit loss standard.

As of March 31, 2021, pawn loan and related pawn service charge receivable, net were $125.3 million and $20.8 million, respectively.

NOTE 3: OTHER CHARGES

During the fourth quarter of fiscal 2020, we began to implement strategic initiatives to refocus on our core pawn business and optimize our cost structure in order to improve our bottom line performance and position the Company for sustainable growth. The initiatives focused on workforce reductions, closure of our CASHMAX operations, store closures, write-offs and other miscellaneous charges. We recorded $20.4 million of such charges for the quarter ended September 30, 2020, and had accrued charges of $10.7 million remaining at September 30, 2020. We had no similar charges for the six months ended March 31, 2021.

(in thousands)	Accrued Charges at September 30, 2020	Charges	Payments and Adjustments	Accrued Charges at December 31, 2020	Charges	Payments and Adjustments	Accrued Charges at March 31, 2021
Cash charges:							
Labor reduction costs	$ 5,946	$ —	$ (2,343)	$ 3,603	$ —	$ (1,075)	$ 2,528
CASHMAX shutdown costs	800	—	$ (400)	$ 400	—	$ (400)	$ —
Store closure costs	1,806	—	$ (1,706)	$ 100	—	$ (100)	$ —
Other	2,166	—	$ (166)	$ 2,000	—	$ —	$ 2,000
	10,718	$ —	$ (4,615)	$ 6,103	$ —	$ (1,575)	$ 4,528

NOTE 4: EARNINGS PER SHARE

The following table reconciles the number of common shares used to compute basic and diluted earnings per share attributable to EZCORP Inc., shareholders:

	Three Months Ended March 31,		Six Months Ended March 31,	
(in thousands, except per share amounts)	2021	2020	2021	2020
Net income (loss)	$ 5,330	$ (40,874)	$ 9,629	$ (39,636)
Earnings per common share				
Average common share outstanding (denominator)	55,661	55,448	55,509	55,557
Earnings per common share	$ 0.10	$ (0.74)	$ 0.17	$ (0.71)
Diluted earnings per common share				
Average common share outstanding	55,661	55,448	55,509	55,557
Dilutive effect of restricted stock and convertible notes*	4	74	2	51
Diluted average common shares outstanding (denominator)	55,665	55,522	55,511	55,608
Diluted earnings per common share	$ 0.10	$ (0.74)	$ 0.17	$ (0.71)
Potential common shares excluded from the calculation of diluted earnings per share above*:				
Restricted stock**	964	2,777	$ 831	$ 2,495

* Includes time-based share-based awards and Convertible Notes. See Note 8 for discussion of the terms and conditions of the potential impact of the 2024 Convertible Notes and 2025 Convertible Notes.

** Includes antidilutive share-based awards as well as performance-based share-based awards that are contingently issuable, but for which the condition for issuance has not been met as of the end of the reporting period.

NOTE 5: LEASES

We determine if a contract contains a lease at inception. Our lease portfolio consists primarily of operating leases for pawn store locations and corporate offices with lease terms ranging from three to ten years.

The information below provides a summary of our leasing activities. See Note 12 in our 2020 Annual Report for additional information about our leasing activities.

The table below presents balances of our operating leases:

(in thousands)	March 31, 2021	March 31, 2020	September 30, 2020
Right-of-use asset	$ 170,479	$ 206,839	$ 183,809
Lease liability, current	$ 41,060	$ 44,076	$ 49,742
Lease liability, non-current	138,622	171,006	153,040
Total lease liability	$ 179,682	$ 215,082	$ 202,782

The table below provides the composition of our lease costs:

	Three Months Ended March 31,		Six Months Ended March 31,	
(in thousands)	2021	2020	2021	2020
Operating lease expense	$ 14,616	$ 15,453	$ 29,815	$ 31,978
Variable lease expense	2,923	3,093	5,968	5,900
Other [(1)]	(859)	—	(1,725)	—
Total lease expense	$ 16,680	$ 18,546	$ 34,058	$ 37,878

(1) Includes sublease rental income.

Lease expense is recognized on a straight-line basis over the lease term with variable lease expense recognized in the period in which the costs are incurred. The components of lease expense are included in "Store" and "General and Administrative" expense, based on the underlying lease use.

Other supplemental information includes the following for our operating leases:

	Six Months Ended March 31,	
	2021	2020
Weighted-average remaining contractual lease term *(years)*	5.07	5.72
Weighted-average incremental borrowing rate	7.88 %	8.25 %

Maturities of lease liabilities as of March 31, 2021 were as follows (in thousands):

Remaining 2021	$ 26,419
Fiscal 2022	53,629
Fiscal 2023	41,651
Fiscal 2024	30,463
Fiscal 2025	21,522
Thereafter	45,866
Total lease payments	$ 219,550
Less: Portion representing interest	39,868
Present value of operating lease liabilities	$ 179,682
Less: Current portion	41,060
Non-current portion	$ 138,622

We recorded $6.6 million and $0.9 million in non-cash additions to our right of use assets and lease liabilities for the six months ended March 31, 2021 and March 31, 2020, respectively.

NOTE 6: STRATEGIC INVESTMENTS

As of March 31, 2021, we owned 214,183,714 shares, or 34.75%, of Cash Converters International Limited ("Cash Converters International"). The following tables present summary financial information for Cash Converters International’s most recently reported results at December 31, 2020 after translation to U.S. dollars:

(in thousands)	December 31, 2020	December 31, 2019
Current assets	$ 170,412	$ 164,906
Non-current assets	189,810	199,277
Total assets	$ 360,222	$ 364,183
Current liabilities	$ 59,962	$ 93,958
Non-current liabilities	58,368	60,503
Shareholders’ equity	241,892	209,722
Total liabilities and shareholders’ equity	$ 360,222	$ 364,183

(in thousands)	Half-Year Ended December 31, 2020	Half-Year Ended December 31, 2019
Gross revenues	$ 71,153	$ 98,531
Gross profit	51,231	59,250
Net profit (loss)	5,561	(13,280)

See Note 7 for the fair value and carrying value of our investment in Cash Converters International.

NOTE 7: FAIR VALUE MEASUREMENTS

The fair value of a financial instrument is the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined into the following three categories:

- Level 1 — Quoted market prices in active markets for identical assets or liabilities.
- Level 2 — Other observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 — Unobservable inputs that are not corroborated by market data.

We have elected not to measure at fair value any eligible items for which fair value measurement is optional.

There were no transfers in or out of Level 1, Level 2 or Level 3 for financial assets or liabilities measured at fair value on a recurring basis during the periods presented.

Fair Value Measurement on a Recurring Basis

As of March 31, 2021 and September 30, 2020, we did not have any financial assets or liabilities measured at fair value on a recurring basis.

Financial Assets and Liabilities Not Measured at Fair Value

The tables below present our estimates of fair value of financial assets and liabilities that were not measured at fair value:

	Carrying Value	Estimated Fair Value			
			Fair Value Measurement Using		
(in thousands)	March 31, 2021	March 31, 2021	Level 1	Level 2	Level 3
Financial assets:					
2.89% promissory note receivable due April 2024	$ 1,164	$ 1,164	$ —	$ —	$ 1,164
Investments in unconsolidated affiliates	34,961	45,491	37,894	—	7,597
Financial liabilities:					
2024 Convertible Notes	$ 120,307	$ 132,609	$ —	$ 132,609	$ —
2025 Convertible Notes	136,836	143,175	—	143,175	—

	Carrying Value	Estimated Fair Value			
			Fair Value Measurement Using		
(in thousands)	March 31, 2020	March 31, 2020	Level 1	Level 2	Level 3
Financial assets:					
Notes receivable from Grupo Finmart, net	$ 3,728	$ 3,853	$ —	$ —	$ 3,853
2.89% promissory note receivable due April 2024	1,132	1,132	—	—	1,132
Investments in unconsolidated affiliates	27,993	27,513	19,734	—	7,779
Financial liabilities:					
2024 Convertible Notes	$ 114,196	$ 106,203	$ —	$ 106,203	$ —
2025 Convertible Notes	129,624	128,081	—	128,081	—
8.5% unsecured debt due 2024	983	983	—	—	983
CASHMAX secured borrowing facility	(248)	281	—	—	281

	Carrying Value	Estimated Fair Value			
			Fair Value Measurement Using		
(in thousands)	September 30, 2020	September 30, 2020	Level 1	Level 2	Level 3
Financial assets:					
2.89% promissory note receivable due April 2024	$ 1,148	$ 1,148	$ —	$ —	$ 1,148
Investments in unconsolidated affiliates	32,458	32,597	24,833	—	7,764
Financial liabilities:					
2024 Convertible Notes	$ 117,193	$ 129,979	$ —	$ 129,979	$ —
2025 Convertible Notes	133,164	137,569	—	137,569	—
8.5% unsecured debt due 2024	872	872	—	—	872

Due to the short-term nature of cash and cash equivalents, pawn loans, pawn service charges receivable and other debt, we estimate that the carrying value approximates fair value. We consider our cash and cash equivalents to be measured using Level 1 inputs and our pawn loans, pawn service charges receivable and other debt to be measured using Level 3 inputs. Significant increases or decreases in the underlying assumptions used to value pawn loans, pawn service charges receivable, consumer loans, fees and interest receivable and other debt could significantly increase or decrease these fair value estimates.

In March 2019, we received $1.1 million in previously escrowed seller funds as a result of settling certain indemnification claims with the seller of GPMX. In April 2019, we loaned the $1.1 million back to the seller of GPMX in exchange for a promissory note. The note bears interest at the rate of 2.89% per annum and is secured by certain marketable securities owned by the seller and held in a U.S. brokerage account. All principal and accrued interest is due and payable in April 2024. The note approximated its carrying value as of March 31, 2021.

We use the equity method of accounting to account for our 34.75% ownership in Cash Converters International. The inputs used to generate the fair value of the investment were considered Level 1 inputs. These inputs are comprised of (a) the quoted stock price on the Australian Stock Exchange multiplied by (b) the number of shares we owned multiplied by (c) the applicable foreign currency exchange rate as of the end of our reporting period. We included no control premium for owning a large percentage of outstanding shares.

We use the equity method of accounting to account for our 13.14% ownership in Rich Data Corporation, a previously consolidated variable interest entity for which we no longer have the power to direct the activities that most significantly affect its economic performance. We believe its fair value approximates carrying value although such fair value is highly variable and includes significant unobservable inputs.

We measured the fair value of the 2024 and 2025 Convertible Notes using quoted price inputs. The notes are not actively traded, and thus the price inputs represent a Level 2 measurement. As the quoted price inputs are highly variable from day to day, the fair value estimates disclosed above could significantly increase or decrease.

In September 2020, we received the final payment from AlphaCredit on the notes receivable related to the sale of Grupo Finmart and recorded the amount under “Restricted cash” in our consolidated balance sheet as of March 31, 2021. In August 2019, AlphaCredit notified us of an indemnity claim for certain pre-closing taxes, but the nature, extent and validity of such claim has yet to be determined.

NOTE 8: DEBT

The following table presents the Company's debt instruments outstanding:

	March 31, 2021			March 31, 2020			September 30, 2020		
(in thousands)	Gross Amount	Debt Discount and Issuance Costs	Carrying Amount	Gross Amount	Debt Discount and Issuance Costs	Carrying Amount	Gross Amount	Debt Discount and Issuance Costs	Carrying Amount
2024 Convertible Notes	$ 143,750	$ (23,443)	$ 120,307	$ 143,750	$ (29,554)	$ 114,196	$ 143,750	$ (26,557)	$ 117,193
2025 Convertible Notes	172,500	(35,664)	136,836	172,500	(42,876)	129,624	172,500	(39,336)	133,164
8.5% unsecured debt due 2024*	—	—	—	983	—	983	872	—	872
CASHMAX secured borrowing facility*	—	—	—	281	(529)	(248)	—	—	—
Total	$ 316,250	$ (59,107)	$ 257,143	$ 317,514	$ (72,959)	$ 244,555	$ 317,122	$ (65,893)	$ 251,229
Less current portion	—	—	—	267	—	267	213	—	213
Total long-term debt	$ 316,250	$ (59,107)	$ 257,143	$ 317,247	$ (72,959)	$ 244,288	$ 316,909	$ (65,893)	$ 251,016

* Amount translated from Guatemalan quetzals and Canadian dollars as of applicable period end. Certain disclosures omitted due to materiality considerations.

The following table presents the Company's contractual maturities related to the debt instruments as of March 31, 2021:

	Schedule of Contractual Maturities				
(in thousands)	Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
2024 Convertible Notes*	$ 143,750	$ —	$ —	$ 143,750	$ —
2025 Convertible Notes*	172,500	—	—	172,500	—
	$ 316,250	$ —	$ —	$ 316,250	$ —

* Excludes the potential impact of embedded derivatives as discussed below.

The following table presents the Company's interest expense related to the Convertible Notes for the three and six months ended March 31, 2021 and 2020:

	Three Months Ended March 31,		Six Months Ended March 31,	
(in thousands)	2021	2020	2021	2020
2024 Convertible Notes:				
Contractual interest expense	$ 1,033	$ 1,033	$ 2,066	$ 2,066
Amortization of debt discount and deferred financing costs	1,572	1,457	3,114	2,886
Total interest expense	$ 2,605	$ 2,490	$ 5,180	$ 4,952
2025 Convertible Notes:				
Contractual interest expense	$ 1,024	$ 1,024	$ 2,048	$ 2,048
Amortization of debt discount and deferred financing costs	1,853	1,722	3,672	3,413
Total interest expense	$ 2,877	$ 2,746	$ 5,720	$ 5,461

2.875% Convertible Senior Notes Due 2024

In July 2017, we issued $143.75 million aggregate principal amount of 2.875% Convertible Senior Notes Due 2024 (the “2024 Convertible Notes”). The 2024 Convertible Notes were issued pursuant to an indenture dated July 5, 2017 (the "2017 Indenture") by and between the Company and Wells Fargo Bank, National Association, as the original trustee. Effective October 1, 2019, Truist (formerly BB&T) assumed the duties and responsibilities as trustee under the 2017 Indenture. The 2024 Convertible Notes were issued in a private offering under Rule 144A under the Securities Act of 1933. The 2024 Convertible Notes pay interest semi-annually in arrears at a rate of 2.875% per annum on January 1 and July 1 of each year, commencing January 1, 2018, and mature on July 1, 2024 (the "2024 Maturity Date"), unless converted, redeemed or repurchased in accordance with the terms prior to such date. At maturity, the holders of the 2024 Convertible Notes will be entitled to receive cash equal to the principal of the 2024 Convertible Notes plus accrued interest.

The carrying amount of the 2024 Convertible Notes as a separate equity-classified instrument (the “2024 Convertible Notes Embedded Derivative”) included in “Additional paid-in capital” in our condensed consolidated balance sheets as of March 31, 2021 was $39.8 million, ($25.3 million, net of tax). The effective interest rate for the three and six months ended March 31, 2021 was approximately 9%. As of March 31, 2021, the remaining unamortized debt discount and issuance costs will be amortized through the 2024 Maturity Date assuming no early conversion.

The 2024 Convertible Notes are convertible into cash or shares of Class A Common Stock, or any combination thereof, at our option subject to satisfaction of certain conditions and during the periods described in the 2017 Indenture, based on an initial conversion rate of 100 shares of Class A Common Stock per $1,000 principal amount of 2024 Convertible Notes (equivalent to an initial conversion price of $10.00 per share of Class A Common Stock). We account for the Class A Common Stock issuable upon conversion under the treasury stock method. To the extent the average share price is over $10.00 per share for any fiscal quarter, we are required to recognize incremental dilution of our earnings per share.

If, among other triggers described in the 2017 Indenture, the market price of the Class A Common Stock meets the threshold based on at least 20 of the final 30 trading days of the quarter for the 2024 Convertible Notes to become convertible at the option of the holders during the subsequent quarter, we may be required to classify the 2024 Convertible Notes as current on our condensed consolidated balance sheets for each quarter in which such triggers are met. The stock trading price condition and other triggers are measured on a quarter-by-quarter basis and were not met as of March 31, 2021. As of March 31, 2021, the if-converted value of the 2024 Convertible Notes did not exceed the principal amount.

2.375% 2025 Convertible Senior Notes Due 2025

In May 2018, we issued $172.5 million aggregate principal amount of 2.375% Convertible Senior Notes Due 2025 (the “2025 Convertible Notes”). The 2025 Convertible Notes were issued pursuant to an indenture dated May 14, 2018 (the "2018 Indenture") by and between the Company and Wells Fargo Bank, National Association, as the original trustee. Effective October 1, 2019, Truist (formerly BB&T) assumed the duties and responsibilities as trustee under the 2018 Indenture. The 2025 Convertible Notes were issued in a private offering under Rule 144A under the Securities Act of 1933. The 2025 Convertible Notes pay interest semi-annually in arrears at a rate of 2.375% per annum on May 1 and November 1 of each year, commencing November 1, 2018, and mature on May 1, 2025 (the "2025 Maturity Date"), unless converted, redeemed or repurchased in accordance with the terms prior to such date. The carrying amount of the 2025 Convertible Notes as a separate equity-classified instrument (the “2025 Convertible Notes Embedded Derivative”) included in “Additional paid-in capital” in our condensed consolidated balance sheets as of March 31, 2021 was $49.6 million, ($39.1 million, net of tax). The effective interest rate for the three and six months ended March 31, 2021 was approximately 9%. As of March 31, 2021, the remaining unamortized debt discount and issuance costs will be amortized through the 2025 Maturity Date assuming no early conversion.

The 2025 Convertible Notes are convertible into cash or shares of Class A Common Stock, or any combination thereof, at our option subject to satisfaction of certain conditions and during the periods described in the 2018 Indenture, based on an initial conversion rate of 62.8931 shares of Class A Common Stock per $1,000 principal amount of 2025 Convertible Notes (equivalent to an initial conversion price of $15.90 per share of Class A Common Stock). We account for the Class A Common Stock issuable upon conversion under the treasury stock method. To the extent the average share price is over $15.90 per share for any fiscal quarter or year-to-date period, we are required to recognize incremental dilution of our earnings per share.

If, among other triggers described in the 2018 Indenture, the market price of the Class A Common Stock meets the threshold based on at least 20 of the final 30 trading days of the quarter for the 2025 Convertible Notes to become convertible at the option of the holders during the subsequent quarter, we may be required to classify the 2025 Convertible Notes as current on our condensed consolidated balance sheets for each quarter in which such triggers are met. The stock trading price condition and other triggers are measured on a quarter-by-quarter basis and were not met as of March 31, 2021. As of March 31, 2021, the if-converted value of the 2025 Convertible Notes did not exceed the principal amount.

CASHMA*X* Secured Borrowing Facility

In November 2018, we entered into a receivable's securitization facility with a third-party lender to provide funding for installment loan originations in our Canadian CASHMAX business. We terminated this facility in September 2020 as part of the closure of the operations of our CASHMAX business. See our 2020 Annual Report for additional information regarding the closure of our Canadian operations.

NOTE 9: SHARE-BASED COMPENSATION

Common Stock Repurchase Program

In December 2019, the Company's Board of Directors (the "Board") authorized the repurchase of up to $60.0 million of our Class A Common Stock over three years. Repurchases under the program were suspended in March 2020 in order to preserve liquidity as a result of uncertainties related to the COVID-19 pandemic. No share repurchases under the program have been made during fiscal 2021. During fiscal 2020, we repurchased and retired 943,149 shares of our Class A Common Stock for $5.2 million, which was allocated between "Additional paid-in capital" and "Retained earnings" in our condensed consolidated balance sheets.

Stock Compensation

We maintain a Board-approved incentive plan to retain the services of our valued officers, directors and employees and to incentivize such persons to make contributions to our company and motivate excellent performance (the "Incentive Plan"). Under the Incentive Plan, we grant awards of restricted stock or restricted stock units to employees and non-employee directors. Awards granted to employees are typically subject to performance and service conditions. Awards granted to non-employee directors are time-based awards subject only to service conditions. Awards granted under the Incentive Plan are measured at the grant date fair value with compensation costs associated with the awards recognized over the requisite service period, usually the vesting period, on a straight-line basis.

In December 2020, we granted 143,145 restricted stock awards to our non-employee directors at a grant date fair value of $5.03. These awards vested in February 2021 (79,525 awards) and March 2021 (63,620 awards). In February 2021, we granted 127,744 restricted stock awards to our non-employee directors at a grant date fair value of $5.01, which awards will vest at the next annual meeting of stockholders, but no later than March 31, 2022.

In January 2021, we granted 289,592 restricted stock awards to employees at a grant date fair value of $4.68 and 275,107 restricted stock awards to employees at a grant date fair value of $4.71. These awards vest on September 30, 2021 and September 30, 2022, respectively.

In February 2021, we granted 392,419 restricted stock awards to employees at a grant date fair value of $4.96, which vest on September 30, 2023.

During the first quarter of fiscal 2020, we granted 222,912 shares of restricted stock awards to non-employee directors based on a share price of $6.46. These awards vested on September 30, 2020.

NOTE 10: INCOME TAXES

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law and includes certain income tax provisions relevant to businesses. We recognized the effect on the consolidated financial statements in the period ended March 31, 2020. For the period ended March 31, 2021, the CARES Act has not had a material impact on our consolidated financial statements. At this time, we do not expect the impact of the CARES Act to have a material impact on our consolidated financial statements for the year ending September 30, 2021.

NOTE 11: COMMITMENTS AND CONTINGENCIES

Currently, and from time to time, we are involved in various claims, disputes, lawsuits, investigations, and legal and regulatory proceedings. We accrue for contingencies if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Because these matters are inherently unpredictable and unfavorable developments or resolutions can occur, assessing contingencies requires judgments and is highly subjective about future events. The amount of resulting loss may differ from these estimates.

While we are unable to determine the ultimate outcome of any current litigation or regulatory actions, we do not believe the resolution of any particular matter will have a material adverse effect on our financial condition, results of operations or liquidity.

NOTE 12: SEGMENT INFORMATION

Our operations are primarily managed on a geographical basis and are comprised of three reportable segments. The factors for determining our reportable segments include the manner in which our chief operating decision maker (CODM) evaluates performance for purposes of allocating resources and assessing performance. During the first quarter of fiscal 2021, the financial information of our Lana business activities were no longer reviewed by the CODM for evaluating performance since Lana no longer has business activities. Rather, Lana offers support activities to U.S. Pawn. As a result, Lana is no longer an operating or reportable segment. Our historical segment results have been recast to conform to current presentation.

We currently report our segments as follows:

- U.S. Pawn — all pawn activities in the United States;
- Latin America Pawn — all pawn activities in Mexico and other parts of Latin America; and
- Other International — primarily our equity interest in the net income of Cash Converters International and Rich Data Corporation.

There are no inter-segment revenues presented below, and the amounts below were determined in accordance with the same accounting principles used in our condensed consolidated financial statements.

The following tables present revenue for each reportable segment, disaggregated revenue within our three reportable segments and Corporate, segment profits and segment contribution.

	Three Months Ended March 31, 2021					
(in thousands)	U.S. Pawn	Latin America Pawn	Other International	Total Segments	Corporate Items	Consolidated
Revenues:						
Merchandise sales	$ 93,827	$ 21,398	$ —	$ 115,225	$ —	$ 115,225
Jewelry scrapping sales	3,581	2,494	—	6,075	—	6,075
Pawn service charges	49,577	13,859	—	63,436	—	63,436
Other revenues	29	—	174	203	—	203
Total revenues	147,014	37,751	174	184,939	—	184,939
Merchandise cost of goods sold	51,812	13,978	—	65,790	—	65,790
Jewelry scrapping cost of goods sold	3,149	2,252	—	5,401	—	5,401
Other cost of revenues	—	—	—	—	—	—
Net revenues	92,053	21,521	174	113,748	—	113,748
Segment and corporate expenses (income):						
Store expenses	63,657	17,492	—	81,149	—	81,149
General and administrative	—	—	—	—	13,771	13,771
Depreciation and amortization	2,636	1,793	—	4,429	3,660	8,089
Loss on sale or disposal of assets and other	—	101	—	101	11	112
Interest expense	—	—	—	—	5,518	5,518
Interest income	—	(571)	—	(571)	(14)	(585)
Equity in net income of unconsolidated affiliates	—	—	(1,250)	(1,250)	—	(1,250)
Other expense	—	85	9	94	51	145
Segment contribution	$ 25,760	$ 2,621	$ 1,415	$ 29,796		
Income (loss) before income taxes				$ 29,796	$ (22,997)	$ 6,799

(in thousands)	U.S. Pawn	Latin America Pawn	Other International	Total Segments	Corporate Items	Consolidated
	Three Months Ended March 31, 2020					
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	1,294	1,350		1,350
Total revenues	173,837	48,149	1,294	223,280	—	223,280
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	806	127,362	—	127,362
Segment and corporate expenses (income):						
Store expenses	67,619	18,469	1,560	87,648	—	87,648
General and administrative	—	—	—	—	15,341	15,341
Impairment of goodwill, intangible and other assets	10,000	35,936	1,124	47,060	—	47,060
Depreciation and amortization	2,711	1,940	23	4,674	3,088	7,762
(Gain) loss 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)
Other (income) expense	—	(309)	20	(289)	(52)	(341)
Segment contribution (loss)	$ 20,421	$ (30,141)	$ (891)	$ (10,611)		
Loss before income taxes				$ (10,611)	$ (23,514)	$ (34,125)

(in thousands)	U.S. Pawn	Latin America Pawn	Other International	Total Segments	Corporate Items	Consolidated
	Six Months Ended March 31, 2021					
Revenues:						
Merchandise sales	$ 176,080	$ 46,928	$ —	$ 223,008	$ —	$ 223,008
Jewelry scrapping sales	7,585	5,249	—	12,834	—	12,834
Pawn service charges	99,797	27,128	—	126,925	—	126,925
Other revenues	51	7	249	307	—	307
Total revenues	283,513	79,312	249	363,074	—	363,074
Merchandise cost of goods sold	99,871	30,462	—	130,333	—	130,333
Jewelry scrapping cost of goods sold	5,993	4,610	—	10,603	—	10,603
Other cost of revenues	—	—		—	—	—
Net revenues	177,649	44,240	249	222,138	—	222,138
Segment and corporate expenses (income):						
Store expenses	125,749	34,709	—	160,458	—	160,458
General and administrative	—	—	—	—	26,281	26,281
Depreciation and amortization	5,372	3,653	—	9,025	6,636	15,661
Loss on sale or disposal of assets and other	27	—	—	27	63	90
Interest expense	—	—	—	—	10,973	10,973
Interest income	—	(1,335)	—	(1,335)	(71)	(1,406)
Equity in net income of unconsolidated affiliates	—	—	(1,766)	(1,766)	—	(1,766)
Other (income) expense	—	(370)	(201)	(571)	117	(454)
Segment contribution	$ 46,501	$ 7,583	$ 2,216	$ 56,300		
Income (loss) before income taxes				$ 56,300	$ (43,999)	$ 12,301

(in thousands)	U.S. Pawn	Latin America Pawn	Other International	Total Segments	Corporate Items	Consolidated
	Six Months Ended March 31, 2020					
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	2,686	2,803	—	2,803
Total revenues	339,434	103,594	2,686	445,714	—	445,714
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	1,662	257,430	—	257,430
Segment and corporate expenses (income):						
Store expenses	135,678	38,452	2,793	176,923	—	176,923
General and administrative	—	—	—	—	34,179	34,179
Impairment of goodwill, intangible and other assets	10,000	35,936	1,124	47,060	—	47,060
Depreciation and amortization	5,576	3,829	57	9,462	6,033	15,495
(Gain) loss on sale or disposal of assets and other	—	(95)	—	(95)	1,100	1,005
Interest expense	—	430	324	754	10,456	11,210
Interest income	—	(757)	—	(757)	(1,027)	(1,784)
Equity in net loss of unconsolidated affiliates	—	—	4,713	4,713	—	4,713
Other (income) expense	—	(242)	19	(223)	(20)	(243)
Segment contribution (loss)	$ 48,975	$ (22,014)	$ (7,368)	$ 19,593		
Income (loss) before income taxes				$ 19,593	$ (50,721)	$ (31,128)

NOTE 13: SUPPLEMENTAL CONSOLIDATED FINANCIAL INFORMATION

The following table provides supplemental information on net amounts included in our condensed consolidated balance sheets:

(in thousands)	March 31, 2021	March 31, 2020	September 30, 2020
Gross pawn service charges receivable	$ 26,607	$ 34,843	$ 27,259
Allowance for uncollectible pawn service charges receivable	(5,765)	(7,539)	(6,679)
Pawn service charges receivable, net	$ 20,842	$ 27,304	$ 20,580
Gross inventory	$ 93,470	$ 182,794	$ 108,205
Inventory reserves	(7,256)	(9,543)	(12,314)
Inventory, net	$ 86,214	$ 173,251	$ 95,891
Prepaid expenses and other	$ 7,881	$ 8,953	$ 10,614
Accounts receivable and other	8,442	10,934	6,991
Income taxes receivable	14,353	3,742	15,298
Prepaid expenses and other current assets	$ 30,676	$ 23,629	$ 32,903
Property and equipment, gross	$ 273,513	$ 261,234	$ 267,509
Accumulated depreciation	(221,677)	(202,447)	(210,523)
Property and equipment, net	$ 51,836	$ 58,787	$ 56,986
Accounts payable	$ 17,957	$ 15,582	$ 19,114
Accrued expenses and other	51,062	37,570	52,390
Accounts payable, accrued expenses and other current liabilities	$ 69,019	$ 53,152	$ 71,504

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to inform the reader about matters affecting the financial condition and results of operations of EZCORP, Inc. and its subsidiaries (collectively, "we," "us", "our", "EZCORP" or the "Company"). The following discussion should be read together with our condensed consolidated financial statements and related notes included elsewhere within this report. This discussion contains forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements. See "Part I, Item 1A — Risk Factors" of our Annual Report on Form 10-K for the year ended September 30, 2020, as supplemented by the information set forth in "Part I, Item 3 — Quantitative and Qualitative Disclosures about Market Risk" and "Part II, Item 1A — Risk Factors" of this Report for a discussion of certain risks, uncertainties and assumptions associated with these statements.

Business Overview

EZCORP is a Delaware corporation headquartered in Austin, Texas. We are a leading provider of pawn loans in the United States and Latin America. Pawn loans are non-recourse loans collateralized by personal property. We also sell merchandise, primarily collateral forfeited from unpaid loans or goods purchased directly from customers.

We exist to serve our customers' short-term cash needs, helping them to live and enjoy their lives. We are focused on three strategic pillars:

Strengthen the Core	**Renewed focus on the unique and essential elements of our pawn business**
Cost Reduction and Simplification	**Significant and sustained adjustment of cost base through ongoing simplification**
Innovate and Grow	**Broaden customer engagement to service more customers more frequently in more locations**

Pawn Activities

At our pawn stores, we offer pawn loans, which are typically small, nonrecourse loans collateralized by tangible personal property. We earn pawn service charges on our pawn loans, which varies by state and loan size. Collateral for our pawn loans consists of tangible personal property, generally jewelry, consumer electronics, tools, sporting goods and musical instruments. Security for our pawn loans is provided via the estimated resale value of the collateralized personal property and the perceived probability of the loans' redemption.

Our ability to offer quality pre-owned goods at prices significantly lower than original retail prices attracts value-conscious customers. The gross profit on sales of inventory depends primarily on our assessment of the loan or purchase value at the time the property is either accepted as loan collateral or purchased and our ability to sell that merchandise in a timely manner. As a significant portion of our inventory and sales involve gold and jewelry, our results can be influenced by the market price of gold and diamonds.

Growth and Expansion

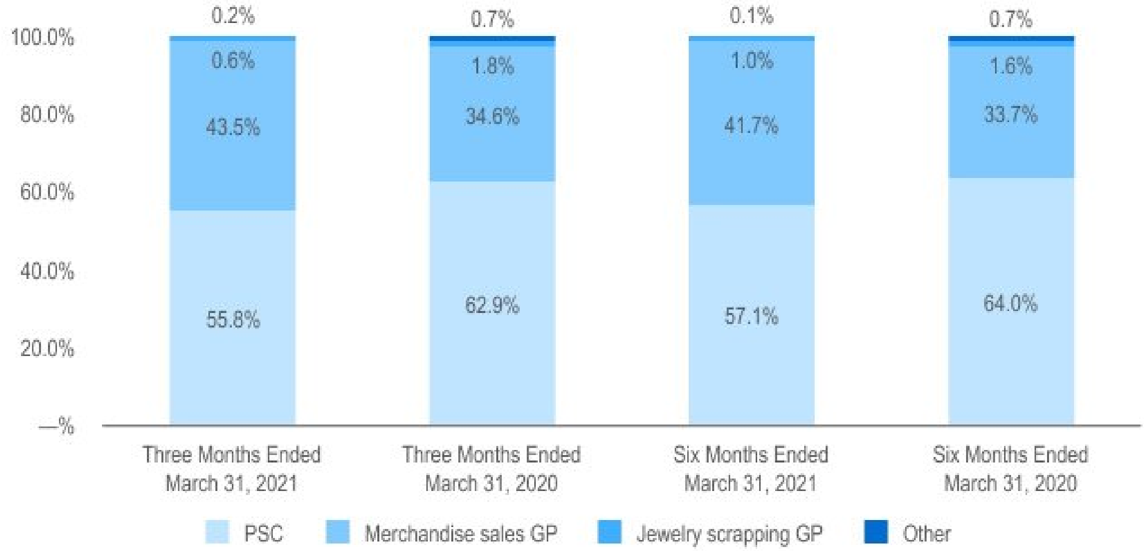
Our strategy is to expand the number of locations we operate through opening new ("de novo") locations and through acquisitions in both Latin America and the United States and potential new markets. Our ability to add new stores is dependent on several variables, such as projected achievement of internal investment hurdles, the availability of acceptable sites or acquisition candidates, the alignment of acquirer/seller price expectations, the regulatory environment, local zoning ordinances, access to capital and the availability of qualified personnel. We see opportunity for further expansion through acquisitions and de novo openings in Latin America and acquisitions in the United States.

Seasonality and Quarterly Results

In the United States, pawn service charges are historically highest in our fourth fiscal quarter (July through September) due to a higher average loan balance during the summer lending season and lowest in our third fiscal quarter (April through June) following the tax refund season and merchandise sales are highest in our first and second fiscal quarters (October through March) due to the holiday season, jewelry sales surrounding Valentine's Day and the availability of tax refunds. In Latin America, most of our customers receive additional compensation from their employers in December, and many receive additional compensation in June or July, applying downward pressure on loan balances and fueling some merchandise sales in those periods. As a net effect of these and other factors and excluding discrete charges, our consolidated profit before tax is generally highest in our first fiscal quarter (October through December) and lowest in our third fiscal quarter (April through June). These historical trends have been impacted by COVID-19. However, we expect these historical trends to return in the future.

Financial Highlights

We remain focused on optimizing our balance of pawn loans outstanding ("PLO") and the resulting higher pawn service charges ("PSC"). The following chart presents sources of net revenues, including PSC, merchandise sales gross profit ("Merchandise sales GP") and jewelry scrapping gross profit ("Jewelry Scrapping GP") for the three and six months ended March 31, 2021 and 2020:



The following chart presents sources of net revenues by geographic disbursement for the three and six months ended March 31, 2021 and 2020:

Business Developments

COVID-19

The COVID-19 pandemic continues to affect the U.S. and global economies, and as disclosed in our 2020 Annual Report on Form 10-K, the pandemic also affected our business in a variety of ways beginning in the second quarter of fiscal 2020 and continuing into fiscal 2021.

Our business was negatively impacted by COVID-19 during the current quarter largely due to increased loan redemptions as compared to the prior-year quarter, resulting in decreased loan balances in both the U.S. and Latin America. Additionally, the impact of sustained lower pawn loan portfolios has led to reduced inventory available for sale. Retail sales margins increased significantly during the current quarter in both the U.S. and Latin America compared to the prior-year quarter as a result of continued retail demand for value priced pre-owned merchandise and lower levels of aged inventory, all of which limited the need for normal discounting. In Latin America, we are seeing continued impact as the result of constrained traffic, limited operating hours and increased remittances from the U.S. As a result, our net revenues for the three months ended March 31, 2021 were down $13.6 million as compared to the prior-year quarter.

The full extent and duration of the COVID-19 impact on the global economy generally, and on our business specifically, is currently unknown. We expect the impact of the pandemic, and the recovery therefrom, will continue to adversely affect net revenues and earnings in fiscal 2021. A prolonged pandemic and recovery may have an adverse effect on our results of operations, financial position and liquidity in future periods.

Reinvestment of Dividends

On February 21, 2021, Cash Converters International announced that its board of directors declared an interim dividend of AUD $0.01 per share, which was payable on April 14, 2021 to ordinary shareholders of record as of the close of business on March 25, 2021. We elected to receive our dividend entitlement in the form of additional ordinary shares pursuant to Cash Converters International's pre-existing Dividend Reinvestment Plan. Under that plan, on April 14, 2021, we received an additional 9,519,277 shares, bringing our total ownership to 223,702,991 shares, representing 35.65% of Cash Converters International's total outstanding ordinary shares.

Results of Operations

Non-GAAP Constant Currency Financial Information

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with 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 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 better understanding and evaluation 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 rather than 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 are not directly calculable from the rates below. 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, 2021 and March 31, 2020 were as follows:

	March 31,		Three Months Ended March 31,		Six Months Ended March 31,	
	2021	2020	2021	2020	2021	2020
Mexican peso	20.5	23.8	20.3	20.0	20.4	19.6
Guatemalan quetzal	7.6	7.6	7.6	7.5	7.6	7.5
Honduran lempira	23.7	24.4	23.8	24.3	23.9	24.3
Peruvian sol	3.7	3.4	3.6	3.4	3.6	3.3

Operating Results

Segments

We manage our business and report our financial results in three reportable operating segments;

- U.S. Pawn — Represents all pawn activities in the United States;
- Latin America Pawn — Represents all pawn activities in Mexico and other parts of Latin America; and
- Other International — Represents our equity interest in the net income of Cash Converters International and Rich Data Corporation and our financial services stores in Canada, operating under the CASHMAX brand. In the fourth quarter of fiscal 2020, we closed our stores in Canada, and closing activities related to CASHMAX in fiscal year 2021 are not material.

See Note 12 (Segment Information) for information regarding changes in reportable segments. Our historical segment results have been recast to conform to current presentation.

Store Data by Segment

	Three Months Ended March 31, 2021		
	U.S. Pawn	Latin America Pawn	Consolidated
As of December 31, 2020	505	502	1,007
New locations opened	—	4	4
As of March 31, 2021	505	506	1,011

	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

	Six Months Ended March 31, 2021		
	U.S. Pawn	Latin America Pawn	Consolidated
As of September 30, 2020	505	500	1,005
New locations opened	—	6	6
As of March 31, 2021	505	506	1,011

	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

Three Months Ended March 31, 2021 vs. Three Months Ended March 31, 2020

These tables, as well as the discussion that follows, should be read in conjunction with the accompanying condensed consolidated financial statements and related notes.

U.S. Pawn

The following table presents selected summary financial data for our U.S. Pawn segment:

	Three Months Ended March 31,		
(in thousands)	2021	2020	Change
Net revenues:			
Pawn service charges	$ 49,577	$ 61,700	(20)%
Merchandise sales	93,827	102,447	(8)%
Merchandise sales gross profit	42,015	37,161	13%
Gross margin on merchandise sales	45 %	36 %	900bps
Jewelry scrapping sales	3,581	9,659	(63)%
Jewelry scrapping sales gross profit	432	1,859	(77)%
Gross margin on jewelry scrapping sales	12 %	19 %	(700)bps
Other revenues	29	31	(6)%
Net revenues	92,053	100,751	(9)%
Segment operating expenses:			
Store expenses	63,657	67,619	(6)%
Impairment of goodwill, intangibles and other assets	—	10,000	*
Depreciation and amortization	2,636	2,711	(3)%
Segment contribution	$ 25,760	$ 20,421	26%
Other data:			
Net earning assets (a)	$ 165,151	$ 263,112	(37)%
Inventory turnover	2.9	2.0	45%
Average monthly ending pawn loan balance per store (b)	$ 214	$ 271	(21)%
Monthly average yield on pawn loans outstanding	15 %	14 %	100bps
Pawn loan redemption rate	87 %	86 %	100bps

* Represents a percentage computation that is not mathematically meaningful.

(a) Balance includes pawn loans and inventory.

(b) Balance is calculated based upon the average of the monthly ending balances during the applicable period.

Pawn service charges decreased by 20% due to a decrease in pawn loans outstanding resulting from the effects of the COVID-19 pandemic. Same stores pawn service charges decreased by 19%.

Merchandise sales decreased 8% on both a total and same store basis driven by lower inventory levels. Merchandise sales gross profit increased 13% to $42.0 million driven by a 900 bps improvement in merchandise sales gross profit margin, primarily due to reduced aged inventory levels and improved inventory turnover.

Store expenses decreased by 6% driven by a reduction in labor expense.

Segment contribution increased $5.3 million or 26% due to a $4.0 million decrease in store expenses and a $10.0 million impairment charge taken in the prior year quarter with no similar charge in the current year quarter, partially offset by a $8.7 million decrease in net revenues driven by the decrease in pawn service charges described above.

Latin America Pawn

The following table presents selected summary financial data for the Latin America Pawn segment, including constant currency results, after translation to U.S. dollars from its functional currencies noted above under "Results of Operations — Non-GAAP Financial Information."

	Three Months Ended March 31,				
(in thousands)	2021 (GAAP)	2020 (GAAP)	Change (GAAP)	2021 (Constant Currency)	Change (Constant Currency)
Net revenues:					
Pawn service charges	$ 13,859	$ 18,522	(25)%	$ 14,096	(24)%
Merchandise sales	21,398	27,383	(22)%	21,804	(20)%
Merchandise sales gross profit	7,420	6,893	8%	7,567	10%
Gross margin on merchandise sales	35 %	25 %	1,000bps	35 %	1,000bps
Jewelry scrapping sales	2,494	2,219	12%	2,472	11%
Jewelry scrapping sales gross profit	242	402	(40)%	248	(38)%
Gross margin on jewelry scrapping sales	10 %	18 %	(800)bps	10 %	(800)bps
Other revenues, net	—	(12)	(100)%	—	(100)%
Net revenues	21,521	25,805	(17)%	21,911	(15)%
Segment operating expenses:					
Store Expenses	17,492	18,469	(5)%	17,834	(3)%
Impairment of goodwill, intangible and other assets	—	35,936	(100)%	—	(100)%
Depreciation and amortization	1,793	1,940	(8)%	1,830	(6)%
Segment operating contribution	2,236	(30,540)	107%	2,247	107%
Other segment income (a)	(385)	(399)	(4)%	(425)	7%
Segment contribution	$ 2,621	$ (30,141)	109%	$ 2,672	109%
Other data:					
Net earning assets (b)	$ 46,331	$ 70,318	(34)%	$ 41,845	(40)%
Inventory turnover	4.0	2.5	60%	4.0	60%
Average monthly ending pawn loan balance per store (c)	$ 56	$ 83	(33)%	$ 56	(33)%
Monthly average yield on pawn loans outstanding	17 %	15 %	200bps	17 %	200bps
Pawn loan redemption rate (d)	82 %	78 %	400bps	82 %	400bps

(a) Fiscal 2021 constant currency amount excludes a nominal net GAAP basis foreign currency transaction adjustment resulting from movement in exchange rates. The net foreign currency transaction adjustment for fiscal 2020 was nominal and are included in the above results.

(b) Balance includes pawn loans and inventory.

(c) Balance is calculated based upon the average of the monthly ending balances during the applicable period.

(d) Rate is solely inclusive of results from Mexico Pawn.

In the current quarter, our Latin America pawn segment opened four de novo stores.

Pawn service charges decreased 25% (24% on a constant currency basis). Same stores pawn service charges also decreased by 25% (24% on a constant currency basis). The average ending monthly pawn loan balance outstanding during the current quarter was down 33%. We have experienced a substantial decline in new loans activity and associated loan balances as the result of the impact of constrained traffic, limited operating hours and increased remittances from the U.S.

Merchandise sales decreased 22% (20% on a constant currency basis) and 22% on a same store basis (21% on a constant currency basis) driven by lower inventory levels. This decrease in merchandise sales was offset by an increase in merchandise sales gross profit of 8% to $7.4 million (10% to $7.6 million on a constant currency basis) driven by a 1,000 basis points improvement in merchandise sales gross profit margin primarily due to reduced aged inventory levels and improved inventory turnover.

Store expenses decreased by 5% (3% on a constant currency basis) driven by a reduction in labor expense.

Segment contribution increased $32.8 million primarily due to a $35.9 million impairment charge of goodwill, intangible and other assets taken in the prior year quarter with no similar charge in the current quarter.

Other International

The following table presents selected financial data for our Other International segment after translation to U.S. dollars from its functional currency of primarily Australian and Canadian dollars:

(in thousands)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	Change
Net revenues:			
Consumer loan fees, interest and other	$ 174	$ 1,294	(87)%
Consumer loan debt	—	488	*
Net revenues	174	806	(78)%
Segment operating expenses:			
Store expenses	—	1,560	*
Impairment of goodwill, intangibles and other assets	—	1,124	*
Depreciation and amortization	—	23	*
Equity in net income on unconsolidated affiliates	(1,250)	(1,184)	6%
Segment operating contribution	1,424	(717)	299%
Other segment expense	9	174	(95)%
Segment contribution (loss)	$ 1,415	$ (891)	259%

* Represents a percentage computation that is not mathematically meaningful.

Segment contribution was $1.4 million, an increase of $2.3 million from the prior-year quarter primarily due to a $1.1 million impairment charge of certain long-lived assets in the second quarter of fiscal 2020 and $1.0 increase in net segment operating contribution resulting from the closure of our Canada operations.

We operated 22 financial services stores in Canada under the CASHMAX brand during fiscal year 2020. During the fourth quarter of fiscal year 2020, we closed our CASHMAX business and are no longer operating stores in Canada.

Other Items

The following table reconciles our consolidated segment contribution discussed above to net income attributable to EZCORP, Inc., including items that affect our consolidated financial results but are not allocated among segments:

(in thousands)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	Percentage Change
Segment contribution (loss)	$ 29,796	$ (10,611)	381%
Corporate expenses (income):			
General and administrative	13,771	15,341	(10)%
Depreciation and amortization	3,660	3,088	19%
Gain on sale or disposal of assets and other	11	384	(97)%
Interest expense	5,518	5,325	4%
Interest income	(14)	(572)	(98)%
Other expense	51	(52)	*
Income before income taxes	6,799	(34,125)	120%
Income tax expense	1,469	6,749	(78)%
Net income	$ 5,330	$ (40,874)	113%

* Represents a percentage computation that is not mathematically meaningful.

Segment contribution increased $40.4 million over the prior-year quarter primarily due to a $47.1 million impairment charge of certain long-lived assets in the second quarter of fiscal 2020. Excluding the impairment charges, segment contribution decreased by $6.7 million or 18% primarily due to reduced pawn service charges from a decline in new loan activity and associated loan balances as a result of a change in customer borrowing behaviors due to COVID-19, partially offset by increased merchandise sales gross profit and decreased store expenses.

General and administrative expenses decreased $1.6 million or 10% due to strategic initiatives implemented in the fourth quarter of fiscal year 2020 to optimize our cost structure at the corporate level.

Income tax expense decreased $5.3 million for the quarter primarily due to a decrease in income tax expense of approximately $14.0 million due to non-deductible goodwill impairments booked in the prior year quarter, offset by an increase in income taxes for the current year due to an approximately $43.0 million increase in income from continuing operations.

Income tax expense includes other items that do not necessarily correspond to pre-tax earnings and create volatility in our effective tax rate. These items include the net effect of state taxes, non-deductible items and changes in valuation allowances for certain foreign operations.

Six Months Ended March 31, 2021 vs. Six Months Ended March 31, 2020

The tables below and discussion that follows should be read in conjunction with the accompanying condensed consolidated financial statements and related notes.

U.S. Pawn

The following table presents selected summary financial data for the U.S. Pawn segment:

	Six Months Ended March 31,		
(in thousands)	2021	2020	Change
Net revenues:			
Pawn service charges	$ 99,797	$ 125,790	(21)%
Merchandise sales	176,080	197,801	(11)%
Merchandise sales gross profit	76,209	71,151	7%
Gross margin on merchandise sales	43 %	36 %	700bps
Jewelry scrapping sales	7,585	15,776	(52)%
Jewelry scrapping sales gross profit	1,592	3,221	(51)%
Gross margin on jewelry scrapping sales	21 %	20 %	100bps
Other revenues	51	67	(24)%
Net revenues	177,649	200,229	(11)%
Segment operating expenses:			
Store expenses	125,749	135,678	(7)%
Impairment of goodwill, intangibles and other assets	—	10,000	*
Depreciation and amortization	5,372	5,576	(4)%
Segment operating contribution	46,528	48,975	(5)%
Other segment expense	27	—	*
Segment contribution	$ 46,501	$ 48,975	(5)%
Other data:			
Average monthly ending pawn loan balance per store (a)	$ 224	$ 286	(22)%
Monthly average yield on pawn loans outstanding	15 %	14 %	100bps
Pawn loan redemption rate	86 %	86 %	—bps

* Represents a percentage computation that is not mathematically meaningful.
(a) Balance is calculated based upon the average of the monthly ending balances during the applicable period.

Pawn service charges decreased 21% (20% on a same store basis) due to a substantial decline in new loans activity and associated loan balances as a result of a change in customer borrowing behaviors as a result of COVID-19.

Merchandise sales decreased 11% (10% on a same store basis) due to lower inventory levels. Merchandise sales gross profit increased 7% to $76.2 million driven by a 700 bps improvement in merchandise sales gross profit margin, primarily driven by reduced aged inventory levels and improved inventory turnover.

Store expenses decreased by 7% due to a reduction in labor expense.

Segment contribution decreased $2.5 million primarily due to the goodwill impairment charge recorded during the prior year quarter. Excluding the goodwill impairment charge, segment contribution decreased $12.5 million, or 21%, to $46.5 million. This decrease was primarily due to the changes in revenue and store expenses described above.

Latin America Pawn

The following table presents selected summary financial data our Latin America Pawn segment, including constant currency results, after translation to U.S. dollars from functional currencies. See “Results of Operations — Non-GAAP Financial Information” above.

	Six Months Ended March 31,				
(in thousands)	2021 (GAAP)	2020 (GAAP)	Change (GAAP)	2021 (Constant Currency)	Change (Constant Currency)
Net revenues:					
Pawn service charges	$ 27,128	$ 39,157	(31)%	$ 28,045	(28)%
Merchandise sales	46,928	58,757	(20)%	48,588	(17)%
Merchandise sales gross profit	16,466	15,555	6%	17,013	9%
Gross margin on merchandise sales	35 %	26 %	900bps	35 %	900bps
Jewelry scrapping sales	5,249	5,630	(7)%	5,327	(5)%
Jewelry scrapping sales gross profit	639	814	(21)%	666	(18)%
Gross margin on jewelry scrapping sales	12 %	14 %	(200)bps	13 %	(100)bps
Other revenues, net	7	13	(46)%	7	(46)%
Net revenues	44,240	55,539	(20)%	45,731	(18)%
Segment operating expenses:					
Store expenses	34,709	38,452	(10)%	35,931	(7)%
Depreciation and amortization	3,653	3,829	(5)%	3,785	(1)%
Impairment of goodwill, intangibles and other assets	—	35,936	(100)%	—	(100)%
Segment operating contribution (loss)	5,878	(22,678)	126%	6,015	127%
Other segment income (a)	(1,705)	(664)	157%	(1,684)	154%
Segment contribution (loss)	$ 7,583	$ (22,014)	134%	$ 7,699	135%
Other data:					
Average monthly ending pawn loan balance per store (b)	$ 55	$ 89	(38)%	$ 56	(37)%
Monthly average yield on pawn loans outstanding	17 %	16 %	100bps	17 %	100bps
Pawn loan redemption rate	82 %	78 %	400bps	82 %	400bps

(a) Fiscal 2021 constant currency amount excludes a nominal net GAAP basis foreign currency transaction adjustment resulting from movement in exchange rates. The net foreign currency transaction adjustment for fiscal 2020 was nominal and are included in the above results.

(b) Balance is calculated based upon the average of the monthly ending balances during the applicable period.

During the six months ended March 31, 2021, our Latin America pawn segment opened six de novo stores.

The change in net revenue attributable to same stores and new stores added since the prior-year is summarized as follows:

Pawn service charges decreased 31% (28% on a constant currency basis). Same stores pawn service charges also decreased by 31% (29% on a constant currency basis). The average ending monthly pawn loan balance outstanding during the current quarter was down 38% (37% on a constant currency basis). We have experienced a substantial decline in new loans activity and associated loan balances as the result of the impact of constrained traffic, limited operating hours and increased remittances from the U.S.

Merchandise sales decreased 20% (17% on both a same store and constant currency basis) and 21% on a same store constant currency basis due to lower inventory levels. This decrease in merchandise sales was offset by an increase in merchandise sales gross profit of 6% to

$16.5 million (9% to $17.0 million on a constant currency basis) driven by a 900 bps improvement in merchandise sales gross profit margin primarily due to reduced aged inventory levels and improved inventory turnover.

Store expenses decreased by 10% (7% on a constant currency basis) driven by a reduction in labor expense.

Segment contribution increased $29.6 million primarily due to the impairment charges recorded during the prior year quarter. Excluding the impairment charges, segment contribution decreased $6.3 million, or 46%, to $13.9 million. This decrease was primarily due to the changes in revenue and store expenses described above.

Other International

The following table presents selected financial data for our Other International segment after translation to U.S. dollars from its functional currency of primarily Australian and Canadian dollars:

(in thousands)	Six Months Ended March 31, 2021	Six Months Ended March 31, 2020	Change
Net revenues:			
Consumer loan fees, interest and other	$ 249	$ 2,686	(91)%
Consumer loan debt	—	1,024	(100)%
Net revenues	249	1,662	(85)%
Segment operating expenses:			
Store expenses	—	2,850	(100)%
Impairment of goodwill, intangible and other assets	—	1,124	(100)%
Equity in net (income) loss on unconsolidated affiliates	(1,766)	4,713	137%
Segment operating contribution	2,015	(7,025)	129%
Other segment (income) expense	(201)	343	159%
Segment contribution (loss)	$ 2,216	$ (7,368)	130%

Segment contribution was $2.2 million, an increase of $9.6 million from the prior-year quarter primarily due to a $6.5 million increase in the net income from our unconsolidated affiliates, $1.4 decrease in net revenues and a $2.8 million decrease in store expenses resulting from the closure of our Canada operations. We operated 22 financial services stores in Canada under the CASHMAX brand during fiscal year 2020. During the fourth quarter of fiscal year 2020, we closed our CASHMAX business and are no longer operating stores in Canada.

Other Items

The following table reconciles our consolidated segment contribution discussed above to net income attributable to EZCORP, Inc., including items that affect our consolidated financial results but are not allocated among segments:

(in thousands)	Six Months Ended March 31, 2021	Six Months Ended March 31, 2020	Percentage Change
Segment contribution	$ 56,300	$ 19,593	187%
Corporate expenses (income):			
General and administrative	26,281	34,179	(23)%
Depreciation and amortization	6,636	6,033	10%
Loss on sale or disposal of assets	63	1,100	(94)%
Interest expense	10,973	10,456	5%
Interest income	(71)	(1,027)	(93)%
Other expense (income)	117	(20)	685%
Income (loss) from continuing operations before income taxes	12,301	(31,128)	140%
Income tax expense	2,672	8,508	(69)%
Net income (loss) attributable to EZCORP, Inc.	$ 9,629	$ (39,636)	124%

Segment contribution increased $36.7 million or 187% over the prior-year period, primarily due to a $47.1 million impairment charge of certain long-lived assets in the second quarter of fiscal 2020. Excluding the impairment charges, segment contribution decreased by $10.4 million or 16% primarily due to reduced pawn service charges from a decline in new loan activity and associated loan balances as a result of a change in customer borrowing behaviors due to COVID-19, partially offset by increased merchandise sales gross profit and decreased store expenses.

General and administrative expenses decreased $7.9 million due to strategic initiatives implemented in the fourth quarter of fiscal year 2020 to optimize our cost structure at the corporate level.

Income tax expense decreased $5.8 million primarily due to a decrease in income tax expense of approximately $14.0 million due to non-deductible goodwill impairments booked in the quarter ended March 31, 2020, offset by an increase in income taxes for the current year due to an approximately $43.0 million increase in income from continuing operations.

Income tax expense includes other items that do not necessarily correspond to pre-tax earnings and create volatility in our effective tax rate. These items include the net effect of state taxes, non-deductible items and changes in valuation allowances for certain foreign operations.

Liquidity and Capital Resources

We currently believe that, based on available capital resources and projected operating cash flow, we have adequate capital resources to fund working capital needs, currently anticipated capital expenditures, currently anticipated business growth and expansion, tax payments, and current and projected debt service requirements.

Cash and Cash Equivalents

Our cash and equivalents balance was $335.6 million at March 31, 2021 compared to $304.5 million at September 30, 2020. At March 31, 2021, our cash and equivalents were held in cash depository accounts with major banks or invested in high quality, short-term liquid investments.

Cash Flows

The table and discussion below presents a summary of the selected sources and uses of our cash:

	Six Months Ended March 31,		Percentage
(in thousands)	2021	2020	Change
Cash flows provided by operating activities	$ 18,721	$ 21,271	(12)%
Cash flows provided by investing activities	9,080	28,636	(68)%
Cash flows used in financing activities	(1,710)	(7,256)	76%
Effect of exchange rate changes on cash, cash equivalents and restricted cash	5,000	(7,364)	168%
Net increase in cash, cash equivalents and restricted cash	$ 31,091	$ 35,287	(12)%

Net cash provided by operating activities decreased $2.6 million or 12% year-over-year due to a decrease of $7.3 million in net income adjusted for non-cash items, offset by an increase of $4.8 million in net changes in working capital requirements primarily due to a decrease in inventory of $7.0 million.

Net cash provided by investing activities decreased by $19.6 million, or 68%, year-over-year primarily due to a $49.8 million decrease in the sale of forfeited collateral, offset by an $30.4 million net increase in pawn loan redemptions due to COVID-19 related government stimulus payments.

Net cash used in financing activities decreased $5.5 million, or 76%, year-over-year primarily due to a $5.2 million decrease in the repurchase of common stock.

The net effect of cash flows was a $31.1 million increase in cash on hand during the current year-to-date period, resulting in a $343.6 million ending cash and restricted cash balance.

Sources and Uses of Cash

In December 2019, our Board of Directors authorized a stock repurchase program that will allow us to repurchase up to $60 million of our Class A Non-voting Common Stock over three years. On March 20, 2020, we suspended the repurchase of shares under the program in order to preserve current liquidity given the uncertainty of the impact of the COVID-19 pandemic to our operations. As of September 30, 2020, we had repurchased and retired 943,149 shares of our Class A Common Stock for $5.2 million. The resumption of our stock repurchase program and the amount and timing of purchases will be dependent on a variety of factors, such as the return to normal business conditions, stock price, trading volume, general market conditions, legal and regulatory requirements, cash flow levels, and corporate considerations determined by management and the Board, such as liquidity and capital needs and the availability of attractive alternative investment opportunities. The Board of Directors has reserved the right to modify, suspend or terminate the program at any time. During the three and six months ended March 31, 2021, there were no stock repurchases.

We anticipate that cash flows from operations and cash on hand will be adequate to fund any future stock repurchases, our contractual obligations, planned de novo store growth, capital expenditures and working capital requirements through fiscal 2021. We continue to explore acquisition opportunities, both large and small, and may choose to pursue additional debt, equity or equity-linked financings in the future should the need arise. Given the current uncertainty related to the COVID-19 pandemic, we may adjust our capital or other expenditures. Depending on the level of acquisition activity and other factors, our ability to repay our longer term debt obligations, including the convertible debt maturing in 2024 and 2025, may require us to refinance these obligations through the issuance of new debt securities, equity securities, convertible securities or through new credit facilities.

Contractual Obligations

In "Part II, Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended September 30, 2020, we reported that we had $604.6 million in total contractual obligations as of September 30, 2020. There have been no material changes to this total obligation since September 30, 2020, other than changes as the result of adoption of accounting standards as further discussed in Note 1 of Notes to Interim Condensed Consolidated Financial Statements included in "Part I, Item 1 — Financial Statements."

We are responsible for the maintenance, property taxes and insurance at most of our locations. In the fiscal year ended September 30, 2020, these collectively amounted to $12.3 million.

Recently Adopted Accounting Policies and Recently Issued Accounting Pronouncements

See Note 1 of Notes to Interim Condensed Consolidated Financial Statements included in "Part I, Item 1 — Financial Statements."

Cautionary Statement Regarding Risks and Uncertainties that May Affect Future Results

This Quarterly Report on Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations, includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend that all forward-looking statements be subject to the safe harbors created by these laws. All statements, other than statements of historical facts, regarding our strategy, future operations, financial position, future revenues, projected costs, prospects, plans and objectives are forward-looking statements. These statements are often, but not always, made with words or phrases like "may," "should," "could," "will," "predict," "anticipate," "believe," "estimate," "expect," "intend," "plan," "projection" and similar expressions. Such statements are only predictions of the outcome and timing of future events based on our current expectations and currently available information and, accordingly, are subject to substantial risks, uncertainties and assumptions. Actual results could differ materially from those expressed in the forward-looking statements due to a number of risks and uncertainties, many of which are beyond our control. In addition, we cannot predict all of the risks and uncertainties that could cause our actual results to differ from those expressed in the forward-looking statements. Accordingly, you should not regard any forward-looking statements as a representation that the expected results will be achieved. Important risk factors that could cause results or events to differ from current expectations are identified and described in "Part I, Item 1A — Risk Factors" of our Annual Report on Form 10-K for the year ended September 30, 2020 and "Part II, Item 1A — Risk Factors" of this Report.

We specifically disclaim any responsibility to publicly update any information contained in a forward-looking statement except as required by law. All forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary statement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks relating to our operations result primarily from changes in interest rates, gold values and foreign currency exchange rates, and are described in detail in "Part II, Item 7A — Quantitative and Qualitative Disclosures about Market Risk" of our Annual Report on Form 10-K for the year ended September 30, 2020. With the exception of the impacts of COVID-19, which are discussed elsewhere in this Report, there have been no material changes in our reported market risks or risk management policies since the filing of our Annual Report on Form 10-K for the year ended September 30, 2020.

ITEM 4. CONTROLS AND PROCEDURES

This report includes the certifications of our Chief Executive Officer and Chief Financial Officer required by Rule 13a-14 of the Securities Exchange Act of 1934 (the "Exchange Act"). See Exhibits 31.1 and 31.2. This Item 4 includes information concerning the controls and control evaluations referred to in those certifications.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, our management evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2021. Our principal executive officer and principal financial officer have concluded that as of March 31, 2021, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Internal Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with associated policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 11 of Notes to Interim Condensed Consolidated Financial Statements included in "Part I, Item 1 — Financial Statements."

ITEM 1A. RISK FACTORS

Important risk factors that could affect our operations and financial performance, or that could cause results or events to differ from current expectations, are described in "Part I, Item 1A — Risk Factors" of our Annual Report on Form 10-K for the year ended September 30, 2020, as supplemented by the information set forth below.

Illinois recently passed the Predatory Loan Prevention Act, which we do not believe applies to pawn. If it is determined that the new law applies to pawn transactions, our business in Illinois (20 stores) could be adversely affected.

The Illinois Predatory Loan Prevention Act was signed into law on March 23, 2021. Pawn transactions are not mentioned in the act, and we believe that pawn transactions are not subject to the provisions of the act. On April 28, the Illinois Department of Financial & Professional Regulation issued a fact sheet that lists "pawn loans" as among the types of consumer loans covered by the law. We are seeking formal confirmation that the new act does not apply to pawn transactions. If it is determined that the act does apply to pawn, then our business in Illinois could be adversely affected and we could be subject to civil penalties.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In April 2015, we issued a $300,000 promissory note to Diego Creel Miranda in connection with our acquisition of his interest in Renueva Comercial S.A.P.I. de C.V. (known as TUYO), which at the time conducted a buy-sell business in Mexico that we have since discontinued. See Note 3 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended September 30, 2015. We had the option to satisfy the promissory note at maturity either by paying the principal and accrued interest in cash or by issuing shares of our Class A Non-Voting Stock having a market value at the time the note was issued equal to the principal amount. On March 18, 2021, we issued 33,187 shares of our Class A Non-Voting Common Stock, having a market value at the time of issuance of approximately $185,000, in full satisfaction of the promissory note. The shares were issued to a single individual, and in connection with a single, isolated transaction, in reliance on the exemption from registration provided in Section 4(2) of the Securities Act of 1933.

ITEM 6. EXHIBITS

The following exhibits are filed with, or incorporated by reference into, this report.

Exhibit	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.1	Form of Restricted Stock Unit Award Agreement for fiscal 2021 grants to executive officers					x
31.1	Certification of Principal Executive Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934					x
31.2	Certification of Principal Financial Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934					x
32.1†	Certifications of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350					x
32.2†	Certifications of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350					x
101.INS	Inline XBRL Instance Document (the instance document does not appear in the interactive data files because the XBRL tags are embedded within the Inline XBRL document)					
101.SCH	Inline XBRL Taxonomy Extension Schema Document					x
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					x
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					x
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document					x
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					x
104	Cover Page Interactive Data File in Inline XBRL format (contained in Exhibit 101)					

† The certifications furnished in Exhibit 32.1 and Exhibit 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EZCORP, INC.

Date: May 5, 2021

/s/ Jason A. Kulas

Jason A. Kulas,
Chief Executive Officer

RESTRICTED STOCK UNIT AWARD

Award Summary

Recipient..	**[NAME OF RECIPIENT]**
Employee No.	**[XXX-XX-XXXX]**
Award Identification No.	**[XXXXXXXXX]**
Date of Award	**February 22, 2021**
Number of Units (Total)	**[NUMBER OF UNITS]**
Vesting Schedule*	**<u>Number Date</u>**
	XXXX September 30, 2023
*** Subject to the Performance Goals and service conditions described in Exhibit A**	

EZCORP, Inc., a Delaware corporation (the "Company"), is pleased to award you Restricted Stock Units, subject to the "Standard Terms and Conditions" attached to this Award Summary (the "Terms and Conditions"). This Award Summary, together with the Terms and Conditions, shall constitute the Award Agreement with regard to the award of Restricted Stock Units described herein.

As provided in the Terms and Conditions, this award of Restricted Stock Units will not be effective until you have accepted the award, and acknowledged and agreed to the terms and conditions set forth in the Award Agreement, by executing this Award Summary in the space provided below and returning it to the Company's Stock Plan Administrator. Delivery to the Stock Plan Administrator will be automatic if you execute the this Amended Award Summary via DocuSign. If you do not execute via DocuSign, delivery may be made via email (carrie_putnam@ezcorp.com) or physical delivery (EZCORP, Inc., 2500 Bee Cave Road, Building One, Suite 200, Rollingwood, Texas 78746, Attention: Carrie Putnam).

Awarded subject to the terms and conditions stated above:

EZCORP, INC.

By: ____

Lisa VanRoekel,
Chief Human Resources Officer

I hereby accept the Award described herein and acknowledge and agree to the terms and conditions set forth in the Award Agreement:

____ Date:____

[NAME OF RECIPIENT]

EXHIBIT A

This Exhibit constitutes a part of the Award Summary to which it is attached, and is hereby incorporated into such Award Summary.

PERFORMANCE GOALS

1. As used herein, the following terms shall have the respective meanings indicated:

   (a) "Adjusted Net Income" for any Fiscal year is calculated as described in Paragraph 3 below.

   (b) "Adjusted Net Income Budget" for any Fiscal year refers to the Adjusted Net Income target that is specified in the budget for such Fiscal year, as approved by the Board of Directors.

   (c) "Employment" has the meaning specified in Paragraph 3 of the Standard Terms and Conditions.

   (d) A "Fiscal" year refers to the Company's fiscal year ended September 30 of that year.

   (e) "Performance Period" refers to the three-year period consisting of Fiscal 2021, Fiscal 2022 and Fiscal 2023.

2. The Units will vest in accordance with the Vesting Schedule set forth in the Award Summary only if the performance goals and service conditions described below have been achieved:

   (a) The total number of Units will be allocated equally (to the nearest whole Unit) among the three years in the Performance Period.

   (b) The vesting of the Units allocated to each Fiscal year during the Performance Period will be subject to a performance goal based on Adjusted Net Income for such Fiscal year, as follows:

      (i) If the Company achieves 80% of the Adjusted Net Income Budget for such Fiscal year, then 50% of the Units allocated to that Fiscal year will be available to vest at the end of the Performance Period.

      (ii) If the Company achieves 120% or more of the Adjusted Net Income Budget for such Fiscal year, then 150% of the Units allocated to such Fiscal year will be available to vest at the end of the Performance Period.

      (iii) If the Company achieves more than 80%, but less than 120%, of the Adjusted Net Income Budget for such Fiscal year, the percentage of Units allocated to such Fiscal year that will be available to vest at the end of the Performance Period will be interpolated between 50% and 150% based on the percentage of the Adjusted Net Income Budget for such Fiscal year actually achieved.

      (iv) If the Company does not achieve at least 80% of the Adjusted Net Income Budget for a Fiscal year, then none of the Units allocated to such Fiscal year will be available to vest at the end of the Performance Period.

   Any Units that are not available to vest at the end of the Performance Period, determined as described above, will be forfeited.

   (c) Units that are available to vest at the end of the Performance Period, determined as described above, will vest only if your Employment continues through the end of the Performance Period.

3. "Adjusted Net Income" for any Fiscal year shall be calculated from the Company's audited consolidated financial statements for such year, and shall be equal to the Company's consolidated net income, with such adjustments, if any, that the People and Compensation Committee of the Board of Directors determines, in its sole discretion, to be necessary, appropriate or desirable to take into consideration special events or other circumstances reasonably beyond management's control.

4. Notwithstanding the Vesting Schedule set forth in the Award Summary, vesting will be deferred until such time as the Committee has determined that the applicable performance goal has been achieved.

RESTRICTED STOCK UNIT AWARD

Standard Term and Conditions

(Awards Subject to Performance-Based Vesting)

The Award described below is made under the EZCORP, Inc. Long-Term Incentive Plan (the "Plan") and is governed by the terms of the Plan in addition to the terms and conditions stated in the Award Agreement referred to below. A copy of the Plan is available from the Company's Stock Plan Administration Department. Unless otherwise defined, all capitalized terms used herein shall have the respective meanings described in the Plan.

Unless other terms and conditions are made specifically applicable, the following terms and conditions apply to the award of Restricted Stock Units made with respect to fiscal year 2021 by EZCORP, Inc., a Delaware corporation (the "Company"), to any employee of the Company or any Subsidiary of the Company. The recipient of an Award, the date of the Award and the number of Units awarded are set forth in an Award Summary that has been duly executed and issued by the Company and appropriately acknowledged and accepted by the recipient (the "Award Summary"). That Award Summary, together with these terms and conditions, shall constitute the Award Agreement with regard to the Award. As used herein, the term "you" (and derivatives thereof) refers to the recipient of the Award, and the term "Units" refers to the Restricted Stock Units that are subject to the Award.

1. ***General*** — As a material inducement to the Company to make the Award, you agree that the following terms and conditions shall apply to the Award, that you are not otherwise entitled to the Award, that the Company is providing the Award in consideration for your promises and agreements below and that the Company would not grant the Award absent those promises and agreements.

   Each Unit awarded to you represents your right to receive one share of Stock on the applicable vesting date, subject to the terms and conditions described herein.

2. ***Vesting*** — Subject to the terms and conditions of this Agreement, the Units will vest in accordance with the Vesting Schedule set forth in the applicable Award Summary. Any Units that remain unvested following the last vesting date shown in the Award Summary will expire at that time, and your right to receive any consideration for such Unit (whether Stock or cash) will terminate, without any payment of consideration by the Company.

   Notwithstanding that Vesting Schedule, if your Employment (as defined below) is terminated by reason of your death or Permanent Disability, all Units will vest immediately and automatically upon such termination of Employment.

3. ***Transfer Restrictions and Expiration*** — You may not sell, assign, transfer, pledge or otherwise dispose of any Unit. You may sell, assign, transfer, pledge or otherwise dispose of the underlying share of Stock only after you have received that share upon vesting of the related Unit (if the Unit is settled in Stock). If your Employment terminates for any reason other than your death or Permanent Disability, any Unit that has not vested will expire at that time, and your right to receive any consideration for such Unit (whether Stock or cash) will terminate, without any payment of consideration by the Company.

   As used herein, the term "Employment" means your regular full-time or part-time employment with the Company or any of its Subsidiaries, and the term "Employer" means the Company (if you are employed by the Company) or the Subsidiary of the Company that employs you.

4. ***Rights as a Stockholder*** — You will have no rights as a stockholder with respect to the Units awarded pursuant to this Award (including rights to dividends or dividend equivalent payments and rights to vote) until the Units have vested and the Stock underlying those Units have been actually issued and registered in your name on the books of the Company's transfer agent.

5. ***Settlement*** — Notwithstanding anything to the contrary herein and subject to Paragraph 6 below, as soon as practicable after the date on which the Units have vested, the Company, at its option and in its sole and absolute

discretion, shall, for each vested Unit, either (a) issue to you a share of Stock or (b) deliver to you an amount in cash equal to the Fair Market Value of a share of Stock on the vesting date.

To the extent that the Company chooses to settle the Units in Stock, the Company will issue the underlying Stock in your name in the form of an entry into a share memo account with the Company's stock transfer agent. At any time thereafter, you (or, in the case of your death or Permanent Disability, your legal representatives) shall have the right to have such Stock certificated and transferred in accordance with the transfer agent's procedures generally applicable to all stockholders.

6. ***Agreement With Respect to Taxes*** — You must pay any taxes that are required to be withheld by the Company or your Employer as a result of this Award. You may pay such amounts in cash or make other arrangements satisfactory to the Company or your Employer for the payment of such amounts. You agree that the Company and your Employer, at their sole discretion and to the fullest extent permitted by law, shall have the right to (a) demand that you pay such amounts in cash, (b) deduct such amounts from any payments of any kind otherwise due to you or (c) withhold or deduct from Stock or cash to which you would otherwise be entitled the number of shares of Stock, or amount of cash, having an aggregate Fair Market Value at that time equal to the amount you owe. If the Units are settled in Stock and the Company or your Employer, in their sole discretion, determines that your obligations will not be satisfied under the methods described in this Paragraph, you hereby authorize the Company (or its agent) to sell a portion of the Stock that is issued in satisfaction of the Units, which the Company determines as having at least the market value sufficient to meet your obligations (plus additional shares to account for rounding and market fluctuations), and use the net proceeds of such sale to satisfy your obligations. Any such shares may be sold as part of a block trade for the collective benefit of you and other participants, with all such participants receiving an average price.

7. ***Leaves of Absence*** — If you take a leave of absence from active Employment that has been approved by your Employer or is one to which you are legally entitled regardless of such approval, the following provisions will apply:

   (a) *Vesting During Leave* — Notwithstanding the Vesting Schedule set forth in the Award Summary, no Shares will vest during a leave of absence lasting more than 30 days, unless such leave of absence is an approved medical, FMLA or military leave. The vesting that would have otherwise occurred during a leave of absence will be deferred by the number of days you are on leave of absence.

   (b) *Effect of* Termination *During Leave* — If your Employment is terminated while you are on a leave of absence, the Units will vest or expire in accordance with the terms stated in Paragraphs 2 and 3.

8. ***Return of Share or Cash Value*** — By accepting this Award, you agree that if the Company determines that you engaged in "Conduct Detrimental to the Company" (as defined below) during your Employment or during the one-year period following the termination of your Employment, you shall be required, upon demand, to return to the Company, in the form of a cash payment, the "Returnable Value." For this purpose, "Returnable Value" means the total Fair Market Value of all Stock that was issued to you, or the total amount of cash that was delivered to you, pursuant to this Award (including any cash or Stock that was withheld or sold to satisfy your obligations under Paragraph 6), determined as of the date such Stock was issued, or such cash was delivered, to you. The payment of the Returnable Value shall be in addition to and separate from any other relief or remedies available to the Company due to your Conduct Detrimental to the Company.

For purposes of this Agreement, you will be considered to have engaged in "Conduct Detrimental to the Company" if (a) you engage in serious misconduct (whether or not such serious misconduct is discovered by the Company prior to the termination of your Employment) or (b) you violate the terms of the Restrictive Covenant Agreement (in some cases, also known as the Protection of Sensitive Information, Noncompetition and Nonsolicitation Agreement) between you and the Company, the terms and provisions of which you hereby acknowledge and reaffirm.

9. ***Trading Restrictions*** — The Company may establish periods from time to time during which your ability to engage in transactions involving the Stock is subject to specified restrictions ("Restricted Periods"). If the Units vest during a Restricted Period and are settled in Stock, then you may not be able to sell such Stock (either to satisfy tax withholding obligations or otherwise) unless you have made irrevocable arrangements to do so outside of any Restricted Period. You may be subject to a Restricted Period for any reason that the Company determines appropriate, including

Restricted Periods generally applicable to employees or groups of employees or Restricted Periods applicable to you during an investigation of allegations of misconduct or Conduct Detrimental to the Company by you.

10. ***Prospectus*** — You may obtain a copy of the prospectus related to the Stock free of charge by making a request to the Company's Stock Plan Administration Department:

Address — 2500 Bee Cave Road, Building One, Suite 200, Rollingwood, Texas 78746, Attention: Carrie Putnam
Telephone — (512) 314-3325
E-mail — carrie_putnam@ezcorp.com

11. ***Notice*** — You agree that notices regarding this Award may be given to you in writing either at your home address as shown in the records of the Company, or by electronic transmission (including e-mail or reference to a website or other URL).

12. ***Special Acknowledgements*** — By accepting this Award, you expressly acknowledge the following:

- Unless you have a written employment agreement, your Employment is "at will," and this Award does not alter that relationship in any way and does not confer upon you any right to expectation of employment by, or to continue in the employment of, your Employer. If you have a written employment agreement, this Award shall not be deemed to in any manner enlarge your rights, or diminish your Employer's rights, under such employment agreement.

- The Plan is discretionary in nature and may be suspended or terminated by the Company at any time.

- This Award is a one-time benefit that does not create any contractual or other right to receive future Awards or benefits in lieu of Awards.

- All determinations with respect to future Awards, if any, including the award date, the nature and size of the Award, the vesting dates and applicable restrictions, will be at the sole discretion of the Company.

- Your participation in the Plan, and your acceptance of this Award, is entirely voluntary.

- The value of this Award is an extraordinary item of compensation, is not part of normal or expected compensation for any purpose and is not to be used for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and you waive any claim on such basis.

- The grant of an equity interest in the Company (represented by this Award) gives rise to the Company's need (on behalf of itself and its stockholders) to protect itself from Conduct Detrimental to the Company, and your promises and agreements described in Paragraph 8 are designed to protect the Company and its stockholders from Conduct Detrimental to the Company.

- Vesting of Units ceases upon termination of Employment for any reason, except as may otherwise be explicitly provided in the Award Agreement or the Plan.

- The future value of the Units (and the Stock that may be issued pursuant to this Award) is unknown and cannot be predicted with certainty.

- You understand, acknowledge and agree that you will have no rights to compensation or damages related to this Award as a consequence of the termination of your Employment for any reason whatsoever and whether or not in breach of contract.

13. ***Data Privacy Consent*** — As a condition to Company's making this Award, you consent to the collection, use and transfer of personal data as described in this Paragraph. You understand that the Company and its Subsidiaries hold certain personal information about you, including your name, home address and telephone number, date of birth, social security number, salary, nationality, job title, any ownership interests or directorships held in the Company or its Subsidiaries and details of all Awards made or cancelled (collectively, "Data"). You further understand that the

Company and its Subsidiaries will transfer Data among themselves as necessary for the purposes of implementation, administration and management of your participation in the Plan, and that the Company and any of its Subsidiaries may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. You understand that these recipients may be located in the United States of America, the European Economic Area or elsewhere. You authorize them to receive, possess, use, retain and transfer such Data as may be required for the administration of the Plan or the subsequent holding of Stock on your behalf, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer to a broker or other third party with whom you may elect to deposit any shares of Stock acquired under the Plan. You understand that you may, at any time, view such Data or require any necessary amendments to it.

14. ***Governing Law and Venue*** — This Award Agreement and the Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware, United States of America. The venue for any and all disputes arising out of or in connection with this Agreement shall be Travis County, Texas, United States of America, and the courts sitting exclusively in Travis County, Texas, United States of America shall have exclusive jurisdiction to adjudicate such disputes. Each party hereby expressly consents to the exercise of jurisdiction by such courts and hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to such laying of venue (including the defense of inconvenient forum).

15. ***Effect of Invalid Provisions*** — If any of the terms or conditions set forth in the Award Agreement are determined by a court of competent jurisdiction to be unenforceable, any Shares that have not vested as described above will be forfeited at that time and you agree to return to the Company the Returnable Share Value (as defined in Paragraph 8) with respect to all Shares theretofore vested pursuant to this Award.

16. ***Acceptance of Terms and Conditions*** — This Award will not be effective until you have accepted the Award and acknowledged and agreed to the terms and conditions set forth in the Award Agreement in the manner prescribed by the Company. Failure to accept the Award prior to the first vesting date will result in immediate and automatic expiration and cancellation of this Award.

Exhibit 31.1

Certification of Jason A. Kulas, Chief Executive Officer,
pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934,
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jason A. Kulas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EZCORP, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2021

/s/ Jason A. Kulas

Jason A. Kulas
Chief Executive Officer

Exhibit 31.2

Certification of Timothy K. Jugmans, Chief Financial Officer,
pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934,
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Timothy K. Jugmans, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EZCORP, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2021

/s/ Timothy K. Jugmans
Timothy K. Jugmans
Chief Financial Officer

Exhibit 32.1

Certification of Jason A. Kulas, Chief Executive Officer,
pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned officer of EZCORP, Inc. hereby certifies that (a) EZCORP's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, as filed with the Securities and Exchange Commission, fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, as amended, and (b) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of EZCORP.

Date: May 5, 2021

/s/ Jason A. Kulas

Jason A. Kulas
Chief Executive Officer

Exhibit 32.2

Certification of Timothy K. Jugmans, Chief Financial Officer,
pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned officer of EZCORP, Inc. hereby certifies that (a) EZCORP's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, as filed with the Securities and Exchange Commission, fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, as amended, and (b) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of EZCORP.

Date: May 5, 2021

/s/ Timothy K. Jugmans
Timothy K. Jugmans
Chief Financial Officer