

FIRSTCASH, INC
Form 10-Q
November 01, 2017
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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 September 30, 2017
OR

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

For the transition period from _____ to _____

Commission file number 001-10960

FIRSTCASH, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

1600 West 7th Street, Fort Worth, Texas

(Address of principal executive offices)

75-2237318

(I.R.S. Employer Identification No.)

76102

(Zip Code)

(817) 335-1100

(Registrant's telephone number, including area code)

NONE

(Former name, former address and former fiscal year, if changed since last report)

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, a smaller reporting company, or an emerging growth company. See definitions 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 (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

Table of Contents

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

As of October 25, 2017, there were 47,186,687 shares of common stock outstanding.

Table of Contents

FIRSTCASH, INC.
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2017

INDEX

PART I. FINANCIAL INFORMATION

| | | |
|----------------|--|-----------|
| <u>Item 1.</u> | <u>Financial Statements (Unaudited)</u> | <u>1</u> |
| | <u>Condensed Consolidated Balance Sheets</u> | <u>1</u> |
| | <u>Condensed Consolidated Statements of Income (Loss)</u> | <u>2</u> |
| | <u>Condensed Consolidated Statements of Comprehensive Income (Loss)</u> | <u>3</u> |
| | <u>Condensed Consolidated Statements of Changes in Stockholders' Equity</u> | <u>3</u> |
| | <u>Condensed Consolidated Statements of Cash Flows</u> | <u>5</u> |
| | <u>Notes to Condensed Consolidated Financial Statements</u> | <u>6</u> |
| <u>Item 2.</u> | <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | <u>17</u> |
| <u>Item 3.</u> | <u>Quantitative and Qualitative Disclosures About Market Risk</u> | <u>44</u> |
| <u>Item 4.</u> | <u>Controls and Procedures</u> | <u>45</u> |

PART II. OTHER INFORMATION

| | | |
|-----------------|--|-----------|
| <u>Item 1.</u> | <u>Legal Proceedings</u> | <u>45</u> |
| <u>Item 1A.</u> | <u>Risk Factors</u> | <u>45</u> |
| <u>Item 2.</u> | <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> | <u>45</u> |
| <u>Item 3.</u> | <u>Defaults Upon Senior Securities</u> | <u>46</u> |
| <u>Item 4.</u> | <u>Mine Safety Disclosures</u> | <u>46</u> |
| <u>Item 5.</u> | <u>Other Information</u> | <u>46</u> |
| <u>Item 6.</u> | <u>Exhibits</u> | <u>47</u> |
| | <u>SIGNATURES</u> | <u>48</u> |

Table of Contents

CAUTIONARY STATEMENT REGARDING RISKS AND UNCERTAINTIES THAT MAY AFFECT FUTURE RESULTS

Forward-Looking Information

This quarterly report contains forward-looking statements about the business, financial condition and prospects of FirstCash, Inc. and its wholly owned subsidiaries (together, the “Company”). Forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, can be identified by the use of forward-looking terminology such as “believes,” “projects,” “expects,” “may,” “estimates,” “should,” “plans,” “targets,” “intends,” “could,” “wants,” “anticipates,” “potential,” “confident,” “optimistic” or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of strategy, objectives, estimates, guidance, expectations and future plans.

Forward-looking statements can also be identified by the fact these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends or results. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties.

These forward-looking statements are made to provide the public with management’s current assessment of the Company’s business. Although the Company believes the expectations reflected in forward-looking statements are reasonable, there can be no assurances such expectations will prove to be accurate. Security holders are cautioned such forward-looking statements involve risks and uncertainties. Certain factors may cause results to differ materially from those anticipated by the forward-looking statements made in this quarterly report. Such factors may include, without limitation, the risks, uncertainties and regulatory developments discussed and described in (i) the Company’s 2016 annual report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on March 1, 2017, including the risks described in Part 1, Item 1A, “Risk Factors” thereof, (ii) in this quarterly report, and (iii) the other reports filed with the SEC. Many of these risks and uncertainties are beyond the ability of the Company to control, nor can the Company predict, in many cases, all of the risks and uncertainties that could cause its actual results to differ materially from those indicated by the forward-looking statements. The forward-looking statements contained in this quarterly report speak only as of the date of this quarterly report, and the Company expressly disclaims any obligation or undertaking to report any updates or revisions to any such statement to reflect any change in the Company’s expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FIRSTCASH, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in thousands)

| | September 30, | | December |
|---|---------------|-------------|-------------|
| | 2017 | 2016 | 31, 2016 |
| ASSETS | | | |
| Cash and cash equivalents | \$93,411 | \$83,356 | \$89,955 |
| Fees and service charges receivable | 45,134 | 45,708 | 41,013 |
| Pawn loans | 371,367 | 373,169 | 350,506 |
| Consumer loans, net | 24,515 | 27,792 | 29,204 |
| Inventories | 308,683 | 332,862 | 330,683 |
| Income taxes receivable | 27,867 | 36,449 | 25,510 |
| Prepaid expenses and other current assets | 23,818 | 31,935 | 25,264 |
| Investment in common stock of Enova | — | 54,786 | — |
| Total current assets | 894,795 | 986,057 | 892,135 |
| Property and equipment, net | 234,309 | 240,749 | 236,057 |
| Goodwill | 834,883 | 865,350 | 831,151 |
| Intangible assets, net | 95,991 | 106,502 | 104,474 |
| Other assets | 59,054 | 69,125 | 71,679 |
| Deferred tax assets | 12,694 | 9,912 | 9,707 |
| Total assets | \$2,131,726 | \$2,277,695 | \$2,145,203 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Accounts payable and accrued liabilities | \$94,769 | \$129,997 | \$109,354 |
| Customer deposits | 37,626 | 37,591 | 33,536 |
| Income taxes payable | 3,763 | 910 | 738 |
| Total current liabilities | 136,158 | 168,498 | 143,628 |
| Revolving unsecured credit facilities | 140,000 | 360,000 | 260,000 |
| Senior unsecured notes | 294,961 | 196,373 | 196,545 |
| Deferred tax liabilities | 73,203 | 42,125 | 61,275 |
| Other liabilities | 19,725 | 77,645 | 33,769 |
| Total liabilities | 664,047 | 844,641 | 695,217 |
| Stockholders' equity: | | | |
| Preferred stock | — | — | — |
| Common stock | 493 | 493 | 493 |
| Additional paid-in capital | 1,219,589 | 1,217,820 | 1,217,969 |
| Retained earnings | 436,159 | 359,926 | 387,401 |
| Accumulated other comprehensive loss | (88,445) | (109,114) | (119,806) |
| Common stock held in treasury, at cost | (100,117) | (36,071) | (36,071) |
| Total stockholders' equity | 1,467,679 | 1,433,054 | 1,449,986 |
| Total liabilities and stockholders' equity | \$2,131,726 | \$2,277,695 | \$2,145,203 |

The accompanying notes are an integral part
of these condensed consolidated financial statements.

1

Table of Contents

FIRSTCASH, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(unaudited, in thousands, except per share amounts)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|-----------|------------------------------------|-----------|
| | 2017 | 2016 | 2017 | 2016 |
| Revenue: | | | | |
| Retail merchandise sales | \$246,334 | \$152,215 | \$750,150 | \$386,534 |
| Pawn loan fees | 132,545 | 79,505 | 383,428 | 182,816 |
| Wholesale scrap jewelry sales | 37,528 | 18,956 | 107,285 | 35,906 |
| Consumer loan and credit services fees | 19,005 | 10,477 | 58,754 | 21,079 |
| Total revenue | 435,412 | 261,153 | 1,299,617 | 626,335 |
| Cost of revenue: | | | | |
| Cost of retail merchandise sold | 161,350 | 93,399 | 483,458 | 239,166 |
| Cost of wholesale scrap jewelry sold | 36,831 | 16,977 | 102,370 | 30,701 |
| Consumer loan and credit services loss provision | 6,185 | 3,413 | 15,419 | 5,780 |
| Total cost of revenue | 204,366 | 113,789 | 601,247 | 275,647 |
| Net revenue | 231,046 | 147,364 | 698,370 | 350,688 |
| Expenses and other income: | | | | |
| Store operating expenses | 138,966 | 80,574 | 412,780 | 190,563 |
| Administrative expenses | 29,999 | 24,500 | 93,542 | 58,277 |
| Depreciation and amortization | 13,872 | 7,281 | 42,804 | 17,165 |
| Interest expense | 6,129 | 5,073 | 17,827 | 13,859 |
| Interest income | (418) | (138) | (1,138) | (636) |
| Merger and other acquisition expenses | 911 | 29,398 | 3,164 | 33,877 |
| Loss on extinguishment of debt | 20 | — | 14,114 | — |
| Net loss on sale of common stock of Enova | — | 253 | — | 253 |
| Total expenses and other income | 189,479 | 146,941 | 583,093 | 313,358 |
| Income before income taxes | 41,567 | 423 | 115,277 | 37,330 |
| Provision for income taxes | 13,293 | 1,835 | 39,119 | 13,895 |
| Net income (loss) | \$28,274 | \$(1,412) | \$76,158 | \$23,435 |
| Net income (loss) per share: | | | | |
| Basic | \$0.59 | \$(0.04) | \$1.58 | \$0.77 |
| Diluted | \$0.59 | \$(0.04) | \$1.58 | \$0.77 |
| Dividends declared per common share | \$0.190 | \$0.125 | \$0.570 | \$0.375 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

FIRSTCASH, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited, in thousands)

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2017 | September 30, 2016 | September 30, 2017 | September 30, 2016 |
| Net income (loss) | \$28,274 | \$(1,412) | \$76,158 | \$23,435 |
| Other comprehensive income (loss): | | | | |
| Currency translation adjustment | (4,981) | (12,248) | 31,361 | (28,951) |
| Change in fair value of investment in common stock of Enova ⁽¹⁾ | — | (1,753) | — | (1,753) |
| Comprehensive income (loss) | \$23,293 | \$(15,413) | \$107,519 | \$(7,269) |

(1) Net of tax benefit of \$1,031 for the three and nine months ended September 30, 2016.

The accompanying notes are an integral part of these condensed consolidated financial statements.

FIRSTCASH, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(unaudited, in thousands)

| | Preferred Stock | | Common Stock | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Common Stock Held in Treasury | | Total Stockholders' Equity | |
|---|-----------------|--------|--------------|----------------------------|-------------------|--------------------------------------|-------------------------------|--------|----------------------------|--------------|
| | Shares | Amount | | | | | Shares | Amount | | |
| Balance at 12/31/2016 | — | \$ — | 49,276 | \$ 493 | \$ 1,217,969 | \$ 387,401 | \$(119,806) | 769 | \$(36,071) | \$ 1,449,986 |
| Shares issued under share-based compensation plan | — | — | — | (440) | — | — | — | (10) | 440 | — |
| Exercise of stock options | — | — | — | (242) | — | — | — | (13) | 549 | 307 |
| Share-based compensation expense | — | — | — | 2,302 | — | — | — | — | — | 2,302 |
| Net income | — | — | — | — | 76,158 | — | — | — | — | 76,158 |
| Dividends paid | — | — | — | — | (27,400) | — | — | — | — | (27,400) |
| Currency translation adjustment | — | — | — | — | — | 31,361 | — | — | — | 31,361 |
| Repurchases of treasury stock | — | — | — | — | — | — | — | 1,182 | (65,035) | (65,035) |
| Balance at 9/30/2017 | — | \$ — | 49,276 | \$ 493 | \$ 1,219,589 | \$ 436,159 | \$(88,445) | 1,928 | \$(100,117) | \$ 1,467,679 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

FIRSTCASH, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
CONTINUED

(unaudited, in thousands)

| | Preferred | Common | Additional Paid-In Capital | Retained Earnings | Accum- ulated Other Compre- hensive Loss | Common Stock Held in Treasury | | Total Stock- holders' Equity | |
|---|-----------|----------|----------------------------------|----------------------|---|----------------------------------|----------|---------------------------------------|--------------|
| | Stock | Stock | | | | Shares | Amount | | Shares |
| Balance at 12/31/2015 | —\$ | —40,288 | \$ 403 | \$ 202,393 | \$ 643,604 | \$(78,410) | 12,052 | \$(336,608) | \$ 431,382 |
| Shares issued under share-based compensation plan | — | 7 | — | (3,903) | — | — | (83) | 3,903 | — |
| Shares issued upon merger with Cash America | — | 20,181 | 202 | 1,015,305 | — | — | — | — | 1,015,507 |
| Share-based compensation expense | — | — | — | 4,025 | — | — | — | — | 4,025 |
| Net income | — | — | — | — | 23,435 | — | — | — | 23,435 |
| Dividends paid | — | — | — | — | (10,591) | — | — | — | (10,591) |
| Change in fair value of investment in common stock of Enova, net of tax | — | — | — | — | — | (1,753) | — | — | (1,753) |
| Currency translation adjustment | — | — | — | — | — | (28,951) | — | — | (28,951) |
| Retirement of treasury stock | — | (11,200) | (112) | — | (296,522) | — | (11,200) | 296,634 | — |
| Balance at 9/30/2016 | —\$ | —49,276 | \$ 493 | \$ 1,217,820 | \$ 359,926 | \$(109,114) | 769 | \$(36,071) | \$ 1,433,054 |

The accompanying notes are an integral part
of these condensed consolidated financial statements.

Table of Contents

FIRSTCASH, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in thousands)

| | Nine Months Ended September 30, | |
|--|---------------------------------------|-----------|
| | 2017 | 2016 |
| Cash flow from operating activities: | | |
| Net income | \$76,158 | \$23,435 |
| Adjustments to reconcile net income to net cash flow provided by operating activities: | | |
| Non-cash portion of credit loss provision | 10,012 | 2,368 |
| Share-based compensation expense | 2,302 | 4,025 |
| Net loss on sale of common stock of Enova | — | 253 |
| Depreciation and amortization expense | 42,804 | 17,165 |
| Amortization of debt issuance costs | 1,322 | 1,083 |
| Amortization of favorable/(unfavorable) lease intangibles, net | (744) | (58) |
| Loss on extinguishment of debt | 14,114 | — |
| Deferred income taxes, net | 11,137 | 8,665 |
| Changes in operating assets and liabilities, net of business combinations: | | |
| Fees and service charges receivable | (3,017) | (2,630) |
| Inventories | 5,206 | (4,924) |
| Prepaid expenses and other assets | 7,819 | 1,774 |
| Accounts payable, accrued liabilities and other liabilities | (21,036) | 2,990 |
| Income taxes | 2,769 | (13,672) |
| Net cash flow provided by operating activities | 148,846 | 40,474 |
| Cash flow from investing activities: | | |
| Loan receivables, net of cash repayments | 5,261 | (31,486) |
| Purchases of property and equipment | (26,595) | (23,426) |
| Portion of aggregate merger consideration paid in cash, net of cash acquired | — | (8,251) |
| Acquisitions of pawn stores, net of cash acquired | (1,141) | (28,756) |
| Proceeds from sale of common stock of Enova | — | 2,962 |
| Net cash flow used in investing activities | (22,475) | (88,957) |
| Cash flow from financing activities: | | |
| Borrowings from revolving credit facilities | 181,000 | 396,000 |
| Repayments of revolving credit facilities | (301,000) | (94,000) |
| Repayments of debt assumed from acquisitions | — | (238,532) |
| Issuance of senior unsecured notes | 300,000 | — |
| Repurchase/redemption of senior unsecured notes | (200,000) | — |
| Repurchase/redemption premiums paid on senior unsecured notes | (10,895) | — |
| Debt issuance costs paid | (5,342) | (2,340) |
| Purchases of treasury stock | (65,035) | — |
| Proceeds from exercise of share-based compensation awards | 307 | — |
| Dividends paid | (27,400) | (10,591) |
| Net cash flow provided by (used in) financing activities | (128,365) | 50,537 |
| Effect of exchange rates on cash | 5,450 | (5,652) |
| Change in cash and cash equivalents | 3,456 | (3,598) |
| Cash and cash equivalents at beginning of the period | 89,955 | 86,954 |
| Cash and cash equivalents at end of the period | \$93,411 | \$83,356 |

The accompanying notes are an integral part
of these condensed consolidated financial statements.

5

Table of Contents

FIRSTCASH, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

(In thousands except per share amounts, unless otherwise indicated)

Note 1 - Significant Accounting Policies

Basis of Presentation

The accompanying condensed consolidated balance sheet at December 31, 2016, which is derived from audited financial statements, and the unaudited condensed consolidated financial statements, including the notes thereto, include the accounts of FirstCash, Inc. and its wholly-owned subsidiaries (together, the “Company”). The Company regularly makes acquisitions and the results of operations for the acquired stores have been consolidated since the acquisition dates. All significant intercompany accounts and transactions have been eliminated.

These unaudited consolidated financial statements are condensed and do not include all disclosures and footnotes required by generally accepted accounting principles in the United States of America for complete financial statements. These interim period financial statements should be read in conjunction with the Company’s consolidated financial statements, which are included in the Company’s annual report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission (the “SEC”) on March 1, 2017. The condensed consolidated financial statements as of September 30, 2017 and 2016, and for the three month and nine month periods ended September 30, 2017 and 2016, are unaudited, but in management’s opinion include all adjustments (consisting of only normal recurring adjustments) considered necessary to present fairly the financial position, results of operations and cash flow for such interim periods. Operating results for the periods ended September 30, 2017 are not necessarily indicative of the results that may be expected for the full fiscal year.

On September 1, 2016, the Company completed its merger with Cash America International, Inc. (“Cash America”), whereby Cash America merged with and into a wholly owned subsidiary of the Company (the “Merger”). The accompanying unaudited condensed consolidated results of operations for the three month and nine month periods ended September 30, 2017 include the results of operations for Cash America, while the comparable prior-year periods include the results of operations for Cash America for the period September 2, 2016 to September 30, 2016, affecting comparability of 2017 and 2016 amounts. The Company has performed a valuation analysis of identifiable assets acquired and liabilities assumed and allocated the aggregate Merger consideration based on the fair values of those identifiable assets and liabilities.

The Company has significant operations in Latin America, where in Mexico and Guatemala the functional currency is the Mexican peso and Guatemalan quetzal, respectively. Accordingly, the assets and liabilities of these subsidiaries are translated into U.S. dollars at the exchange rate in effect at each balance sheet date, and the resulting adjustments are accumulated in other comprehensive income (loss) as a separate component of stockholders’ equity. Revenues and expenses are translated at the average exchange rates occurring during the three month and nine month periods ended September 30, 2017 and 2016. The Company also has operations in El Salvador where the reporting and functional currency is the U.S. dollar.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”). ASU 2014-09 is a comprehensive revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer

contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In August 2015, the Financial Accounting Standards Board issued ASU No. 2015-14, "Revenue from Contracts with Customers (Topic 606)," which delayed the effective date of ASU 2014-09 by one year. In addition, between March 2016 and December 2016, the Financial Accounting Standards Board issued ASU No. 2016-08, "Revenue from Contracts with Customers - Principal versus Agent Considerations (Reporting revenue gross versus net)" ("ASU 2016-08"), ASU No. 2016-10, "Identifying Performance Obligations and Licensing" ("ASU 2016-10"), ASU No. 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients" ("ASU 2016-12"), and ASU No. 2016-20, "Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers" ("ASU 2016-20"). ASU 2016-08, ASU 2016-10, ASU 2016-12 and ASU 2016-20 clarify certain aspects of ASU 2014-09 and provide additional implementation guidance. ASU 2014-09, ASU 2016-08, ASU 2016-10, ASU 2016-12 and ASU 2016-20 (collectively, "ASC 606") become effective for annual reporting periods (including interim periods within those periods) beginning after December 15, 2017 for public companies. Early adoption is permitted but not before annual reporting periods beginning after December 15, 2016. Entities are permitted to adopt ASC 606 using one of two methods: (a) full retrospective

Table of Contents

adoption, meaning the standard is applied to all periods presented, or (b) modified retrospective adoption, meaning the cumulative effect of applying the new standard is recognized as an adjustment to the opening retained earnings balance.

The Company plans to adopt ASC 606 using the modified retrospective method. The Company does not believe the adoption of ASC 606 will impact the Company's revenue recognition for pawn loan fees or consumer loan fees, as it believes neither is within the scope of ASC 606. Further, the Company has not identified any impacts to its consolidated financial statements that it believes will be material as a result of the adoption of ASC 606 for other revenue streams (retail merchandise sales, credit services fees and wholesale scrap jewelry sales), although it continues to evaluate the impact of adoption.

In July 2015, the Financial Accounting Standards Board issued ASU No. 2015-11, "Simplifying the Measurement of Inventory" ("ASU 2015-11"). ASU 2015-11 requires inventory be measured at the lower of cost or net realizable value. ASU 2015-11 defines net realizable value as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Inventory measured using last-in, first-out ("LIFO") or the retail inventory method are excluded from the scope of this update. ASU 2015-11 requires prospective application and is effective for fiscal years beginning after December 15, 2016 and interim periods within those fiscal years, with early adoption permitted. The Company adopted ASU 2015-11 as of January 1, 2017, and the guidance was applied prospectively. There were no changes to the Company's financial position, results of operations, financial statement disclosures or valuation of inventory.

In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"). ASU 2016-02 requires a lessee to recognize, in the statement of financial position, a liability to make lease payments (the lease liability) and a right-to-use asset representing its right to use the underlying asset for the lease term. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the income statement. Lessor accounting remains largely unchanged. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within those annual periods, with early adoption permitted. An entity will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Company is currently assessing the potential impact of ASU 2016-02 on its consolidated financial statements.

In June 2016, the Financial Accounting Standards Board issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). ASU 2016-13 amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. ASU 2016-13 is effective for public entities for fiscal years beginning after December 15, 2019, with early adoption permitted. The Company is currently assessing the potential impact of ASU 2016-13 on its consolidated financial statements.

In August 2016, the Financial Accounting Standards Board issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15"). ASU 2016-15 clarifies how companies present and classify certain cash receipts and cash payments in the statement of cash flows. ASU 2016-15 addresses eight specific cash flow issues with the objective of reducing existing diversity in practice. ASU 2016-15 is effective for public entities for fiscal years beginning after December 15, 2017, with early adoption permitted. The Company does not expect ASU 2016-15 to have a material effect on the Company's consolidated financial statements or current financial statement disclosures.

In January 2017, the Financial Accounting Standards Board issued ASU No. 2017-01, "Business Combinations (Topic 805) - Clarifying the Definition of a Business" ("ASU 2017-01"). ASU 2017-01 provides amendments to clarify the definition of a business and affects all companies and other reporting organizations that must determine whether they

have acquired or sold a business. The amendments are intended to help companies and other organizations evaluate whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The guidance is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years and should be applied prospectively as of the beginning of the period of adoption. Early adoption is permitted under certain circumstances. The Company does not expect ASU 2017-01 to have a material effect on the Company's current financial position, results of operations or financial statement disclosures.

In January 2017, the Financial Accounting Standards Board issued ASU No. 2017-04, "Intangibles - Goodwill and Other (Topic 350) - Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"). These amendments eliminate step 2 from the goodwill impairment test. The amendments also eliminate the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform step 2 of the goodwill impairment test. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The guidance is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1,

Table of Contents

2017 and should be adopted on a prospective basis. The Company does not expect ASU 2017-04 to have a material effect on the Company's current financial position, results of operations or financial statement disclosures.

Note 2 - Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

| | Three Months Ended September 30, 2017 | | Nine Months Ended September 30, 2016 | |
|---|--|-----------|---|----------|
| Numerator: | | | | |
| Net income (loss) | \$28,274 | \$(1,412) | \$76,158 | \$23,435 |
| Denominator (in thousands): | | | | |
| Weighted-average common shares for calculating basic earnings per share | 47,628 | 34,631 | 48,090 | 30,372 |
| Effect of dilutive securities: | | | | |
| Stock options and nonvested stock awards | 40 | — | 27 | — |
| Weighted-average common shares for calculating diluted earnings per share | 47,668 | 34,631 | 48,117 | 30,372 |
| Net income (loss) per share: | | | | |
| Basic | \$0.59 | \$(0.04) | \$1.58 | \$0.77 |
| Diluted | \$0.59 | \$(0.04) | \$1.58 | \$0.77 |

Note 3 - Long-Term Debt

The following table details the Company's long-term debt at the respective principal amounts, net of unamortized debt issuance costs:

| | September 30, 2017 | | December 31, 2016 |
|--|-----------------------|-----------|-------------------------|
| Senior unsecured notes: | | | |
| 5.375% senior notes due 2024 ⁽¹⁾ | \$294,961 | \$— | \$— |
| 6.75% senior notes due 2021 ⁽²⁾ | — | 196,373 | 196,545 |
| | \$294,961 | \$196,373 | \$196,545 |
| Revolving unsecured credit facility, maturing 2022 | \$140,000 | \$360,000 | \$260,000 |

⁽¹⁾ As of September 30, 2017, deferred debt issuance costs of \$5,039 are included as a direct deduction from the carrying amount of the senior unsecured notes due 2024 in the accompanying condensed consolidated balance sheets.

⁽²⁾ As of September 30, 2016 and December 31, 2016, deferred debt issuance costs of \$3,627 and \$3,455, respectively, are included as a direct deduction from the carrying amount of the senior unsecured notes due 2021 in the accompanying condensed consolidated balance sheets.

Table of Contents

Senior Unsecured Notes

On May 30, 2017, the Company completed an offering of \$300,000 of 5.375% senior notes due on June 1, 2024 (the “Notes”). Interest on the Notes will be payable semi-annually in arrears on June 1 and December 1, commencing on December 1, 2017. The Notes were sold to the placement agents as initial purchasers for resale only to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and outside the United States in accordance with Regulation S under the Securities Act. The Company used the proceeds from the offering to repurchase, or otherwise redeem, its outstanding \$200,000, 6.75% senior notes due 2021 (the “2021 Notes”), to repay borrowings under the Company’s credit facility and to pay related fees and expenses associated with the Notes offering and the repurchase and redemption of the 2021 Notes. The Company capitalized approximately \$5,200 in issuance costs, which consisted primarily of placement agent fees and legal and other professional expenses. The issuance costs are being amortized over the life of the Notes as a component of interest expense and are carried as a direct deduction from the carrying amount of the Notes in the accompanying condensed consolidated balance sheets.

The Notes are fully and unconditionally guaranteed on a senior unsecured basis jointly and severally by all of the Company's existing and future domestic subsidiaries that guarantee its primary revolving bank credit facility. The Notes will permit the Company to make share repurchases of up to \$100,000 with the net proceeds of the Notes and other available funds and to make restricted payments, such as purchasing shares of its stock and paying cash dividends, in an unlimited amount if, after giving pro forma effect to the incurrence of any indebtedness to make such payment, the Company's consolidated total debt ratio (“Net Debt Ratio”) is less than 2.25 to 1.00. The Net Debt Ratio is defined generally in the indenture governing the Notes (the “Indenture”) as the ratio of (1) the total consolidated debt of the Company minus cash and cash equivalents of the Company to (2) the Company’s consolidated trailing twelve months EBITDA, as adjusted to exclude certain non-recurring expenses and giving pro forma effect to operations acquired during the measurement period.

The Company may redeem the Notes at any time on or after June 1, 2020, at the redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any. In addition, prior to June 1, 2020, the Company may redeem some or all of the Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, plus a “make-whole” premium set forth in the Indenture. The Company may redeem up to 35% of the Notes prior to June 1, 2020, with the proceeds of certain equity offerings at a redemption price of 105.375% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any. In addition, upon a change of control, noteholders have the right to require the Company to purchase the Notes at a price equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest, if any.

For the nine months ended September 30, 2017, the Company recognized a \$14,114 loss on extinguishment of debt related to the repurchase or redemption of the 2021 Notes which includes the tender or redemption premiums paid over the outstanding \$200,000 principal amount of the 2021 Notes and other reacquisition costs of \$10,895 and the write off of unamortized debt issuance costs of \$3,219.

Revolving Credit Facilities

At September 30, 2017, the Company maintained a line of credit with a group of U.S. based commercial lenders (the “2016 Credit Facility”) in the amount of \$400,000. In May 2017, the term of the 2016 Credit Facility was extended through September 2, 2022. The calculation of the fixed charge coverage ratio was also amended to remove share repurchases from the calculation to provide greater flexibility for making future share repurchases and paying cash dividends.

At September 30, 2017, the Company had \$140,000 in outstanding borrowings and a \$4,456 outstanding letter of credit under the 2016 Credit Facility, leaving \$255,544 available for future borrowings. The 2016 Credit Facility bears

interest, at the Company's option, at either (i) the prevailing London Interbank Offered Rate ("LIBOR") (with interest periods of 1 week or 1, 2, 3 or 6 months at the Company's option) plus a fixed spread of 2.5% or (ii) the prevailing prime or base rate plus a fixed spread of 1.5%. The agreement has a LIBOR floor of 0%. Additionally, the Company is required to pay an annual commitment fee of 0.50% on the average daily unused portion of the 2016 Credit Facility commitment. The weighted-average interest rate on amounts outstanding under the 2016 Credit Facility at September 30, 2017 was 3.75% based on 1 week LIBOR. Under the terms of the 2016 Credit Facility, the Company is required to maintain certain financial ratios and comply with certain financial covenants. The 2016 Credit Facility also contains customary restrictions on the Company's ability to incur additional debt, grant liens, make investments, consummate acquisitions and similar negative covenants with customary carve-outs and baskets. The Company was in compliance with the requirements and covenants of the 2016 Credit Facility as of September 30, 2017. During the nine months ended September 30, 2017, the Company made net payments of \$120,000 pursuant to the 2016 Credit Facility.

Table of Contents

At September 30, 2017, the Company maintained a U.S. dollar denominated line of credit with a bank in Mexico (the “Mexico Credit Facility”) in the amount of \$10,000. The Mexico Credit Facility bears interest at 30-day LIBOR plus a fixed spread of 2.0% and matures in December 2017. Under the terms of the Mexico Credit Facility, the Company is required to maintain certain financial ratios and comply with certain financial covenants. The Company was in compliance with the requirements and covenants of the Mexico Credit Facility as of September 30, 2017. The Company is required to pay a one-time commitment fee of \$25 due when the first amount is drawn/borrowed. At September 30, 2017, the Company had no amount outstanding under the Mexico Credit Facility and \$10,000 was available for borrowings.

Note 4 - Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques, as appropriate. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The Company’s assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels. The three fair value levels are (from highest to lowest):

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Recurring Fair Value Measurements

As of September 30, 2017, the Company did not have any financial assets or liabilities that are measured at fair value on a recurring basis. The Company’s financial assets that were measured at fair value on a recurring basis as of September 30, 2016 and December 31, 2016 were as follows:

| | September Fair Value | | | |
|---|----------------------|----------------------------------|---------|---------|
| | 30, 2016 | Measurements Using Level 1 | Level 2 | Level 3 |
| Financial assets: | | | | |
| Cash America nonqualified savings plan-related assets | \$ 12,229 | \$ 12,229 | \$ — | — |
| Investment in common stock of Enova | 54,786 | 54,786 | — | — |
| | \$ 67,015 | \$ 67,015 | \$ — | — |

| | December 31, Fair Value | | | |
|---|-------------------------|----------------------------------|---------|---------|
| | 2016 | Measurements Using Level 1 | Level 2 | Level 3 |
| Financial assets: | | | | |
| Cash America nonqualified savings plan-related assets | \$ 12,663 | \$ 12,663 | \$ — | — |
| | \$ 12,663 | \$ 12,663 | \$ — | — |

Prior to the Merger, Cash America had a nonqualified savings plan that was available to certain members of its management. Upon completion of the Merger, the nonqualified savings plan was terminated and during the three months ended March 31, 2017, the Company dissolved the plan and distributed the remaining assets to the participants. As of September 30, 2016 and December 31, 2016, the assets of the nonqualified savings plan included marketable equity securities, which were classified as Level 1 and the fair values were based on quoted market prices. The nonqualified savings plan assets were included in prepaid expenses and other current assets in the accompanying

condensed consolidated balance sheet with an offsetting liability of equal amount, which is included in accounts payable and accrued expenses in the accompanying condensed consolidated balance sheet.

The Company's investment in common stock of Enova represented the Company's available-for-sale shares of Enova International, Inc. ("Enova") common stock. As of September 30, 2016, the equity securities representing Enova common stock were classified as Level 1 and based on the market determined stock price of Enova. During 2016, the Company sold all of the Enova shares in open market transactions.

Table of Contents

Fair Value Measurements on a Nonrecurring Basis

The Company measures non-financial assets and liabilities such as property and equipment and intangible assets at fair value on a nonrecurring basis or when events or circumstances indicate that the carrying amount of the assets may be impaired.

Financial Assets and Liabilities Not Measured at Fair Value

The Company's financial assets and liabilities as of September 30, 2017, 2016 and December 31, 2016 that are not measured at fair value in the condensed consolidated balance sheets are as follows:

| | Carrying Value | Estimated Fair Value | Fair Value Measurements | | |
|---|--------------------------|--------------------------|-------------------------|-----------|-----------|
| | September 30, 2017 | September 30, 2017 | Using Level 1 | Level 2 | Level 3 |
| Financial assets: | | | | | |
| Cash and cash equivalents | \$93,411 | \$93,411 | \$93,411 | \$— | \$— |
| Pawn loans | 371,367 | 371,367 | — | — | 371,367 |
| Consumer loans, net | 24,515 | 24,515 | — | — | 24,515 |
| Fees and service charges receivable | 45,134 | 45,134 | — | — | 45,134 |
| | \$534,427 | \$534,427 | \$93,411 | \$— | \$441,016 |
| Financial liabilities: | | | | | |
| Revolving unsecured credit facilities | \$140,000 | \$140,000 | \$— | \$140,000 | \$— |
| Senior unsecured notes, outstanding principal | 300,000 | 314,000 | — | 314,000 | — |
| | \$440,000 | \$454,000 | \$— | \$454,000 | \$— |
| | | | | | |
| | Carrying Value | Estimated Fair Value | Fair Value Measurements | | |
| | September 30, 2016 | September 30, 2016 | Using Level 1 | Level 2 | Level 3 |
| Financial assets: | | | | | |
| Cash and cash equivalents | \$83,356 | \$83,356 | \$83,356 | \$— | \$— |
| Pawn loans | 373,169 | 373,169 | — | — | 373,169 |
| Consumer loans, net | 27,792 | 27,792 | — | — | 27,792 |
| Fees and service charges receivable | 45,708 | 45,708 | — | — | 45,708 |
| | \$530,025 | \$530,025 | \$83,356 | \$— | \$446,669 |
| Financial liabilities: | | | | | |
| Revolving unsecured credit facilities | \$360,000 | \$360,000 | \$— | \$360,000 | \$— |
| Senior unsecured notes, outstanding principal | 200,000 | 210,000 | — | 210,000 | — |
| | \$560,000 | \$570,000 | \$— | \$570,000 | \$— |

Table of Contents

| | Carrying Value | Estimated Fair Value December 31, 2016 | Fair Value Measurements Using | | |
|---|-------------------|---|----------------------------------|-----------|-----------|
| | | | December 31, 2016 | Level 1 | Level 2 |
| Financial assets: | | | | | |
| Cash and cash equivalents | \$ 89,955 | \$89,955 | \$89,955 | \$— | \$— |
| Pawn loans | 350,506 | 350,506 | — | — | 350,506 |
| Consumer loans, net | 29,204 | 29,204 | — | — | 29,204 |
| Fees and service charges receivable | 41,013 | 41,013 | — | — | 41,013 |
| | \$ 510,678 | \$510,678 | \$89,955 | \$— | \$420,723 |
| Financial liabilities: | | | | | |
| Revolving unsecured credit facilities | \$ 260,000 | \$260,000 | \$— | \$260,000 | \$— |
| Senior unsecured notes, outstanding principal | 200,000 | 208,000 | — | 208,000 | — |
| | \$ 460,000 | \$468,000 | \$— | \$468,000 | \$— |

As cash and cash equivalents have maturities of less than three months, the carrying value of cash and cash equivalents approximates fair value. Due to their short-term maturities, the carrying value of pawn loans and fees and service charges receivable approximate fair value. Short-term loans and installment loans, collectively, represent consumer loans, net on the accompanying condensed consolidated balance sheets and are carried net of the allowance for estimated loan losses, which is calculated by applying historical loss rates combined with recent default trends to the gross consumer loan balance. The unobservable inputs used to calculate the fair value of these loans include historical loss rates, recent default trends and estimated remaining loan terms; therefore, the carrying value approximates the fair value.

The carrying value of the Company's prior credit facilities approximates fair value as of September 30, 2016. The carrying value of the Company's current credit facilities (the 2016 Credit Facility and the Mexico Credit Facility) approximates fair value as of September 30, 2017 and December 31, 2016. The fair value of the senior unsecured notes have been estimated based on a discounted cash flow analysis using a discount rate representing the Company's estimate of the rate that would be used by market participants. Changes in assumptions or estimation methodologies may have a material effect on these estimated fair values.

Table of Contents

Note 5 - Segment Information

The Company organizes its operations into two reportable segments as follows:

U.S. operations - Includes all pawn and consumer loan operations in the U.S.

Latin America operations - Includes all pawn and consumer loan operations in Latin America, which currently includes operations in Mexico, Guatemala and El Salvador

The following tables present reportable segment information for the three and nine month periods ended September 30, 2017 and 2016:

| | Three Months Ended September 30, 2017 | | | |
|--|---------------------------------------|--------------------------------|------------|--------------|
| | U.S. Operations | Latin America Operations | Corporate | Consolidated |
| Revenue: | | | | |
| Retail merchandise sales | \$160,598 | \$ 85,736 | \$— | \$ 246,334 |
| Pawn loan fees | 95,266 | 37,279 | — | 132,545 |
| Wholesale scrap jewelry sales | 32,397 | 5,131 | — | 37,528 |
| Consumer loan and credit services fees | 18,525 | 480 | — | 19,005 |
| Total revenue | 306,786 | 128,626 | — | 435,412 |
| Cost of revenue: | | | | |
| Cost of retail merchandise sold | 107,561 | 53,789 | — | 161,350 |
| Cost of wholesale scrap jewelry sold | 31,518 | 5,313 | — | 36,831 |
| Consumer loan and credit services loss provision | 6,068 | 117 | — | 6,185 |
| Total cost of revenue | 145,147 | 59,219 | — | 204,366 |
| Net revenue | 161,639 | 69,407 | — | 231,046 |
| Expenses and other income: | | | | |
| Store operating expenses | 104,555 | 34,411 | — | 138,966 |
| Administrative expenses | — | — | 29,999 | 29,999 |
| Depreciation and amortization | 5,919 | 2,704 | 5,249 | 13,872 |
| Interest expense | — | — | 6,129 | 6,129 |
| Interest income | — | — | (418) | (418) |
| Merger and other acquisition expenses | — | — | 911 | 911 |
| Loss on extinguishment of debt | — | — | 20 | 20 |
| Total expenses and other income | 110,474 | 37,115 | 41,890 | 189,479 |
| Income (loss) before income taxes | \$51,165 | \$ 32,292 | \$(41,890) | \$ 41,567 |

Table of Contents

| | Three Months Ended September 30, 2016 | | | |
|--|---------------------------------------|--------------------------------|------------|--------------|
| | U.S. Operations | Latin America Operations | Corporate | Consolidated |
| Revenue: | | | | |
| Retail merchandise sales | \$84,547 | \$ 67,668 | \$— | \$ 152,215 |
| Pawn loan fees | 48,840 | 30,665 | — | 79,505 |
| Wholesale scrap jewelry sales | 15,046 | 3,910 | — | 18,956 |
| Consumer loan and credit services fees | 9,991 | 486 | — | 10,477 |
| Total revenue | 158,424 | 102,729 | — | 261,153 |
| Cost of revenue: | | | | |
| Cost of retail merchandise sold | 51,922 | 41,477 | — | 93,399 |
| Cost of wholesale scrap jewelry sold | 13,955 | 3,022 | — | 16,977 |
| Consumer loan and credit services loss provision | 3,275 | 138 | — | 3,413 |
| Total cost of revenue | 69,152 | 44,637 | — | 113,789 |
| Net revenue | 89,272 | 58,092 | — | 147,364 |
| Expenses and other income: | | | | |
| Store operating expenses | 52,480 | 28,094 | — | 80,574 |
| Administrative expenses | — | — | 24,500 | 24,500 |
| Depreciation and amortization | 2,906 | 2,602 | 1,773 | 7,281 |
| Interest expense | — | — | 5,073 | 5,073 |
| Interest income | — | — | (138) | (138) |
| Merger and other acquisition expenses | — | — | 29,398 | 29,398 |
| Net loss on sale of common stock of Enova | — | — | 253 | 253 |
| Total expenses and other income | 55,386 | 30,696 | 60,859 | 146,941 |
| Income (loss) before income taxes | \$33,886 | \$ 27,396 | \$(60,859) | \$ 423 |

Table of Contents

| | Nine Months Ended September 30, 2017 | | | |
|--|--------------------------------------|--------------------------------|-------------|--------------|
| | U.S. Operations | Latin America Operations | Corporate | Consolidated |
| Revenue: | | | | |
| Retail merchandise sales | \$519,116 | \$ 231,034 | \$— | \$ 750,150 |
| Pawn loan fees | 287,338 | 96,090 | — | 383,428 |
| Wholesale scrap jewelry sales | 91,430 | 15,855 | — | 107,285 |
| Consumer loan and credit services fees | 57,425 | 1,329 | — | 58,754 |
| Total revenue | 955,309 | 344,308 | — | 1,299,617 |
| Cost of revenue: | | | | |
| Cost of retail merchandise sold | 337,789 | 145,669 | — | 483,458 |
| Cost of wholesale scrap jewelry sold | 87,600 | 14,770 | — | 102,370 |
| Consumer loan and credit services loss provision | 15,115 | 304 | — | 15,419 |
| Total cost of revenue | 440,504 | 160,743 | — | 601,247 |
| Net revenue | 514,805 | 183,565 | — | 698,370 |
| Expenses and other income: | | | | |
| Store operating expenses | 318,044 | 94,736 | — | 412,780 |
| Administrative expenses | — | — | 93,542 | 93,542 |
| Depreciation and amortization | 18,759 | 7,723 | 16,322 | 42,804 |
| Interest expense | — | — | 17,827 | 17,827 |
| Interest income | — | — | (1,138) | (1,138) |
| Merger and other acquisition expenses | — | — | 3,164 | 3,164 |
| Loss on extinguishment of debt | — | — | 14,114 | 14,114 |
| Total expenses and other income | 336,803 | 102,459 | 143,831 | 583,093 |
| Income (loss) before income taxes | \$178,002 | \$ 81,106 | \$(143,831) | \$ 115,277 |

Table of Contents

| | Nine Months Ended September 30, 2016 | | | |
|--|--------------------------------------|--------------------------------|-------------|--------------|
| | U.S. Operations | Latin America Operations | Corporate | Consolidated |
| Revenue: | | | | |
| Retail merchandise sales | \$186,673 | \$199,861 | \$— | \$386,534 |
| Pawn loan fees | 94,929 | 87,887 | — | 182,816 |
| Wholesale scrap jewelry sales | 25,910 | 9,996 | — | 35,906 |
| Consumer loan and credit services fees | 19,619 | 1,460 | — | 21,079 |
| Total revenue | 327,131 | 299,204 | — | 626,335 |
| Cost of revenue: | | | | |
| Cost of retail merchandise sold | 114,632 | 124,534 | — | 239,166 |
| Cost of wholesale scrap jewelry sold | 22,914 | 7,787 | — | 30,701 |
| Consumer loan and credit services loss provision | 5,380 | 400 | — | 5,780 |
| Total cost of revenue | 142,926 | 132,721 | — | 275,647 |
| Net revenue | 184,205 | 166,483 | — | 350,688 |
| Expenses and other income: | | | | |
| Store operating expenses | 107,196 | 83,367 | — | 190,563 |
| Administrative expenses | — | — | 58,277 | 58,277 |
| Depreciation and amortization | 5,827 | 7,919 | 3,419 | 17,165 |
| Interest expense | — | — | 13,859 | 13,859 |
| Interest income | — | — | (636) | (636) |
| Merger and other acquisition expenses | — | — | 33,877 | 33,877 |
| Net loss on sale of common stock of Enova | — | — | 253 | 253 |
| Total expenses and other income | 113,023 | 91,286 | 109,049 | 313,358 |
| Income (loss) before income taxes | \$71,182 | \$75,197 | \$(109,049) | \$37,330 |

Table of Contents

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

The following discussion of financial condition, results of operations, liquidity and capital resources of FirstCash, Inc. and its wholly-owned subsidiaries (the "Company") should be read in conjunction with the Company's condensed consolidated financial statements and accompanying notes included under Part I, Item 1 of this quarterly report on Form 10-Q, as well as with the audited consolidated financial statements and accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's annual report on Form 10-K for the year ended December 31, 2016. References in this quarterly report on Form 10-Q to "year-to-date" refer to the nine-month period from January 1, 2017 to September 30, 2017.

On September 1, 2016, the Company completed its merger with Cash America International, Inc. ("Cash America"), whereby Cash America merged with and into a wholly owned subsidiary of the Company (the "Merger"). The accompanying unaudited condensed consolidated results of operations for the three month and nine month periods ended September 30, 2017 include the results of operations for Cash America, while the comparable prior-year periods include the results of operations for Cash America for the period September 2, 2016 to September 30, 2016, affecting comparability of 2017 and 2016 amounts. The Company has performed a valuation analysis of identifiable assets acquired and liabilities assumed and allocated the aggregate Merger consideration based on the fair values of those identifiable assets and liabilities.

In thousands except share and per share amounts, unless otherwise indicated.

GENERAL

The Company is a leading operator of retail-based pawn stores with over 2,100 store locations in the U.S. and Latin America. The Company's pawn stores generate significant retail sales primarily from the merchandise acquired through collateral forfeitures and over-the-counter purchases from customers. The stores also offer pawn loans to help customers meet small short-term cash needs. Personal property, such as consumer electronics, jewelry, power tools, household appliances, sporting goods and musical instruments, is pledged as collateral for the pawn loans and held by the Company over the life of the loan. In addition, some of the Company's pawn stores offer consumer loans or credit services products. The Company's strategy is to focus on growing its retail-based pawn operations in the U.S. and Latin America through new store openings and strategic acquisition opportunities as they arise. Pawn operations accounted for 95% and 97% of the Company's consolidated revenue during the nine month periods ended September 30, 2017 and 2016, respectively.

The Company organizes its operations into two reportable segments. The U.S. operations segment consists of all pawn and consumer loan operations in the U.S. and the Latin America operations segment consists of all pawn and consumer loan operations in Latin America, which currently includes operations in Mexico, Guatemala and El Salvador.

The Company recognizes pawn loan fee revenue on a constant-yield basis over the life of the pawn loan for all pawn loans of which the Company deems collection to be probable based on historical redemption statistics. If a pawn loan is not repaid prior to the expiration of the loan term, including any extension or grace period, if applicable, the property is forfeited to the Company and transferred to inventory at a value equal to the principal amount of the loan, exclusive of accrued pawn fee revenue. The Company records merchandise sales revenue at the time of the sale and presents merchandise sales net of any sales or value-added taxes collected. The Company does not provide direct financing to customers for the purchase of its merchandise, but does permit its customers to purchase merchandise on an interest-free layaway plan. Should the customer fail to make a required payment pursuant to a layaway plan, the previous payments are typically forfeited to the Company. Interim payments from customers on layaway sales are

recorded as deferred revenue and subsequently recorded as income during the period in which final payment is received or when previous payments are forfeited to the Company. Some jewelry is melted at a third-party facility and the precious metal and diamond content is sold at either prevailing market commodity prices or a previously agreed upon price with a commodity buyer. The Company records revenue from these wholesale scrap jewelry transactions when a price has been agreed upon and the Company ships the commodity to the buyer.

The Company operates a small number of stand-alone consumer finance stores in the U.S. and Mexico. These stores provide consumer financial services products including credit services, consumer loans and check cashing. In addition, 366 of the Company's pawn stores also offer credit services and/or consumer loans as an ancillary product. Consumer loan and credit services revenue accounted for 5% and 3% of consolidated revenue during the nine month periods ended September 30, 2017 and 2016, respectively. The increase in consumer loan and credit services revenue as a percentage of consolidated revenue was solely the result of the Merger as the Company continues to de-emphasize its consumer lending operations in light of increasing regulatory constraints on these operations.

Table of Contents

The Company recognizes service fee income on consumer loan transactions on a constant-yield basis over the life of the loan and recognizes credit services fees ratably over the life of the extension of credit made by independent third-party lenders. Changes in the valuation reserve on consumer loans and credit services transactions are charged or credited to the consumer loan credit loss provision. The credit loss provision associated with the Company's credit services organization program and consumer loans is based primarily upon historical credit loss experience, with consideration given to recent credit loss trends, delinquency rates, economic conditions and management's expectations of future credit losses.

Stores included in the same-store calculations presented in this report are those stores that were opened or acquired prior to the beginning of the prior-year comparative period and remained open through the end of the reporting period. Also included are stores that were relocated during the applicable period within a specified distance serving the same market where there is not a significant change in store size and where there is not a significant overlap or gap in timing between the opening of the new store and the closing of the existing store. Unless otherwise noted, same-store calculations exclude the results of the merged Cash America stores. Legacy Cash America same-store calculations refer to Cash America stores that were opened prior to the beginning of the prior-year comparative period (although not then owned by the Company) and remained open through the end of the reporting period.

Operating expenses consist of all items directly related to the operation of the Company's stores, including salaries and related payroll costs, rent, utilities, facilities maintenance, advertising, property taxes, licenses, supplies and security. Administrative expenses consist of items relating to the operation of the corporate offices, including the compensation and benefit costs of corporate management, area supervisors and other operations management personnel, collection operations and personnel, accounting and administrative costs, information technology costs, liability and casualty insurance, outside legal and accounting fees and stockholder-related expenses. Merger and other acquisition expenses primarily include incremental costs directly associated with the Merger and integration of Cash America, including professional fees, legal expenses, severance, retention and other employee-related costs, accelerated vesting of certain equity compensation awards, contract breakage costs and costs related to consolidation of technology systems and corporate facilities.

The Company's business is subject to seasonal variations and operating results for the current quarter and year-to-date periods are not necessarily indicative of the results of operations for the full year. Typically, the Company experiences seasonal growth of service fees in the third and fourth quarter of each year due to loan balance growth. Service fees generally decline in the first and second quarter of each year after the heavy repayment period of pawn and consumer loans associated with statutory bonuses received by customers in the fourth quarter in Mexico and with tax refund proceeds received by customers in the first quarter in the U.S. Retail sales are seasonally higher in the fourth quarter associated with holiday shopping and, to a lesser extent, in the first quarter associated with tax refunds.

Table of Contents

OPERATIONS AND LOCATIONS

As of September 30, 2017, the Company had 2,106 store locations in 26 U.S. states, 32 states in Mexico, Guatemala and El Salvador, which represents a net store-count increase of 1% over the number of stores at September 30, 2016.

The following table details store count activity for the three months ended September 30, 2017:

| | Pawn Locations (1) | Consumer Loan Locations (2) | Total Locations |
|--------------------------------------|--------------------------|--------------------------------------|--------------------|
| U.S.: | | | |
| Total locations, beginning of period | 1,073 | 44 | 1,117 |
| New locations opened | 1 | — | 1 |
| Locations closed or consolidated | (1) | — | (1) |
| Total locations, end of period | 1,073 | 44 | 1,117 |
| Latin America: | | | |
| Total locations, beginning of period | 952 | 28 | 980 |
| New locations opened | 9 | — | 9 |
| Total locations, end of period | 961 | 28 | 989 |
| Total: | | | |
| Total locations, beginning of period | 2,025 | 72 | 2,097 |
| New locations opened | 10 | — | 10 |
| Locations closed or consolidated | (1) | — | (1) |
| Total locations, end of period | 2,034 | 72 | 2,106 |

(1) At September 30, 2017, 317 of the U.S. pawn stores, which are primarily located in Texas and Ohio, also offered consumer loans or credit services products, while 49 Mexico pawn stores offered consumer loan products.

(2) The Company's U.S. free-standing consumer loan locations offer consumer loans and/or a credit services product and are located in Ohio, Texas, California and limited markets in Mexico. The table does not include 63 check cashing locations operated by independent franchisees under franchising agreements with the Company.

Table of Contents

The following table details store count activity for the nine months ended September 30, 2017:

| | Pawn Locations (1) | Consumer Loan Locations (2) | Total Locations |
|--------------------------------------|--------------------------|--------------------------------------|--------------------|
| U.S.: | | | |
| Total locations, beginning of period | 1,085 | 45 | 1,130 |
| New locations opened | 2 | — | 2 |
| Locations acquired | 1 | — | 1 |
| Locations closed or consolidated | (15) | (1) | (16) |
| Total locations, end of period | 1,073 | 44 | 1,117 |
| Latin America: | | | |
| Total locations, beginning of period | 927 | 28 | 955 |
| New locations opened | 32 | — | 32 |
| Locations acquired | 5 | — | 5 |
| Locations closed or consolidated | (3) | — | (3) |
| Total locations, end of period | 961 | 28 | 989 |
| Total: | | | |
| Total locations, beginning of period | 2,012 | 73 | 2,085 |
| New locations opened | 34 | — | 34 |
| Locations acquired | 6 | — | 6 |
| Locations closed or consolidated | (18) | (1) | (19) |
| Total locations, end of period | 2,034 | 72 | 2,106 |

(1) At September 30, 2017, 317 of the U.S. pawn stores, which are primarily located in Texas and Ohio, also offered consumer loans or credit services products, while 49 Mexico pawn stores offer consumer loan products.

(2) The Company's U.S. free-standing consumer loan locations offer consumer loans and/or a credit services product and are located in Ohio, Texas, California and limited markets in Mexico. The table does not include 63 check cashing locations operated by independent franchisees under franchising agreements with the Company.

Table of Contents

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, related revenue and expenses, and disclosure of gain and loss contingencies at the date of the financial statements. Such estimates, assumptions and judgments are subject to a number of risks and uncertainties, which may cause actual results to differ materially from the Company's estimates. The significant accounting policies that the Company believes are the most critical to aid in fully understanding and evaluating its reported financial results have been reported in the Company's 2016 annual report on Form 10-K. There have been no changes to the Company's significant accounting policies for the nine months ended September 30, 2017.

Recent Accounting Pronouncements

See Note 1 - Significant Accounting Policies of the condensed consolidated financial statements contained in Part I, Item 1 of this report for a discussion of recent accounting pronouncements that the Company has adopted or will adopt in future periods.

RESULTS OF CONTINUING OPERATIONS (unaudited)

Constant Currency Results

The Company's management reviews and analyzes certain operating results in Latin America on a constant currency basis because the Company believes this better represents the Company's underlying business trends. Constant currency results are non-GAAP measures, which exclude the effects of foreign currency translation and are calculated by translating current year results at prior year average exchange rates. The scrap jewelry generated in Latin America is sold and settled in U.S. dollars and is therefore not affected by foreign currency translation. A small percentage of the operating and administrative expenses in Latin America are also billed and paid in U.S. dollars which are not affected by foreign currency translation.

Business operations in Mexico and Guatemala are transacted in Mexican pesos and Guatemalan quetzales, respectively. The Company also has operations in El Salvador where the reporting and functional currency is the U.S. dollar. The following table provides exchange rates for the Mexican peso and Guatemalan quetzal for the current and prior year periods:

| | September 30, 2017 | | 2016 | | Favorable / (Unfavorable) |
|---|--------------------------|------|------|--|------------------------------|
| Mexican peso / U.S. dollar exchange rate: | | | | | |
| End-of-period | 18.2 | 19.5 | 7 | | % |
| Three months ended | 17.8 | 18.7 | 5 | | % |
| Nine months ended | 18.9 | 18.3 | (3) | | % |
| Guatemalan quetzal / U.S. dollar exchange rate: | | | | | |
| End-of-period | 7.3 | 7.5 | 3 | | % |
| Three months ended | 7.3 | 7.6 | 4 | | % |
| Nine months ended | 7.4 | 7.6 | 3 | | % |

Amounts presented on a constant currency basis are denoted as such. See "—Non-GAAP Financial Information" for additional discussion of constant currency operating results.

Table of Contents

Operating Results for the Three Months Ended September 30, 2017 Compared to the Three Months Ended September 30, 2016

U.S. Operations Segment

The following table details earning assets, which consist of pawn loans, consumer loans, net and inventories as well as other earning asset metrics of the U.S. operations segment as of September 30, 2017 as compared to September 30, 2016:

| | Balance at September 30, | | Increase / |
|--|-----------------------------|-----------|------------|
| | 2017 | 2016 | (Decrease) |
| U.S. Operations Segment | | | |
| Earning assets: | | | |
| Pawn loans | \$281,217 | \$300,646 | (6)% |
| Consumer loans, net ⁽¹⁾ | 24,108 | 27,381 | (12)% |
| Inventories | 240,384 | 280,429 | (14)% |
| | \$545,709 | \$608,456 | (10)% |
| Average outstanding pawn loan amount (in ones) | \$152 | \$145 | 5 % |
| Composition of pawn collateral: | | | |
| General merchandise | 36 | % 39 | % |
| Jewelry | 64 | % 61 | % |
| | 100 | % 100 | % |
| Composition of inventories: | | | |
| General merchandise | 43 | % 48 | % |
| Jewelry | 57 | % 52 | % |
| | 100 | % 100 | % |
| Percentage of inventory aged greater than one year | 9 | % 6 | % |

Does not include the off-balance sheet principal portion of active CSO extensions of credit made by independent ⁽¹⁾ third-party lenders. These amounts, net of the Company's estimated fair value of its liability for guaranteeing the extensions of credit, totaled \$9,251 and \$11,641 as of September 30, 2017 and 2016, respectively.

Table of Contents

The following table presents segment pre-tax operating income of the U.S. operations segment for the three months ended September 30, 2017 as compared to the three months ended September 30, 2016. Store operating expenses include salary and benefit expense of store-level employees, occupancy costs, bank charges, security, insurance, utilities, supplies and other costs incurred by the stores.

| | Three Months Ended September 30, | | | |
|--|--|----------|-----|----------|
| | 2017 | 2016 | | Increase |
| U.S. Operations Segment | | | | |
| Revenue: | | | | |
| Retail merchandise sales | \$160,598 | \$84,547 | 90 | % |
| Pawn loan fees | 95,266 | 48,840 | 95 | % |
| Wholesale scrap jewelry sales | 32,397 | 15,046 | 115 | % |
| Consumer loan and credit services fees | 18,525 | 9,991 | 85 | % |
| Total revenue | 306,786 | 158,424 | 94 | % |
| Cost of revenue: | | | | |
| Cost of retail merchandise sold | 107,561 | 51,922 | 107 | % |
| Cost of wholesale scrap jewelry sold | 31,518 | 13,955 | 126 | % |
| Consumer loan and credit services loss provision | 6,068 | 3,275 | 85 | % |
| Total cost of revenue | 145,147 | 69,152 | 110 | % |
| Net revenue | 161,639 | 89,272 | 81 | % |
| Segment expenses: | | | | |
| Store operating expenses | 104,555 | 52,480 | 99 | % |
| Depreciation and amortization | 5,919 | 2,906 | 104 | % |
| Total segment expenses | 110,474 | 55,386 | 99 | % |
| Segment pre-tax operating income | \$51,165 | \$33,886 | 51 | % |

Retail Merchandise Sales Operations

U.S. retail merchandise sales increased 90% to \$160,598 during the third quarter of 2017 compared to \$84,547 for the third quarter of 2016. The increase was primarily due to the third quarter of 2016 only including the results of operations for Cash America for the period September 2, 2016 to September 30, 2016 ("Cash America 2016 Partial Quarter") as the Merger was completed on September 1, 2016. Same-store retail sales decreased 1% in both legacy First Cash and Cash America stores in the third quarter of 2017 compared to the third quarter of 2016. During the third quarter of 2017, the gross profit margin on retail merchandise sales in the U.S. was 33% compared to a margin of 39% during the third quarter of 2016, reflecting the impact of historically lower margins in the Cash America stores and a focus during the third quarter of 2017 on clearing aged inventory levels in the Cash America stores.

U.S. inventories decreased 14% from \$280,429 at September 30, 2016 to \$240,384 at September 30, 2017. The decrease was due to a 19% decline in legacy Cash America store inventories as the Company continues to optimize inventory levels and clear aged inventory in the Cash America stores, partially offset by a 6% increase in legacy First Cash store inventories. Inventories aged greater than one year were 11% and 5% in the legacy Cash America stores and legacy First Cash U.S. stores, respectively.

Table of Contents

Pawn Lending Operations

U.S. pawn loan fees increased 95% totaling \$95,266 during the third quarter of 2017 compared to \$48,840 for the third quarter of 2016. The increase was primarily due to the Cash America 2016 Partial Quarter. Legacy First Cash same-store pawn loan fees increased 3%, while legacy Cash America same-store pawn loan fees decreased 11% in the third quarter of 2017 compared to the third quarter of 2016. Pawn loan receivables in the U.S. as of September 30, 2017 decreased 6% compared to September 30, 2016. Legacy First Cash same-store pawn receivables increased 5%, while legacy Cash America same-store pawn receivables decreased 13% as of September 30, 2017 compared to September 30, 2016. The decline in legacy Cash America same-store pawn receivables and pawn loan fees was primarily due to the expected impact of reducing the holding period on delinquent pawn loans, continued optimization of loan-to-value ratios and to a lesser extent, the impact of the hurricane on pawn receivables in coastal Texas markets.

Wholesale Scrap Jewelry Operations

U.S. wholesale scrap jewelry revenue, consisting primarily of gold sales, increased 115% to \$32,397 during the third quarter of 2017 compared to \$15,046 during the third quarter of 2016. The increase in wholesale scrap jewelry revenue was primarily due to the Cash America 2016 Partial Quarter. The scrap gross profit margin in the U.S. was 3% compared to the prior-year margin of 7%, primarily as a result of the typically higher cost basis in scrap jewelry sold by the Cash America stores. Scrap jewelry profits accounted for less than 1% of U.S. net revenue (gross profit) for the third quarter of 2017 compared to 1% in the third quarter of 2016.

Consumer Lending Operations

Service fees from U.S. consumer loans and credit services transactions (collectively, consumer lending operations) increased 85% to \$18,525 during the third quarter of 2017 compared to \$9,991 for the third quarter of 2016. The increase in fees was due to the Cash America 2016 Partial Quarter. Excluding the increase due to the Cash America 2016 Partial Quarter, consumer loan and credit services fees decreased 32% as the Company continues to de-emphasize consumer lending operations in light of increasing regulatory constraints. Revenues from consumer lending operations comprised 6% of total U.S. revenue during the third quarter of 2017 and 2016.

Segment Expenses and Segment Pre-Tax Operating Income

U.S. store operating expenses increased 99% to \$104,555 during the third quarter of 2017 compared to \$52,480 during the third quarter of 2016, primarily as a result of the Merger. Same-store operating expenses increased 2% and decreased 3% in the legacy First Cash and Cash America stores, respectively, compared with the prior-year period.

U.S. store depreciation and amortization increased 104% to \$5,919 during the third quarter of 2017 compared to \$2,906 during the third quarter of 2016, primarily as a result of the Merger.

The U.S. segment pre-tax operating income for the third quarter of 2017 was \$51,165, which generated a pre-tax segment operating margin of 17% compared to \$33,886 and 21% in the prior year, respectively. The decline in the segment pre-tax operating margin was primarily due to historically lower operating margins in the Cash America stores and a focus during the third quarter of 2017 on clearing aged inventory levels in Cash America stores, resulting in lower gross profit margins on retail merchandise sales.

Table of Contents

Latin America Operations Segment

The following table details earning assets, which consist of pawn loans, consumer loans, net and inventories as well as other earning asset metrics of the Latin America operations segment as of September 30, 2017 as compared to September 30, 2016:

| | Balance at September | | Increase / | Constant Currency | Basis | Balance | at | September | Increase / |
|--|----------------------|-----------|------------|-------------------|------------|---------|-----|------------|------------|
| | 30, | 2016 | (Decrease) | 2017 | (Decrease) | | 30, | (Decrease) | |
| | 2017 | | (Decrease) | (Non-GAAP) | (Non-GAAP) | | | (Non-GAAP) | |
| Latin America Operations Segment | | | | | | | | | |
| Earning assets: | | | | | | | | | |
| Pawn loans | \$90,150 | \$72,523 | 24 % | \$84,378 | 16 % | | | | |
| Consumer loans, net | 407 | 411 | (1)% | 380 | (8)% | | | | |
| Inventories | 68,299 | 52,433 | 30 % | 63,855 | 22 % | | | | |
| | \$158,856 | \$125,367 | 27 % | \$148,613 | 19 % | | | | |
| Average outstanding pawn loan amount (in ones) | \$67 | \$59 | 14 % | \$63 | 7 % | | | | |
| Composition of pawn collateral: | | | | | | | | | |
| General merchandise | 82 | % 82 | % | | | | | | |
| Jewelry | 18 | % 18 | % | | | | | | |
| | 100 | % 100 | % | | | | | | |
| Composition of inventories: | | | | | | | | | |
| General merchandise | 75 | % 80 | % | | | | | | |
| Jewelry | 25 | % 20 | % | | | | | | |
| | 100 | % 100 | % | | | | | | |
| Percentage of inventory aged greater than one year | 1 | % 1 | % | | | | | | |

Table of Contents

The following table presents segment pre-tax operating income of the Latin America operations segment for the three months ended September 30, 2017 as compared to the three months ended September 30, 2016. Store operating expenses include salary and benefit expense of store-level employees, occupancy costs, bank charges, security, insurance, utilities, supplies and other costs incurred by the stores.

| | Three Months Ended | | Increase / (Decrease) | | Constant Currency Basis Three Months Ended September 30, 2017 | | Increase / (Decrease) (Non-GAAP) (Non-GAAP) | |
|--|--------------------|--------------------|-----------------------|---|---|------------|---|--|
| | September 30, 2017 | September 30, 2016 | | | (Non-GAAP) | (Non-GAAP) | | |
| Latin America Operations Segment | | | | | | | | |
| Revenue: | | | | | | | | |
| Retail merchandise sales | \$85,736 | \$67,668 | 27 | % | \$81,686 | 21 | % | |
| Pawn loan fees | 37,279 | 30,665 | 22 | % | 35,534 | 16 | % | |
| Wholesale scrap jewelry sales | 5,131 | 3,910 | 31 | % | 5,131 | 31 | % | |
| Consumer loan and credit services fees | 480 | 486 | (1) | % | 457 | (6) | % | |
| Total revenue | 128,626 | 102,729 | 25 | % | 122,808 | 20 | % | |
| Cost of revenue: | | | | | | | | |
| Cost of retail merchandise sold | 53,789 | 41,477 | 30 | % | 51,252 | 24 | % | |
| Cost of wholesale scrap jewelry sold | 5,313 | 3,022 | 76 | % | 5,068 | 68 | % | |
| Consumer loan and credit services loss provision | 117 | 138 | (15) | % | 111 | (20) | % | |
| Total cost of revenue | 59,219 | 44,637 | 33 | % | 56,431 | 26 | % | |
| Net revenue | 69,407 | 58,092 | 19 | % | 66,377 | 14 | % | |
| Segment expenses: | | | | | | | | |
| Store operating expenses | 34,411 | 28,094 | 22 | % | 32,920 | 17 | % | |
| Depreciation and amortization | 2,704 | 2,602 | 4 | % | 2,587 | (1) | % | |
| Total segment expenses | 37,115 | 30,696 | 21 | % | 35,507 | 16 | % | |
| Segment pre-tax operating income | \$32,292 | \$27,396 | 18 | % | \$30,870 | 13 | % | |

Retail Merchandise Sales Operations

Latin America retail merchandise sales increased 27% (21% on a constant currency basis) to \$85,736 during the third quarter of 2017 compared to \$67,668 for the third quarter of 2016. The increase was primarily due to a 24% increase (19% on a constant currency basis) in same-store retail sales, which included a same-store retail sales increase of 59% (52% on a constant currency basis) in the Maxi Prenda stores acquired in the fourth quarter of 2015 and first quarter of 2016. Excluding the Maxi Prenda stores, same-store retail sales increased 19% (14% on a constant currency basis), which was primarily due to strong retail demand trends and the maturation of existing stores. The gross profit margin on retail merchandise sales was 37% during the third quarter of 2017 compared to 39% during the third quarter of 2016.

Inventories in Latin America increased 30% (22% on a constant currency basis) from \$52,433 at September 30, 2016 to \$68,299 at September 30, 2017. Increased inventory levels in the Maxi Prenda stores, which historically carried lower inventory balances than the typical First Cash store, accounted for 32% of the increase with growth from new store openings and the maturation of existing stores accounting for the remainder of the increase.

Table of Contents

Pawn Lending Operations

Pawn loan fees in Latin America increased 22% (16% on a constant currency basis) totaling \$37,279 during the third quarter of 2017 compared to \$30,665 for the third quarter of 2016, primarily as a result of the 24% (16% on a constant currency basis) increase in pawn loan receivables as of September 30, 2017 compared to September 30, 2016. The increase in pawn receivables reflects a same-store pawn receivable increase of 22% (14% on a constant currency basis) and new store additions. The increase in same-store pawn receivables was primarily due to strong demand for pawn loans and the maturation of existing stores.

Wholesale Scrap Jewelry Operations

Latin America wholesale scrap jewelry revenue, consisting primarily of gold sales, increased 31% to \$5,131 during the third quarter of 2017 compared to \$3,910 during the third quarter of 2016. The increase in wholesale scrap jewelry revenue was primarily due to reduced scrapping activities in the Maxi Prenda stores during the third quarter of 2016 as those stores were being converted to the Company's proprietary point of sale and loan management system. The scrap gross profit margin in Latin America was a loss of 4% (1% profit on a constant currency basis) compared to the prior-year margin of 23%. Scrap jewelry profits or losses accounted for less than 1% of Latin America net revenue (gross profit) for the third quarter of 2017 compared to 2% in the third quarter of 2016.

Segment Expenses and Segment Pre-Tax Operating Income

Store operating expenses increased 22% (17% on a constant currency basis) to \$34,411 during the third quarter of 2017 compared to \$28,094 during the third quarter of 2016 and same-store operating expenses increased 14% (9% on a constant currency basis) compared to the prior-year period. The increase in both total and same-store operating expenses was due in large part to increased compensation expense related to incentive pay and entry level wage competition.

The segment pre-tax operating income for the third quarter of 2017 was \$32,292, which generated a pre-tax segment operating margin of 25% compared to \$27,396 and 27% in the prior year, respectively.

Table of Contents

Consolidated Results of Operations

The following table reconciles pre-tax operating income of the Company's U.S. operations segment and Latin America operations segment discussed above to consolidated net income for the three months ended September 30, 2017 as compared to the three months ended September 30, 2016:

| | Three Months Ended | | Increase / (Decrease) | |
|---|-----------------------|------------|--------------------------|---|
| | September 30, 2017 | 2016 | | |
| Consolidated Results of Operations | | | | |
| U.S. operations segment pre-tax operating income | \$51,165 | \$33,886 | 51 | % |
| Latin America operations segment pre-tax operating income | 32,292 | 27,396 | 18 | % |
| Consolidated segment pre-tax operating income | 83,457 | 61,282 | 36 | % |
| Corporate expenses and other income: | | | | |
| Administrative expenses | 29,999 | 24,500 | 22 | % |
| Depreciation and amortization | 5,249 | 1,773 | 196 | % |
| Interest expense | 6,129 | 5,073 | 21 | % |
| Interest income | (418) | (138) | 203 | % |
| Merger and other acquisition expenses | 911 | 29,398 | (97) | % |
| Loss on extinguishment of debt | 20 | — | — | % |
| Net loss on sale of common stock of Enova | — | 253 | (100) | % |
| Total corporate expenses and other income | 41,890 | 60,859 | (31) | % |
| Income before income taxes | 41,567 | 423 | 9,727 | % |
| Provision for income taxes | 13,293 | 1,835 | 624 | % |
| Net income (loss) | \$28,274 | \$(1,412) | 2,102 | % |
| Comprehensive income (loss) | \$23,293 | \$(15,413) | 251 | % |

Table of Contents

Corporate Expenses and Taxes

Administrative expenses increased 22% to \$29,999 during the third quarter of 2017 compared to \$24,500 during the third quarter of 2016, primarily as a result of the Merger, a 37% increase in the weighted-average store count resulting in additional management and supervisory compensation and other support expenses required for such growth and by a 5% favorable change in the average value of the Mexican peso, which increased comparative administrative expenses in Mexico. As a percentage of revenue, administrative expenses decreased from 9% during the third quarter of 2016 to 7% during the third quarter of 2017, primarily due to synergies realized from the Merger and the Maxi Prenda acquisition.

Depreciation and amortization increased to \$5,249 during the third quarter of 2017 compared to \$1,773 during the third quarter of 2016 primarily due to the assumption of substantial corporate property and equipment from the Merger and \$2,313 in amortization expense related to intangible assets acquired as a result of the Merger.

Interest expense increased to \$6,129 in the third quarter of 2017 compared to \$5,073 for the third quarter of 2016. See “—Liquidity and Capital Resources.”

Merger and other acquisition expenses decreased to \$911 during the third quarter of 2017 compared to \$29,398 during the third quarter of 2016, reflecting timing in transaction and integration costs primarily related to the Merger. See “—Non-GAAP Financial Information” for additional details of Merger related expenses.

For the third quarter of 2017 and 2016, the Company’s effective federal income tax rates were 32.0% and 433.8%, respectively. The effective tax rate for the third quarter of 2016 was impacted by certain significant Merger related expenses being non-deductible for income tax purposes. The effective tax rate for the third quarter included changes in certain tax estimates made during the third quarter of 2017 as a result of finalizing the 2016 tax returns.

Net Income, Adjusted Net Income, Net Income Per Share and Adjusted Net Income Per Share

The following table sets forth revenue, net revenue, net income, net income per share, adjusted net income and adjusted net income per share for the third quarter of 2017 compared to the third quarter of 2016:

| | Three Months Ended September 30, | | | |
|-----------------------------------|----------------------------------|------------|-------------|------------|
| | 2017 | | 2016 | |
| | As Reported | Adjusted | As Reported | Adjusted |
| | (GAAP) | (Non-GAAP) | (GAAP) | (Non-GAAP) |
| Revenue | \$435,412 | \$ 435,412 | \$261,153 | \$ 261,153 |
| Net revenue | \$231,046 | \$ 231,046 | \$147,364 | \$ 147,364 |
| Net income (loss) | \$28,274 | \$ 28,861 | \$(1,412) | \$ 20,126 |
| Diluted earnings (loss) per share | \$0.59 | \$ 0.61 | \$(0.04) | \$ 0.58 |
| Weighted avg diluted shares | 47,668 | 47,668 | 34,631 | 34,631 |

GAAP and adjusted earnings per share for the three months ended September 30, 2017 compared to the three months ended September 30, 2016 were positively impacted by \$0.02 per share due to the year-over-year 5% favorable change in the average value of the Mexican peso. Adjusted net income removes certain items from GAAP net income that the Company does not consider to be representative of its actual operating performance, such as Merger and other acquisition expenses and loss on extinguishment of debt, but does not adjust for the effects of foreign currency rate fluctuations. See “—Non-GAAP Financial Information—Adjusted Net Income and Adjusted Net Income Per Share” below.

Table of Contents

Operating Results for the Nine Months Ended September 30, 2017 Compared to the Nine Months Ended September 30, 2016

U.S. Operations Segment

The following table presents segment pre-tax operating income of the U.S. operations segment for the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016. Store operating expenses include salary and benefit expense of store-level employees, occupancy costs, bank charges, security, insurance, utilities, supplies and other costs incurred by the stores.

| | Nine Months Ended | | |
|--|-------------------|-----------|----------|
| | September 30, | | |
| | 2017 | 2016 | Increase |
| U.S. Operations Segment | | | |
| Revenue: | | | |
| Retail merchandise sales | \$519,116 | \$186,673 | 178 % |
| Pawn loan fees | 287,338 | 94,929 | 203 % |
| Wholesale scrap jewelry sales | 91,430 | 25,910 | 253 % |
| Consumer loan and credit services fees | 57,425 | 19,619 | 193 % |
| Total revenue | 955,309 | 327,131 | 192 % |
| Cost of revenue: | | | |
| Cost of retail merchandise sold | 337,789 | 114,632 | 195 % |
| Cost of wholesale scrap jewelry sold | 87,600 | 22,914 | 282 % |
| Consumer loan and credit services loss provision | 15,115 | 5,380 | 181 % |
| Total cost of revenue | 440,504 | 142,926 | 208 % |
| Net revenue | 514,805 | 184,205 | 179 % |
| Segment expenses: | | | |
| Store operating expenses | 318,044 | 107,196 | 197 % |
| Depreciation and amortization | 18,759 | 5,827 | 222 % |
| Total segment expenses | 336,803 | 113,023 | 198 % |
| Segment pre-tax operating income | \$178,002 | \$71,182 | 150 % |

Retail Merchandise Sales Operations

U.S. retail merchandise sales increased 178% to \$519,116 during the nine months ended September 30, 2017 compared to \$186,673 for the nine months ended September 30, 2016. The increase was primarily due to the nine months ended September 30, 2016 only including the results of operations for Cash America for the period September 2, 2016 to September 30, 2016 ("Cash America 2016 Partial Period") as the Merger was completed on September 1, 2016. Same-store retail sales decreased 1% in legacy First Cash stores and decreased 4% in legacy Cash America stores during the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. Gross profit margin on retail merchandise sales in the U.S. was 35% during the nine months ended September 30, 2017 compared to a margin of 39% during the nine months ended September 30, 2016, reflecting the impact of historically lower margins in the Cash America stores and a focus during 2017 on clearing aged inventory levels in the Cash America stores.

Table of Contents

Pawn Lending Operations

U.S. pawn loan fees increased 203% totaling \$287,338 during the nine months ended September 30, 2017 compared to \$94,929 for the nine months ended September 30, 2016. The increase was primarily due to the Cash America 2016 Partial Period. Legacy First Cash same-store pawn loan fees increased 4%, while legacy Cash America same-store pawn loan fees decreased 8% during the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. Pawn loan receivables in the U.S. as of September 30, 2017 decreased 6% compared to September 30, 2016. Legacy First Cash same-store pawn receivables increased 5%, while legacy Cash America same-store pawn receivables decreased 13% as of September 30, 2017 compared to September 30, 2016. The decline in legacy Cash America same-store pawn receivables and pawn loan fees was primarily due to the expected impact of reducing the holding period on delinquent pawn loans, continued optimization of loan-to-value ratios and to a lesser extent, the impact of the hurricane on pawn receivables in coastal Texas markets.

Wholesale Scrap Jewelry Operations

U.S. wholesale scrap jewelry revenue, consisting primarily of gold sales, increased 253% to \$91,430 during the nine months ended September 30, 2017 compared to \$25,910 during the nine months ended September 30, 2016. The increase in wholesale scrap jewelry revenue was primarily due to the Cash America 2016 Partial Period. The scrap gross profit margin in the U.S. was 4% compared to the prior-year margin of 12%, primarily as a result of the typically higher cost basis in scrap jewelry sold by the Cash America stores. Scrap jewelry profits accounted for 1% of U.S. net revenue (gross profit) for the nine months ended September 30, 2017 compared to 2% in the nine months ended September 30, 2016.

Consumer Lending Operations

Service fees from U.S. consumer loans and credit services transactions (collectively, consumer lending operations) increased 193% to \$57,425 during the nine months ended September 30, 2017 compared to \$19,619 for the nine months ended September 30, 2016. The increase in fees was due to the Cash America 2016 Partial Period. Excluding the increase due to the Cash America 2016 Partial Period, consumer loan and credit services fees decreased 30% as the Company continues to de-emphasize consumer lending operations in light of increasing regulatory constraints. Revenues from consumer lending operations comprised 6% of total U.S. revenue during the nine months ended September 30, 2017 and 2016.

Segment Expenses and Segment Pre-Tax Operating Income

U.S. store operating expenses increased 197% to \$318,044 during the nine months ended September 30, 2017 compared to \$107,196 during the nine months ended September 30, 2016, primarily as a result of the Merger. Same-store operating expenses increased 1% and decreased 3% in the legacy First Cash and Cash America stores, respectively, compared with the prior-year period.

U.S. store depreciation and amortization increased 222% to \$18,759 during the nine months ended September 30, 2017 compared to \$5,827 during the nine months ended September 30, 2016, primarily as a result of the Merger.

The U.S. segment pre-tax operating income for the nine months ended September 30, 2017 was \$178,002, which generated a pre-tax segment operating margin of 19% compared to \$71,182 and 22% in the prior year, respectively. The decline in the segment pre-tax operating margin was primarily due to historically lower operating margins in the Cash America stores and a focus during 2017 on clearing aged inventory levels in Cash America stores, resulting in lower gross profit margins on retail merchandise sales.

Table of Contents

Latin America Operations Segment

The following table presents segment pre-tax operating income of the Latin America operations segment for the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016. Store operating expenses include salary and benefit expense of store-level employees, occupancy costs, bank charges, security, insurance, utilities, supplies and other costs incurred by the stores.

| | Nine Months Ended | | | | Constant Currency Basis | | | |
|--|--------------------|--------------------|-----------------------|---|-------------------------|-----------------------|---|------------|
| | September 30, 2017 | September 30, 2016 | Increase / (Decrease) | % | September 30, 2017 | Increase / (Decrease) | % | (Non-GAAP) |
| Latin America Operations Segment | | | | | | | | |
| Revenue: | | | | | | | | |
| Retail merchandise sales | \$231,034 | \$199,861 | 16 | % | \$238,833 | 19 | % | |
| Pawn loan fees | 96,090 | 87,887 | 9 | % | 99,272 | 13 | % | |
| Wholesale scrap jewelry sales | 15,855 | 9,996 | 59 | % | 15,855 | 59 | % | |
| Consumer loan and credit services fees | 1,329 | 1,460 | (9) | % | 1,377 | (6) | % | |
| Total revenue | 344,308 | 299,204 | 15 | % | 355,337 | 19 | % | |
| Cost of revenue: | | | | | | | | |
| Cost of retail merchandise sold | 145,669 | 124,534 | 17 | % | 150,536 | 21 | % | |
| Cost of wholesale scrap jewelry sold | 14,770 | 7,787 | 90 | % | 15,238 | 96 | % | |
| Consumer loan and credit services loss provision | 304 | 400 | (24) | % | 315 | (21) | % | |
| Total cost of revenue | 160,743 | 132,721 | 21 | % | 166,089 | 25 | % | |
| Net revenue | 183,565 | 166,483 | 10 | % | 189,248 | 14 | % | |
| Segment expenses: | | | | | | | | |
| Store operating expenses | 94,736 | 83,367 | 14 | % | 97,565 | 17 | % | |
| Depreciation and amortization | 7,723 | 7,919 | (2) | % | 7,956 | — | % | |
| Total segment expenses | 102,459 | 91,286 | 12 | % | 105,521 | 16 | % | |
| Segment pre-tax operating income | \$81,106 | \$75,197 | 8 | % | \$83,727 | 11 | % | |

Retail Merchandise Sales Operations

Latin America retail merchandise sales increased 16% (19% on a constant currency basis) to \$231,034 during the nine months ended September 30, 2017 compared to \$199,861 for the nine months ended September 30, 2016. The increase was primarily due to a 9% increase (13% on a constant currency basis) in same-store retail sales, which included a same-store retail sales increase of 25% (20% on a constant currency basis) in the Maxi Prenda stores acquired in the fourth quarter of 2015 and first quarter of 2016. Excluding the Maxi Prenda stores, same-store retail sales increased 9% (13% on a constant currency basis), which was primarily due to strong retail demand trends and the maturation of existing stores. During the nine months ended September 30, 2017, the gross profit margin on retail merchandise sales was 37% compared to 38% during the nine months ended September 30, 2016.

Table of Contents

Pawn Lending Operations

Pawn loan fees in Latin America increased 9% (13% on a constant currency basis) totaling \$96,090 during the nine months ended September 30, 2017 compared to \$87,887 for the nine months ended September 30, 2016 as a result of the 24% (16% on a constant currency basis) increase in pawn loan receivables as of September 30, 2017 compared to September 30, 2016. The increase in pawn receivables reflects a same-store pawn receivable increase of 22% (14% on a constant currency basis) and new store additions. The increase in same-store pawn receivables was primarily due to strong demand for pawn loans and the maturation of existing stores.

Wholesale Scrap Jewelry Operations

Latin America wholesale scrap jewelry revenue, consisting primarily of gold sales, increased 59% to \$15,855 during the nine months ended September 30, 2017 compared to \$9,996 during the nine months ended September 30, 2016. The increase in wholesale scrap jewelry revenue was primarily due to reduced scrapping activities in the Maxi Prenda stores during the nine months ended September 30, 2016 as those stores were being converted to the Company's proprietary point of sale and loan management system. The scrap gross profit margin in Latin America was 7% (4% on a constant currency basis) compared to the prior-year margin of 22%. Scrap jewelry profits accounted for 1% of Latin America net revenue (gross profit) for the nine months ended September 30, 2017, which equaled the nine months ended September 30, 2016.

Segment Expenses and Segment Pre-Tax Operating Income

Store operating expenses increased 14% (17% on a constant currency basis) to \$94,736 during the nine months ended September 30, 2017 compared to \$83,367 during the nine months ended September 30, 2016 and same-store operating expenses increased 4% (7% on a constant currency basis) compared to the prior-year period. The increase in both total and same-store operating expenses was due in large part to increased compensation expense related to incentive pay and entry level wage competition.

The segment pre-tax operating income for the nine months ended September 30, 2017 was \$81,106, which generated a pre-tax segment operating margin of 24% compared to \$75,197 and 25% in the prior year, respectively.

Table of Contents

Consolidated Results of Operations

The following table reconciles pre-tax operating income of the Company's U.S. operations segment and Latin America operations segment discussed above to consolidated net income for the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016:

| | Nine Months Ended | | Increase / (Decrease) | |
|---|-----------------------|------------|--------------------------|----|
| | September 30, 2017 | 2016 | | |
| Consolidated Results of Operations | | | | |
| U.S. operations segment pre-tax operating income | \$ 178,002 | \$ 71,182 | 150 | % |
| Latin America operations segment pre-tax operating income | 81,106 | 75,197 | 8 | % |
| Consolidated segment pre-tax operating income | 259,108 | 146,379 | 77 | % |
| Corporate expenses and other income: | | | | |
| Administrative expenses | 93,542 | 58,277 | 61 | % |
| Depreciation and amortization | 16,322 | 3,419 | 377 | % |
| Interest expense | 17,827 | 13,859 | 29 | % |
| Interest income | (1,138) | (636) | 79 | % |
| Merger and other acquisition expenses | 3,164 | 33,877 | (91) | %) |
| Loss on extinguishment of debt | 14,114 | — | — | % |
| Net loss on sale of common stock of Enova | — | 253 | (100) | %) |
| Total corporate expenses and other income | 143,831 | 109,049 | 32 | % |
| Income before income taxes | 115,277 | 37,330 | 209 | % |
| Provision for income taxes | 39,119 | 13,895 | 182 | % |
| Net income | \$ 76,158 | \$ 23,435 | 225 | % |
| Comprehensive income (loss) | \$ 107,519 | \$ (7,269) | 1,579 | % |

Corporate Expenses and Taxes

Administrative expenses increased 61% to \$93,542 during the nine months ended September 30, 2017 compared to \$58,277 during the nine months ended September 30, 2016, primarily as a result of the Merger and a 54% increase in the weighted-average store count resulting in additional management and supervisory compensation and other support expenses required for such growth, partially offset by a 3% unfavorable change in the average value of the Mexican peso, which reduced comparative administrative expenses in Mexico. As a percentage of revenue, administrative expenses decreased from 9% during the nine months ended September 30, 2016 to 7% during the nine months ended September 30, 2017, primarily due to synergies realized from the Merger and the Maxi Prenda acquisition.

Depreciation and amortization increased to \$16,322 during the nine months ended September 30, 2017 compared to \$3,419 during the nine months ended September 30, 2016 primarily due to the assumption of substantial corporate property and equipment from the Merger and \$7,428 in amortization expense related to intangible assets acquired as a result of the Merger.

Interest expense increased to \$17,827 during the nine months ended September 30, 2017 compared to \$13,859 for the nine months ended September 30, 2016. See “—Liquidity and Capital Resources.”

Merger and other acquisition expenses decreased to \$3,164 during the nine months ended September 30, 2017 compared to \$33,877 for the nine months ended September 30, 2016, reflecting timing in transaction and integration costs primarily related to the Merger. See “—Non-GAAP Financial Information” for additional details of Merger related expenses.

34

Table of Contents

During the nine months ended September 30, 2017, the Company repurchased through a tender offer, or otherwise redeemed, its outstanding \$200,000, 6.75% senior notes due 2021 incurring a loss on extinguishment of debt of \$14,114.

For the nine months ended September 30, 2017 and 2016, the Company's effective federal income tax rates were 33.9% and 37.2%, respectively. The decrease in the effective tax rate was primarily due to certain significant Merger related expenses being non-deductible for income tax purposes during the nine months ended September 30, 2016, the tax impact of the loss on extinguishment of debt and changes in certain tax estimates made during 2017 as a result of finalizing the 2016 tax returns.

Net Income, Adjusted Net Income, Net Income Per Share and Adjusted Net Income Per Share

The following table sets forth revenue, net revenue, net income, net income per share, adjusted net income and adjusted net income per share for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016:

| | Nine Months Ended September 30, | | 2016 | |
|-----------------------------|---------------------------------|---------------------|--------------------|---------------------|
| | 2017 | 2016 | As Reported | Adjusted |
| | As Reported (GAAP) | Adjusted (Non-GAAP) | As Reported (GAAP) | Adjusted (Non-GAAP) |
| Revenue | \$ 1,299,617 | \$ 1,299,617 | \$ 626,335 | \$ 626,335 |
| Net revenue | \$ 698,370 | \$ 698,370 | \$ 350,688 | \$ 350,688 |
| Net income | \$ 76,158 | \$ 87,044 | \$ 23,435 | \$ 47,884 |
| Diluted earnings per share | \$ 1.58 | \$ 1.81 | \$ 0.77 | \$ 1.58 |
| Weighted avg diluted shares | 48,117 | 48,117 | 30,372 | 30,372 |

GAAP and adjusted earnings per share for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 were negatively impacted by \$0.03 per share due to the year-over-year 3% unfavorable change in the average value of the Mexican peso. Adjusted net income removes certain items from GAAP net income that the Company does not consider to be representative of its actual operating performance, such as Merger and other acquisition expenses, but does not adjust for the effects of foreign currency rate fluctuations. See “—Non-GAAP Financial Information—Adjusted Net Income and Adjusted Net Income Per Share” below.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2017, the Company's primary sources of liquidity were \$93,411 in cash and cash equivalents, \$265,544 of available and unused funds under the Company's long-term lines of credit with its commercial lenders, \$441,016 in customer loans and fees and service charges receivable and \$308,683 in inventories. As of September 30, 2017, the amount of cash associated with indefinitely reinvested foreign earnings was \$42,329, which is primarily held in Mexican pesos. The Company had working capital of \$758,637 as of September 30, 2017 and total equity exceeded liabilities by a ratio of 2.2 to 1.

On May 30, 2017, the Company completed an offering of \$300,000 of 5.375% senior notes due on June 1, 2024 (the “Notes”). Interest on the Notes will be payable semi-annually in arrears on June 1 and December 1, commencing on December 1, 2017. The Notes were sold to the placement agents as initial purchasers for resale only to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and outside the United States in accordance with Regulation S under the Securities Act. The Company used the proceeds from the offering to repurchase, or otherwise redeem, its outstanding \$200,000, 6.75% senior notes due 2021

(the “2021 Notes”), to repay borrowings under the Company’s credit facility and to pay related fees and expenses associated with the Notes offering and the repurchase and redemption of the 2021 Notes. The Company capitalized approximately \$5,200 in issuance costs, which consisted primarily of placement agent fees and legal and other professional expenses. The issuance costs are being amortized over the life of the Notes as a component of interest expense and are carried as a direct deduction from the carrying amount of the Notes in the accompanying condensed consolidated balance sheets.

The Notes are fully and unconditionally guaranteed on a senior unsecured basis jointly and severally by all of the Company's existing and future domestic subsidiaries that guarantee its primary revolving bank credit facility. The Notes will permit the Company to make share repurchases of up to \$100,000 with the net proceeds of the Notes and other available funds and to make restricted payments, such as purchasing shares of its stock and paying cash dividends, in an unlimited amount if, after giving pro forma effect to the incurrence of any indebtedness to make such payment, the Company's consolidated total debt ratio (“Net Debt

Table of Contents

Ratio”) is less than 2.25 to 1.00. The Net Debt Ratio is defined generally in the indenture governing the Notes (the “Indenture”) as the ratio of (1) the total consolidated debt of the Company minus cash and cash equivalents of the Company to (2) the Company’s consolidated trailing twelve months EBITDA, as adjusted to exclude certain non-recurring expenses and giving pro forma effect to operations acquired during the measurement period.

The Company may redeem the Notes at any time on or after June 1, 2020, at the redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any. In addition, prior to June 1, 2020, the Company may redeem some or all of the Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, plus a “make-whole” premium set forth in the Indenture. The Company may redeem up to 35% of the Notes prior to June 1, 2020, with the proceeds of certain equity offerings at a redemption price of 105.375% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any. In addition, upon a change of control, noteholders have the right to require the Company to purchase the Notes at a price equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest, if any.

For the nine months ended September 30, 2017, the Company recognized a \$14,114 loss on extinguishment of debt related to the repurchase or redemption of the 2021 Notes which includes the tender or redemption premiums paid over the outstanding \$200,000 principal amount of the 2021 Notes and other reacquisition costs of \$10,895 and the write off of unamortized debt issuance costs of \$3,219.

At September 30, 2017, the Company maintained a line of credit with a group of U.S. based commercial lenders (the “2016 Credit Facility”) in the amount of \$400,000. In May 2017, the term of the 2016 Credit Facility was extended through September 2, 2022. The calculation of the fixed charge coverage ratio was also amended to remove share repurchases from the calculation to provide greater flexibility for making future share repurchases and paying cash dividends.

At September 30, 2017, the Company had \$140,000 in outstanding borrowings and a \$4,456 outstanding letter of credit under the 2016 Credit Facility, leaving \$255,544 available for future borrowings. The 2016 Credit Facility bears interest, at the Company’s option, at either (i) the prevailing London Interbank Offered Rate (“LIBOR”) (with interest periods of 1 week or 1, 2, 3 or 6 months at the Company’s option) plus a fixed spread of 2.5% or (ii) the prevailing prime or base rate plus a fixed spread of 1.5%. The agreement has a LIBOR floor of 0%. Additionally, the Company is required to pay an annual commitment fee of 0.50% on the average daily unused portion of the 2016 Credit Facility commitment. The weighted-average interest rate on amounts outstanding under the 2016 Credit Facility at September 30, 2017 was 3.75% based on 1 week LIBOR. Under the terms of the 2016 Credit Facility, the Company is required to maintain certain financial ratios and comply with certain financial covenants. The 2016 Credit Facility also contains customary restrictions on the Company’s ability to incur additional debt, grant liens, make investments, consummate acquisitions and similar negative covenants with customary carve-outs and baskets. The Company was in compliance with the requirements and covenants of the 2016 Credit Facility as of September 30, 2017, and believes it has the capacity to borrow a substantial portion of the amount available under the 2016 Credit Facility under the most restrictive covenant. During the nine months ended September 30, 2017, the Company made net payments of \$120,000 pursuant to the 2016 Credit Facility.

At September 30, 2017, the Company maintained a U.S. dollar denominated line of credit with a bank in Mexico (the “Mexico Credit Facility”) in the amount of \$10,000. The Mexico Credit Facility bears interest at 30-day LIBOR plus a fixed spread of 2.0% and matures in December 2017. Under the terms of the Mexico Credit Facility, the Company is required to maintain certain financial ratios and comply with certain financial covenants. The Company was in compliance with the requirements and covenants of the Mexico Credit Facility as of September 30, 2017, and believes it has the capacity to borrow the full amount available under the Mexico Credit Facility under the most restrictive covenant. The Company is required to pay a one-time commitment fee of \$25 due when the first amount is drawn/borrowed. At September 30, 2017, the Company had no amount outstanding under the Mexico Credit Facility and \$10,000 was available for borrowings.

In general, revenue growth is dependent upon the Company's ability to fund the addition of store locations (both de novo openings and acquisitions) and growth in customer loan balances and inventories. In addition to these factors, changes in loan balances, collection of pawn fees, merchandise sales, inventory levels, seasonality, operating expenses, administrative expenses, expenses related to the Merger, tax rates, gold prices, foreign currency exchange rates and the pace of new store expansions and acquisitions, affect the Company's liquidity. Management believes cash on hand, the borrowings available under its credit facilities, anticipated cash generated from operations (including the normal seasonal increases in operating cash flows occurring in the first and fourth quarters) and other current working capital will be sufficient to meet the Company's anticipated capital requirements for its business for at least the next twelve months. Where appropriate or desirable, in connection with the Company's efficient management of its liquidity position, the Company could seek to raise additional funds from a variety of sources, including the sale of assets, reductions in capital spending, the issuance of debt or equity securities and/or changes to its management of current assets. The characteristics of the Company's current assets, specifically the ability to rapidly liquidate gold jewelry inventory and adjust outflows of cash in its lending practices, gives the Company flexibility to quickly modify its business strategy to increase cash

Table of Contents

flow from its business, if necessary. Regulatory developments affecting the Company's operations may also impact profitability and liquidity. See "—Regulatory Developments."

The Company regularly evaluates opportunities to optimize its capital structure, including through consideration of the issuance of debt or equity, to refinance existing debt and to fund ongoing cash needs such as general corporate purposes, growth initiatives and its stock repurchase program.

The following tables set forth certain historical information with respect to the Company's sources and uses of cash and other key indicators of liquidity:

| | Nine Months Ended September 30, | |
|--|------------------------------------|------------|
| | 2017 | 2016 |
| Cash flow provided by operating activities | \$148,846 | \$40,474 |
| Cash flow used in investing activities | \$(22,475) | \$(88,957) |
| Cash flow provided by (used in) financing activities | \$(128,365) | \$50,537 |

| | Balance at September 30, | |
|-------------------------------|-----------------------------|-----------|
| | 2017 | 2016 |
| Working capital | \$758,637 | \$817,559 |
| Current ratio | 6.57:1 | 5.85:1 |
| Liabilities to equity ratio | 0.45:1 | 0.59:1 |
| Net Debt Ratio ⁽¹⁾ | 1.28:1 | 3.42:1 |

Pursuant to the covenants of the Notes, the Company may make restricted payments, such as purchasing shares of its stock and paying cash dividends, in an unlimited amount if, after giving pro forma effect to the incurrence of any ⁽¹⁾ indebtedness to make such payment, the Company's Net Debt Ratio is less than 2.25 to 1.00. Adjusted EBITDA, a component of the Net Debt Ratio, is a non-GAAP measure. See "—Non-GAAP Financial Information" for a calculation of the Net Debt Ratio.

Net cash provided by operating activities increased \$108,372, or 268%, from \$40,474 for the nine months ended September 30, 2016 to \$148,846 for the nine months ended September 30, 2017, due primarily to an increase in net income of \$52,723 and net changes in certain adjustments and operating assets and liabilities (as detailed in the condensed consolidated statements of cash flows).

Net cash used in investing activities decreased \$66,482, or 75%, from \$88,957 for the nine months ended September 30, 2016 to \$22,475 for the nine months ended September 30, 2017. Cash flows from investing activities are utilized primarily to fund pawn store acquisitions and purchases of property and equipment. In addition, net cash flows related to fundings/repayments of pawn and consumer loans are included in investing activities. The Company paid \$1,141 in cash related to acquisitions during the nine months ended September 30, 2017 compared to \$28,756 in the prior-year period. In addition, the portion of the aggregate Merger consideration paid in cash upon closing of the Merger, net of cash acquired, was \$8,251 during nine months ended September 30, 2016. The Company received net repayments on loan receivables of \$5,261 during the nine months ended September 30, 2017 compared to net fundings of \$31,486 during the nine months ended September 30, 2016 and received proceeds of \$2,962 from the sale of 317,000 shares of common stock of Enova International, Inc. during the nine months ended September 30, 2016.

Net cash used in financing activities increased \$178,902, or 354%, from net cash provided by financing activities of \$50,537 for the nine months ended September 30, 2016 to net cash used in financing activities of \$128,365 for the

nine months ended September 30, 2017. Net payments on the Company's credit facilities were \$120,000 during the nine months ended September 30, 2017 compared to net proceeds of \$302,000 during the nine months ended September 30, 2016. During the nine months ended September 30, 2017, the Company received \$300,000 in proceeds from the private offering of the Notes and paid \$5,342 in debt issuance costs. Using part of the proceeds from the Notes, the Company repurchased, or otherwise redeemed, the \$200,000 2021 Notes and paid tender or redemption premiums over the face value of the 2021 Notes and other reacquisition costs of \$10,895 during the nine months ended September 30, 2017. In addition, the Company repaid \$6,532 in peso-denominated debt assumed from the Maxi Prenda acquisition and \$232,000 in debt assumed in conjunction with the Merger during the nine months ended September 30, 2016. The Company repurchased \$65,035 worth of shares of its common stock, realized proceeds from the exercise

Table of Contents

of stock options of \$307 and paid dividends of \$27,400 during the nine months ended September 30, 2017, compared to dividends paid of \$10,591 during the nine months ended September 30, 2016.

During the nine months ended September 30, 2017, the Company opened 32 new pawn stores in Latin America, acquired five pawn stores in Latin America, opened two pawn stores in the U.S. and acquired one pawn store in the U.S. The cumulative purchase price of the 2017 acquisitions was \$1,154, net of cash acquired and certain post-closing adjustments. The purchases were composed of \$1,124 in cash paid during the nine months ended September 30, 2017 and \$30 of deferred purchase price payable to the sellers in 2017. During the nine months ended September 30, 2017, the Company also paid \$17 of deferred purchase price amounts payable related to prior-year acquisitions. The Company funded \$26,595 in capital expenditures during the nine months ended September 30, 2017, related primarily to maintenance capital expenditures and new store additions.

The Company intends to continue expansion primarily through acquisitions and new store openings. For fiscal 2017, the Company expects to add approximately 50 to 60 stores, primarily in Latin America. The Company expects that total capital expenditures for 2017, including expenditures for new and remodeled stores and other corporate assets, will total approximately \$32,000 to \$37,000. Management believes that cash on hand, the amounts available to be drawn under the credit facilities and cash generated from operations will be sufficient to accommodate the Company's current operations and store expansion plans for the remainder of 2017.

The Company continually looks for, and is presented with, potential acquisition opportunities. The Company currently has no other contractual commitments for materially significant future acquisitions, business combinations or capital commitments. The Company will evaluate potential acquisitions based upon growth potential, purchase price, available liquidity, debt covenant restrictions, strategic fit and quality of management personnel, among other factors. If the Company encounters an attractive opportunity to acquire new stores in the near future, the Company may seek additional financing, the terms of which will be negotiated on a case-by-case basis.

As of September 30, 2017, the Company has contractual commitments to deliver a total of 7,475 gold ounces over the months of October through December 31, 2017. The ounces required to be delivered over this time period are well within historical scrap gold volumes and the Company expects to have the required gold ounces to meet the commitments as they come due.

In January 2015, the Company's Board of Directors authorized a common stock repurchase program for up to 2,000,000 shares of the Company's outstanding common stock. During the first quarter of 2017, the Company repurchased 228,000 shares of its common stock at an aggregate cost of \$10,005 and an average cost per share of \$43.94. In May 2017, the Company's Board of Directors authorized a new common stock repurchase program for up to \$100,000 of the Company's outstanding common stock. The new share repurchase program replaced the Company's prior share repurchase plan, which was terminated in May 2017. Under the May 2017 stock repurchase program, the Company has repurchased 954,000 shares of its common stock at an aggregate cost of \$55,030 and an average cost per share of \$57.65 and \$44,970 remains available for repurchases as of September 30, 2017. The Company intends to continue repurchases under its repurchase program in 2017 through open market transactions under trading plans in accordance with Rule 10b5-1 and Rule 10b-18 under the Exchange Act of 1934, as amended, subject to a variety of factors, including, but not limited to, the level of cash balances, credit availability, debt covenant restrictions, general business conditions, regulatory requirements, the market price of the Company's stock, dividend policy and the availability of alternative investment opportunities.

In October 2017, the Company's Board of Directors authorized an additional common stock repurchase program for up to \$100,000 of the Company's outstanding common stock to become effective upon completion of the May 2017 program.

In October 2017, the Company's Board of Directors approved a plan to increase the annual dividend 5% from \$0.76 per share to \$0.80 per share, or \$0.20 per share quarterly, beginning in the fourth quarter of 2017. The \$0.20 per share fourth quarter cash dividend on common shares outstanding, or an aggregate of \$9,470 based on September 30, 2017 share counts, declared by the Board of Directors will be paid on November 30, 2017 to stockholders of record as of November 13, 2017. The declaration and payment of cash dividends in the future (quarterly or otherwise) will be made by the Board of Directors, from time to time, subject to the Company's financial condition, results of operations, business requirements, compliance with legal requirements and debt covenant restrictions.

Table of Contents

NON-GAAP FINANCIAL INFORMATION

The Company uses certain financial calculations such as adjusted net income, adjusted net income per share, EBITDA, adjusted EBITDA, free cash flow, adjusted free cash flow and constant currency results (as defined or explained below) as factors in the measurement and evaluation of the Company's operating performance and period-over-period growth. The Company derives these financial calculations on the basis of methodologies other than generally accepted accounting principles ("GAAP"), primarily by excluding from a comparable GAAP measure certain items the Company does not consider to be representative of its actual operating performance. These financial calculations are "non-GAAP financial measures" as defined in Securities and Exchange Commission ("SEC") rules. The Company uses these non-GAAP financial measures in operating its business because management believes they are less susceptible to variances in actual operating performance that can result from the excluded items, other infrequent charges and currency fluctuations. The Company presents these financial measures to investors because management believes they are useful to investors in evaluating the primary factors that drive the Company's operating performance and because management believes they provide greater transparency into the Company's results of operations. However, items that are excluded and other adjustments and assumptions that are made in calculating adjusted net income, adjusted net income per share, EBITDA, adjusted EBITDA, free cash flow, adjusted free cash flow and constant currency results are significant components in understanding and assessing the Company's financial performance. These non-GAAP financial measures should be evaluated in conjunction with, and are not a substitute for, the Company's GAAP financial measures. Further, because these non-GAAP financial measures are not determined in accordance with GAAP and are thus susceptible to varying calculations, adjusted net income, adjusted net income per share, EBITDA, adjusted EBITDA, free cash flow, adjusted free cash flow and constant currency results, as presented, may not be comparable to other similarly titled measures of other companies.

The Company expects to incur additional expenses in 2017 and 2018 in connection with its Merger and integration of Cash America. The Company has adjusted the applicable financial measures to exclude these items because it generally would not incur such costs and expenses as part of its continuing operations. The Merger related expenses are predominantly incremental costs directly associated with the Merger and integration of Cash America, including professional fees, legal expenses, severance and retention payments, accelerated vesting of certain equity compensation awards, contract breakage costs and costs related to consolidation of technology systems and corporate facilities.

Table of Contents

Adjusted Net Income and Adjusted Net Income Per Share

Management believes the presentation of adjusted net income and adjusted net income per share (“Adjusted Income Measures”) provides investors with greater transparency and provides a more complete understanding of the Company’s financial performance and prospects for the future by excluding items that management believes are non-operating in nature and not representative of the Company’s core operating performance. In addition, management believes the adjustments shown below are useful to investors in order to allow them to compare the Company’s financial results for the current periods presented with the prior periods presented.

The following table provides a reconciliation between the net income and diluted earnings per share calculated in accordance with GAAP to the Adjusted Income Measures, which are shown net of tax:

| | Three Months Ended September | | | | Nine Months Ended September | | | |
|---|------------------------------|--------------|-----------------|--------------|-----------------------------|--------------|-----------------|--------------|
| | 30, 2017 | | 2016 | | 30, 2017 | | 2016 | |
| | In Thousand | Per Share | In Thousands | Per Share | In Thousand | Per Share | In Thousands | Per Share |
| Net income (loss), as reported | \$28,274 | \$ 0.59 | \$(1,412) | \$(0.04) | \$76,158 | \$ 1.58 | \$23,435 | \$ 0.77 |
| Adjustments, net of tax: | | | | | | | | |
| Merger related expenses: | | | | | | | | |
| Transaction | — | — | 10,915 | 0.32 | — | — | 13,732 | 0.45 |
| Severance and retention | 56 | — | 8,737 | 0.25 | 857 | 0.02 | 8,737 | 0.29 |
| Other | 518 | 0.02 | 1,726 | 0.05 | 1,137 | 0.02 | 1,726 | 0.06 |
| Total Merger related expenses | 574 | 0.02 | 21,378 | 0.62 | 1,994 | 0.04 | 24,195 | 0.80 |
| Other acquisition expenses | — | — | — | — | — | — | 94 | — |
| Loss on extinguishment of debt | 13 | — | — | — | 8,892 | 0.19 | — | — |
| Net loss on sale of common stock of Enova | — | — | 160 | — | — | — | 160 | 0.01 |
| Adjusted net income | \$28,861 | \$ 0.61 | \$20,126 | \$ 0.58 | \$87,044 | \$ 1.81 | \$47,884 | \$ 1.58 |

Table of Contents

The following tables provide a reconciliation of the gross amounts, the impact of income taxes and the net amounts for each of the adjustments included in the table above:

| | Three Months Ended September 30, | | | | | |
|---|----------------------------------|-------|-----------|----------|---------|-----------|
| | 2017 | | | 2016 | | |
| | Pre-tax | Tax | After-tax | Pre-tax | Tax | After-tax |
| Merger related expenses ⁽¹⁾ | \$911 | \$337 | \$ 574 | \$29,398 | \$8,020 | \$ 21,378 |
| Loss on extinguishment of debt | 20 | 7 | 13 | — | — | — |
| Net loss on sale of common stock of Enova | — | — | — | 253 | 93 | 160 |
| Total adjustments | \$931 | \$344 | \$ 587 | \$29,651 | \$8,113 | \$ 21,538 |

| | Nine Months Ended September 30, | | | | | |
|---|---------------------------------|---------|-----------|----------|---------|-----------|
| | 2017 | | | 2016 | | |
| | Pre-tax | Tax | After-tax | Pre-tax | Tax | After-tax |
| Merger related expenses ⁽¹⁾ | \$3,164 | \$1,170 | \$ 1,994 | \$33,727 | \$9,532 | \$ 24,195 |
| Other acquisition expenses | — | — | — | 150 | 56 | 94 |
| Loss on extinguishment of debt | 14,114 | 5,222 | 8,892 | — | — | — |
| Net loss on sale of common stock of Enova | — | — | — | 253 | 93 | 160 |
| Total adjustments | \$17,278 | \$6,392 | \$ 10,886 | \$34,130 | \$9,681 | \$ 24,449 |

⁽¹⁾ Resulting tax benefit for the three and nine months ended September 30, 2016 is less than the statutory rate as a portion of the transaction costs were not deductible for tax purposes.

Table of Contents

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA

The Company defines EBITDA as net income before income taxes, depreciation and amortization, interest expense and interest income and adjusted EBITDA as EBITDA adjusted for certain items as listed below that management considers to be non-operating in nature and not representative of its actual operating performance. The Company believes EBITDA and adjusted EBITDA are commonly used by investors to assess a company's financial performance and adjusted EBITDA is used in the calculation of the Net Debt Ratio as defined in the Company's senior notes covenants. The following table provides a reconciliation of net income to EBITDA and adjusted EBITDA:

| | Three Months | | Nine Months Ended | | Trailing Twelve | |
|--|---------------|---------------|-------------------|---------------|-----------------|---------------|
| | Ended | | September 30, | | Months Ended | |
| | September 30, | September 30, | September 30, | September 30, | September 30, | September 30, |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Net income (loss) | \$28,274 | \$(1,412) | \$76,158 | \$23,435 | \$112,850 | \$42,845 |
| Income taxes | 13,293 | 1,835 | 39,119 | 13,895 | 58,544 | 22,112 |
| Depreciation and amortization | 13,872 | 7,281 | 42,804 | 17,165 | 57,504 | 21,453 |
| Interest expense | 6,129 | 5,073 | 17,827 | 13,859 | 24,288 | 18,264 |
| Interest income | (418) | (138) | (1,138) | (636) | (1,253) | (1,059) |
| EBITDA | 61,150 | 12,639 | 174,770 | 67,718 | 251,933 | 103,615 |
| Adjustments: | | | | | | |
| Merger related expenses | 911 | 29,398 | 3,164 | 33,727 | 5,657 | 33,727 |
| Other acquisition expenses | — | — | — | 150 | 300 | 1,850 |
| Loss on extinguishment of debt | 20 | — | 14,114 | — | 14,114 | — |
| Net (gain) / loss on sale of common stock of Enova | — | 253 | — | 253 | (1,552) | 253 |
| Adjusted EBITDA | \$62,081 | \$42,290 | \$192,048 | \$101,848 | \$270,452 | \$139,445 |
| Net Debt Ratio calculated as follows: | | | | | | |
| Total debt (outstanding principal) | | | | | \$440,000 | \$560,000 |
| Less: cash and cash equivalents | | | | | (93,411) | (83,356) |
| Net debt | | | | | \$346,589 | \$476,644 |
| Adjusted EBITDA | | | | | \$270,452 | \$139,445 |
| Net Debt Ratio | | | | | 1.28 | :1 3.42 :1 |

Table of Contents

Free Cash Flow and Adjusted Free Cash Flow

For purposes of its internal liquidity assessments, the Company considers free cash flow and adjusted free cash flow. The Company defines free cash flow as cash flow from operating activities less purchases of property and equipment and net fundings/repayments of pawn and consumer loans, which are considered to be operating in nature by the Company but are included in cash flow from investing activities, and adjusted free cash flow as free cash flow adjusted for Merger related expenses paid that management considers to be non-operating in nature. Free cash flow and adjusted free cash flow are commonly used by investors as an additional measure of cash generated by business operations that may be used to repay scheduled debt maturities and debt service or, following payment of such debt obligations and other non-discretionary items, may be available to invest in future growth through new business development activities or acquisitions, repurchase stock, pay cash dividends or repay debt obligations prior to their maturities. These metrics can also be used to evaluate the Company's ability to generate cash flow from business operations and the impact that this cash flow has on the Company's liquidity. However, free cash flow and adjusted free cash flow have limitations as analytical tools and should not be considered in isolation or as a substitute for cash flow from operating activities or other income statement data prepared in accordance with GAAP. The following table reconciles net cash flow from operating activities to free cash flow and adjusted free cash flow:

| | Three Months Ended | | Nine Months Ended | | Trailing Twelve Months Ended | |
|--|--------------------|--------------------|--------------------|--------------------|------------------------------|--------------------|
| | September 30, 2017 | September 30, 2016 | September 30, 2017 | September 30, 2016 | September 30, 2017 | September 30, 2016 |
| Cash flow from operating activities | \$46,033 | \$901 | \$148,846 | \$40,474 | \$205,226 | \$68,101 |
| Cash flow from investment activities: | | | | | | |
| Loan receivables, net of cash repayments | (28,702) | (22,020) | 5,261 | (31,486) | 20,675 | (12,903) |
| Purchases of property and equipment | (9,194) | (6,353) | (26,595) | (23,426) | (37,032) | (28,971) |
| Free cash flow | 8,137 | (27,472) | 127,512 | (14,438) | 188,869 | 26,227 |
| Merger related expenses paid, net of tax benefit | 898 | 18,158 | 4,443 | 19,715 | 5,667 | 19,715 |
| Adjusted free cash flow | \$9,035 | \$(9,314) | \$131,955 | \$5,277 | \$194,536 | \$45,942 |

Constant Currency Results

The Company's reporting currency is the U.S. dollar. However, certain performance metrics discussed in this report are presented on a "constant currency" basis, which is considered a non-GAAP measurement of financial performance. The Company's management uses constant currency results to evaluate operating results of business operations in Latin America, which are primarily transacted in local currencies.

The Company believes constant currency results provide investors with valuable supplemental information regarding the underlying performance of its business operations in Latin America, consistent with how the Company's management evaluates such performance and operating results. Constant currency results reported herein are calculated by translating certain balance sheet and income statement items denominated in local currencies using the exchange rate from the prior-year comparable period, as opposed to the current comparable period, in order to exclude the effects of foreign currency rate fluctuations for purposes of evaluating period-over-period comparisons. Business operations in Mexico and Guatemala are transacted in Mexican pesos and Guatemalan quetzales, respectively. The Company also has operations in El Salvador where the reporting and functional currency is the U.S. dollar. See the Latin America operations segment tables in "—Results of Continuing Operations" above for additional reconciliation of certain constant currency amounts to as reported GAAP amounts.

Table of Contents

REGULATORY DEVELOPMENTS

The Company is subject to significant regulation of its pawn, consumer loan and general business operations in all of the jurisdictions in which it operates. These regulations are implemented through various laws, ordinances and regulatory pronouncements from federal, state and municipal governmental entities in the U.S. and Latin America. These regulatory bodies often have broad discretionary authority over the establishment, interpretation and enforcement of such regulations. These regulations are subject to change, sometimes significantly, as a result of political, economic or social trends, events and media perception.

The Company is subject to specific laws, regulations and ordinances primarily concerning its pawn and consumer lending operations. Many statutes and regulations prescribe, among other things, the general terms of the Company's pawn and consumer loan agreements, including maximum service fees and/or interest rates that may be charged and collected and mandatory consumer disclosures. In many municipal, state and federal jurisdictions, in both the U.S. and countries in Latin America, the Company must obtain and maintain regulatory operating licenses and comply with regular or frequent regulatory reporting and registration requirements, including reporting and recording of pawn loans, pawned collateral, used merchandise purchased from the general public, retail sales activities, firearm transactions, export, import and transfer of merchandise, and currency transactions, among other things. Existing regulations and regulatory developments are further and more completely described under "Governmental Regulation" in Part I, Item 1 of the Company's 2016 annual report on Form 10-K filed with the SEC on March 1, 2017. There have been no material changes to the Company's regulatory developments since December 31, 2016, except as explained below.

On July 11, 2017, the Consumer Financial Protection Bureau ("CFPB") issued a final rule on consumer arbitration agreements banning waiver of class action in pre-dispute arbitration clauses (the "Arbitration Rule") with an effective date of March 2019. The rule, as written, would have prohibited financial services companies, including the Company, from using arbitration clauses that ban consumers from participating in class actions. On July 25, 2017, the House of Representatives voted to repeal the Arbitration Rule using the Congressional Review Act (the "CRA") and on October 24, 2017, the Senate also voted to repeal the Arbitration Rule under the CRA. The repeal measure will now go to the president's desk, where it is expected to be signed. The congressional repeal prevents the measure from returning to legislative consideration for the next five years. The Arbitration Rule was also legally challenged by various industry trades and groups seeking declaratory and injunctive relief and challenging the constitutionality and legality of the Arbitration Rule and the CFPB, among other things (the "Arbitration Lawsuit"). The CRA repeal likely makes the Arbitration Lawsuit moot unless the plaintiffs pursue additional relief or declaration that the CFPB is unconstitutional.

On October 5, 2017, the CFPB released its small-dollar loan rule (the "SDL Rule"), which is scheduled to take effect in July 2019. If the SDL Rule takes effect, lenders, like the Company, will be required, among other things, to determine whether consumers have the ability to repay their loans before issuing certain short-term small dollar, payday and auto title loans. Importantly, the SDL Rule does not apply to non-recourse pawn loans. The SDL Rule applies to all storefront and online small-dollar short-term lenders regardless of state license or tribal affiliation. However, the CFPB provided for an exception for lenders offering accommodation loans that make less than 2,500 short-term loans per year and derive no more than 10 percent of their revenue from such loans. Additionally, the CFPB exempted the National Credit Union Administration's authorized "payday alternative loans" and certain wage advance loans offered to employees by employers. The SDL Rule will likely be subject to legislative challenges, trade association litigation and potentially a new CFPB Director. If the SDL Rule does become effective, the small dollar lending industry will experience a significant regulatory change.

The Company believes that the SDL Rule will not directly impact the vast majority of its pawn products, which comprise approximately 95% of its total revenues.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks relating to the Company's operations result primarily from changes in interest rates, gold prices and foreign currency exchange rates, and are described in detail in the Company's 2016 annual report on Form 10-K. The impact of current-year fluctuations in gold prices and foreign currency exchange rates, in particular, are further discussed in Part I, Item 2 herein. The Company does not engage in speculative or leveraged transactions, nor does it hold or issue financial instruments for trading purposes. There have been no material changes to the Company's exposure to market risks since December 31, 2016.

Table of Contents

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) under the Securities Exchange Act of 1934) (the "Exchange Act") as of September 30, 2017 (the "Evaluation Date"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the quarter ended September 30, 2017 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

The Company's management, including its Chief Executive Officer and Chief Financial Officer, does not expect that the Company's disclosure controls and procedures or internal controls will prevent all possible error and fraud. The Company's disclosure controls and procedures are, however, designed to provide reasonable assurance of achieving their objectives, and the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective at that reasonable assurance level.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There have been no material changes in the status of legal proceedings previously reported in the Company's 2016 annual report on Form 10-K.

ITEM 1A. RISK FACTORS

Important risk factors that could cause results or events to differ from current expectations, are described in Part I, Item 1A, "Risk Factors" of the Company's 2016 annual report on Form 10-K. These factors are supplemented by those discussed under "Management's Discussion And Analysis Of Financial Condition And Results Of Operations" and "Regulatory Developments" in Part I, Item 2 of this quarterly report and in "Governmental Regulation" in Part I, Item 1 of the Company's 2016 annual report on Form 10-K.

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

(In thousands except share and per share amounts)

In January 2015, the Company's Board of Directors authorized a common stock repurchase program for up to 2,000,000 shares of the Company's outstanding common stock. During the first quarter of 2017, the Company repurchased 228,000 shares of its common stock at an aggregate cost of \$10,005 and an average cost per share of \$43.94. In May 2017, the Company's Board of Directors authorized a new common stock repurchase program for up to \$100,000 of the Company's outstanding common stock. The new share repurchase program replaced the Company's prior share repurchase plan, which was terminated in May 2017. Under the May 2017 stock repurchase program, the

Edgar Filing: FIRSTCASH, INC - Form 10-Q

Company has repurchased 954,000 shares of its common stock at an aggregate cost of \$55,030 and an average cost per share of \$57.65 and \$44,970 remains available for repurchases as of September 30, 2017. The Company intends to continue repurchases under its repurchase program in 2017 through open market transactions under trading plans in accordance with Rule 10b5-1 and Rule 10b-18 under the Exchange Act of 1934, as amended, subject to a variety of factors, including, but not limited to, the level of cash balances, credit availability, debt covenant restrictions, general business conditions, regulatory requirements, the market price of the Company's stock, dividend policy and the availability of alternative investment opportunities.

Table of Contents

The following table provides the information with respect to purchases made by the Company of shares of its common stock during each month the programs were in effect during the nine months ended September 30, 2017:

| | Total Number Of Shares Purchased | Average Price Paid Per Share | Total Number Of Shares Purchased As Part Of Publicly Announced Plans | Maximum Number Of Shares That May Yet Be Purchased Under The Plans | Approximate Dollar Value Of Shares That May Yet Be Purchased Under The Plans |
|--|---|--|---|---|---|
| January 1 through January 31, 2017 | — | \$ — | — | 1,148,000 | (2) |
| February 1 through February 28, 2017 | 228,000 | 43.94 | 228,000 | 920,000 | (2) |
| March 1 through March 31, 2017 | — | — | — | 920,000 | (2) |
| April 1 through April 30, 2017 | — | — | — | 920,000 | (2) |
| May 1 through May 31, 2017 | — | — | — | (1) | \$ 100,000 |
| June 1 through June 30, 2017 | 290,000 | 56.06 | 290,000 | (1) | 83,731 |
| July 1 through July 31, 2017 | 292,000 | 58.21 | 292,000 | (1) | 66,733 |
| August 1 through August 31, 2017 | 269,000 | 58.53 | 269,000 | (1) | 50,989 |
| September 1 through September 30, 2017 | 103,000 | 58.22 | 103,000 | (1) | 44,970 |
| Total | 1,182,000 | \$ 55.01 | 1,182,000 | | |

(1) The 2,000,000 share repurchase program was terminated in May 2017.

(2) The \$100,000 repurchase program was initiated in May 2017.

In October 2017, the Company's Board of Directors authorized an additional common stock repurchase program for up to \$100,000 of the Company's outstanding common stock to become effective upon completion of the May 2017 program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

Table of Contents

ITEM 6. EXHIBITS

| Exhibit No. | Exhibit Description | Incorporated by Reference | | | Filed Herewith |
|--------------------|---|---------------------------|-----------|---------------------|----------------|
| | | Form | File No. | Exhibit Filing Date | |
| 3.1 | <u>Amended and Restated Certificate of Incorporation</u> | DEF 14A | 0-19133 | B 04/29/2004 | |
| 3.2 | <u>Amendment to Amended and Restated Certificate of Incorporation</u> | 8-K | 001-10960 | 3.1 09/02/2016 | |
| 3.3 | <u>Amended and Restated Bylaws</u> | 8-K | 001-10960 | 3.2 09/02/2016 | |
| 31.1 | <u>Certification Pursuant to Section 302 of the Sarbanes-Oxley Act provided by Rick L. Wessel, Chief Executive Officer</u> | | | | X |
| 31.2 | <u>Certification Pursuant to Section 302 of the Sarbanes-Oxley Act provided by R. Douglas Orr, Chief Financial Officer</u> | | | | X |
| 32.1 | <u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 provided by Rick L. Wessel, Chief Executive Officer</u> | | | | X |
| 32.2 | <u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 provided by R. Douglas Orr, Chief Financial Officer</u> | | | | X |
| 101 ⁽¹⁾ | The following financial information from the Company's Quarterly Report on Form 10-Q for the third quarter of fiscal 2017, filed with the SEC on November 1, 2017, is formatted in Extensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets at September 30, 2017, September 30, 2016 and December 31, 2016, (ii) Condensed Consolidated Statements of Income (Loss) for the three and nine months ended September 30, 2017 and September 30, 2016, (iii) Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2017 and September 30, 2016, (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity for the nine months ended September 30, 2017 and September 30, 2016, (v) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2017 and September 30, 2016 and (vi) Notes to Condensed Consolidated Financial Statements. | | | | X |

The XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

Table of Contents

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.

Dated: November 1, 2017 FIRSTCASH, INC.
(Registrant)

/s/ RICK L. WESSEL
Rick L. Wessel
Chief Executive Officer
(On behalf of the Registrant)

/s/ R. DOUGLAS ORR
R. Douglas Orr
Executive Vice President and Chief Financial Officer
(As Principal Financial and Accounting Officer)