

Edgar Filing: EZCORP INC - Form 10-Q

EZCORP INC

Form 10-Q

January 30, 2019

false--09-30Q120192018-12-3110-Q0000876523falseAccelerated FilerEZCORP

INCfalse0.010000.010000.010.010.010.0110000000030000001000000003000000010000000030000000514942462970171.0005

0000876523 2018-10-01 2018-12-31 0000876523 us-gaap:CommonClassAMember 2019-01-25 0000876523

us-gaap:CommonClassBMember 2019-01-25 0000876523 2018-09-30 0000876523 2017-12-31 0000876523

us-gaap:CommonClassAMember 2018-09-30 0000876523 2018-12-31 0000876523 us-gaap:CommonClassAMember

2018-12-31 0000876523 us-gaap:CommonClassBMember 2018-12-31 0000876523 us-gaap:CommonClassBMember

2018-09-30 0000876523 us-gaap:CommonClassAMember 2017-12-31 0000876523 us-gaap:CommonClassBMember

2017-12-31 0000876523 2017-10-01 2017-12-31 0000876523 ezpw:JewelryScrappingMember 2018-10-01

2018-12-31 0000876523 ezpw:MerchandiseMember 2017-10-01 2017-12-31 0000876523 ezpw:MerchandiseMember

2018-10-01 2018-12-31 0000876523 ezpw:JewelryScrappingMember 2017-10-01 2017-12-31 0000876523

us-gaap:ProductAndServiceOtherMember 2018-10-01 2018-12-31 0000876523

us-gaap:ProductAndServiceOtherMember 2017-10-01 2017-12-31 0000876523 ezpw:PawnServiceMember

2017-10-01 2017-12-31 0000876523 ezpw:PawnServiceMember 2018-10-01 2018-12-31 0000876523

us-gaap:CommonStockMember 2017-09-30 0000876523 us-gaap:AdditionalPaidInCapitalMember 2017-09-30

0000876523 us-gaap:NoncontrollingInterestMember 2017-09-30 0000876523 us-gaap:CommonStockMember

2017-12-31 0000876523 us-gaap:RetainedEarningsMember 2017-09-30 0000876523

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0000876523

us-gaap:NoncontrollingInterestMember 2017-10-01 2017-12-31 0000876523 2017-09-30 0000876523

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-09-30 0000876523

us-gaap:RetainedEarningsMember 2017-10-01 2017-12-31 0000876523 us-gaap:NoncontrollingInterestMember

2017-12-31 0000876523 us-gaap:AdditionalPaidInCapitalMember 2017-10-01 2017-12-31 0000876523

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-10-01 2017-12-31 0000876523

us-gaap:RetainedEarningsMember 2017-12-31 0000876523 us-gaap:CommonStockMember 2017-10-01 2017-12-31

0000876523 us-gaap:AdditionalPaidInCapitalMember 2017-12-31 0000876523

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-09-30 0000876523

us-gaap:NoncontrollingInterestMember 2018-12-31 0000876523 us-gaap:CommonStockMember 2018-09-30

0000876523 us-gaap:CommonStockMember 2018-10-01 2018-12-31 0000876523

us-gaap:NoncontrollingInterestMember 2018-09-30 0000876523 us-gaap:AdditionalPaidInCapitalMember

2018-12-31 0000876523 us-gaap:NoncontrollingInterestMember 2018-10-01 2018-12-31 0000876523

us-gaap:AdditionalPaidInCapitalMember 2018-09-30 0000876523 us-gaap:AdditionalPaidInCapitalMember

2018-10-01 2018-12-31 0000876523 us-gaap:CommonStockMember 2018-12-31 0000876523

us-gaap:RetainedEarningsMember 2018-09-30 0000876523

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-10-01 2018-12-31 0000876523

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-12-31 0000876523

us-gaap:RetainedEarningsMember 2018-10-01 2018-12-31 0000876523 us-gaap:RetainedEarningsMember

2018-12-31 0000876523 ezpw:CamiraAdministrationCorp.AndSubsidiariesGPMXMember 2017-10-06 2017-10-06

0000876523 ezpw:Fiscal2019AcquisitionsMember 2018-12-01 2018-12-31 0000876523

ezpw:Fiscal2019AcquisitionsMember 2018-12-31 0000876523

ezpw:CamiraAdministrationCorp.AndSubsidiariesGPMXMember 2017-10-06 0000876523

ezpw:MontepioSanPatricioAndPrestaDineroMember 2017-10-01 2018-09-30 0000876523

us-gaap:RestrictedStockMember 2017-10-01 2017-12-31 0000876523 us-gaap:RestrictedStockMember 2018-10-01

2018-12-31 0000876523 ezpw:CashConvertersInternationalLimitedMember 2018-12-31 0000876523

ezpw:CashConvertersInternationalLimitedMember 2018-10-01 2018-12-31 0000876523

ezpw:CashConvertersInternationalLimitedMember 2017-07-01 2018-06-30 0000876523

ezpw:CashConvertersInternationalLimitedMember 2016-07-01 2017-06-30 0000876523

ezpw:CashConvertersInternationalLimitedMember 2018-06-30 0000876523

ezpw:CashConvertersInternationalLimitedMember 2017-06-30 0000876523

ezpw:LongTermDebtCurrentMaturitiesNetMember us-gaap:EmbeddedDerivativeFinancialInstrumentsMember

Edgar Filing: EZCORP INC - Form 10-Q

us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-09-30 0000876523  
ezpw:LongTermDebtExcludingCurrentMaturitiesMember us-gaap:EmbeddedDerivativeFinancialInstrumentsMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-09-30 0000876523  
us-gaap:OtherAssetsMember ezpw:ConvertibleNotesHedgesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-09-30 0000876523 us-gaap:OtherAssetsMember  
ezpw:ConvertibleNotesHedgesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0000876523  
ezpw:LongTermDebtExcludingCurrentMaturitiesMember us-gaap:EmbeddedDerivativeFinancialInstrumentsMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000876523  
us-gaap:OtherAssetsMember ezpw:ConvertibleNotesHedgesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000876523  
ezpw:LongTermDebtCurrentMaturitiesNetMember us-gaap:EmbeddedDerivativeFinancialInstrumentsMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000876523  
ezpw:LongTermDebtExcludingCurrentMaturitiesMember us-gaap:EmbeddedDerivativeFinancialInstrumentsMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0000876523  
us-gaap:PrepaidExpensesAndOtherCurrentAssetsMember ezpw:ConvertibleNotesHedgesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-09-30 0000876523  
ezpw:LongTermDebtCurrentMaturitiesNetMember us-gaap:EmbeddedDerivativeFinancialInstrumentsMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0000876523  
us-gaap:PrepaidExpensesAndOtherCurrentAssetsMember ezpw:ConvertibleNotesHedgesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0000876523  
us-gaap:PrepaidExpensesAndOtherCurrentAssetsMember ezpw:ConvertibleNotesHedgesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000876523  
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-09-30 0000876523  
ezpw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:FairValueInputsLevel2Member 2018-09-30  
0000876523 ezpw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:FairValueInputsLevel1Member  
2018-09-30 0000876523 ezpw:A2.875ConvertibleSeniorNotesDue2024Member  
us-gaap:FairValueInputsLevel3Member 2018-09-30 0000876523 us-gaap:FairValueInputsLevel1Member 2018-09-30  
0000876523 ezpw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:FairValueInputsLevel2Member  
2018-09-30 0000876523 ezpw:A2.875ConvertibleSeniorNotesDue2024Member  
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-09-30 0000876523  
us-gaap:FairValueInputsLevel2Member 2018-09-30 0000876523 ezpw:UnsecuredNotes8.5Due2024Member  
us-gaap:FairValueInputsLevel3Member 2018-09-30 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member  
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-09-30 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:FairValueInputsLevel1Member 2018-09-30  
0000876523 us-gaap:FairValueInputsLevel3Member 2018-09-30 0000876523  
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-09-30 0000876523  
ezpw:UnsecuredNotes8.5Due2024Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-09-30  
0000876523 ezpw:A2.875ConvertibleSeniorNotesDue2024Member  
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-09-30 0000876523  
ezpw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:FairValueInputsLevel3Member 2018-09-30  
0000876523 ezpw:UnsecuredNotes8.5Due2024Member  
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-09-30 0000876523  
ezpw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:EstimateOfFairValueFairValueDisclosureMember  
2018-09-30 0000876523 ezpw:UnsecuredNotes8.5Due2024Member us-gaap:FairValueInputsLevel1Member  
2018-09-30 0000876523 ezpw:A2.125CashConvertibleSeniorNotesDue2019Member  
us-gaap:FairValueInputsLevel2Member 2018-09-30 0000876523 ezpw:UnsecuredNotes8.5Due2024Member  
us-gaap:FairValueInputsLevel2Member 2018-09-30 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member  
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-09-30 0000876523

Edgar Filing: EZCORP INC - Form 10-Q

ezpw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-09-30 0000876523 ezpw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:FairValueInputsLevel3Member 2018-09-30 0000876523  
ezpw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:FairValueInputsLevel1Member 2018-09-30 0000876523 srt:MinimumMember us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember us-gaap:NotesReceivableMember ezpw:GrupoFinmartMember 2018-12-31 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member 2014-06-30 0000876523  
ezpw:ConvertibleHedgesandEmbeddedDerivativeFinancialInstrumentsMember us-gaap:FairValueMeasurementsRecurringMember us-gaap:MeasurementInputPriceVolatilityMember 2018-12-31 0000876523 srt:MaximumMember us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember us-gaap:NotesReceivableMember ezpw:GrupoFinmartMember 2018-12-31 0000876523  
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2017-12-31 0000876523  
us-gaap:FairValueInputsLevel1Member 2017-12-31 0000876523 us-gaap:FairValueInputsLevel3Member 2017-12-31 0000876523 ezpw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:CarryingReportedAmountFairValueDisclosureMember 2017-12-31 0000876523  
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2017-12-31 0000876523  
ezpw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:FairValueInputsLevel1Member 2017-12-31 0000876523 us-gaap:FairValueInputsLevel2Member 2017-12-31 0000876523  
ezpw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2017-12-31 0000876523 ezpw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:FairValueInputsLevel3Member 2017-12-31 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:CarryingReportedAmountFairValueDisclosureMember 2017-12-31 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:FairValueInputsLevel1Member 2017-12-31 0000876523 ezpw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:FairValueInputsLevel2Member 2017-12-31 0000876523 ezpw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:FairValueInputsLevel2Member 2017-12-31 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2017-12-31 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:FairValueInputsLevel3Member 2017-12-31 0000876523 ezpw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:FairValueInputsLevel1Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:FairValueInputsLevel3Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:CashmaxSecuredBorrowingFacilityMember us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523 us-gaap:FairValueInputsLevel3Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:FairValueInputsLevel3Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523 us-gaap:FairValueInputsLevel1Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523 ezpw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31 0000876523 ezpw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523

Edgar Filing: EZCORP INC - Form 10-Q

ezpw:UnsecuredNotes8.5Due2024Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:UnsecuredNotes8.5Due2024Member us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:CashmaxSecuredBorrowingFacilityMember us-gaap:FairValueInputsLevel3Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:FairValueInputsLevel1Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:UnsecuredNotes8.5Due2024Member us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:CashmaxSecuredBorrowingFacilityMember us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:CashmaxSecuredBorrowingFacilityMember us-gaap:FairValueInputsLevel1Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:UnsecuredNotes8.5Due2024Member us-gaap:FairValueInputsLevel3Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:UnsecuredNotes8.5Due2024Member us-gaap:FairValueInputsLevel1Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:FairValueInputsLevel1Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:CashmaxSecuredBorrowingFacilityMember us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:FairValueInputsLevel3Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:SeniorNotesMember 2018-12-31 0000876523  
ezpw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:SeniorNotesMember 2018-12-31 0000876523  
ezpw:UnsecuredNotes8.5Due2024Member us-gaap:UnsecuredDebtMember 2018-12-31 0000876523  
ezpw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:SeniorNotesMember 2018-12-31 0000876523  
ezpw:CashmaxSecuredBorrowingFacilityMember ezpw:ReceivablesSecuritizationFacilityMember 2018-12-31 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member 2017-07-01 2017-07-31 0000876523  
ezpw:NetsharesettledWarrantsMember us-gaap:CommonClassAMember 2014-06-30 0000876523  
ezpw:ConvertibleSeniorNotesMember 2018-10-01 2018-12-31 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member 2014-06-01 2014-06-30 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member 2014-07-01 2014-07-31 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:CommonClassAMember 2014-06-30 0000876523  
ezpw:A2.875ConvertibleSeniorNotesDue2024Member 2017-07-31 0000876523  
ezpw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:SeniorNotesMember 2018-05-14 0000876523  
ezpw:ConvertibleNotesHedgesMember us-gaap:CommonClassAMember 2014-06-30 0000876523  
ezpw:DebtConversionConditionOneMember ezpw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:SeniorNotesMember 2018-05-14 2018-05-14 0000876523  
ezpw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:CommonClassAMember 2014-06-01 2014-06-30 0000876523  
ezpw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:SeniorNotesMember 2018-10-01 2018-12-31 0000876523  
ezpw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:CommonClassAMember 2017-07-01 2017-07-31 0000876523  
us-gaap:EmbeddedDerivativeFinancialInstrumentsMember 2018-12-31 0000876523  
ezpw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:SeniorNotesMember 2018-05-14 2018-05-14

Edgar Filing: EZCORP INC - Form 10-Q

0000876523 ezipw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:CommonClassAMember 2017-07-31  
0000876523 ezipw:ConvertibleSeniorNotesMember 2014-06-30 0000876523 ezipw:HolderOptionMember  
ezipw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:SeniorNotesMember  
us-gaap:CommonClassAMember 2017-07-01 2017-07-31 0000876523  
ezipw:CashmaxSecuredBorrowingFacilityMember ezipw:ReceivablesSecuritizationFacilityMember  
us-gaap:VariableInterestEntityPrimaryBeneficiaryMember 2018-11-30 0000876523  
ezipw:A2.875ConvertibleSeniorNotesDue2024Member 2017-07-01 2017-07-31 0000876523  
ezipw:CashmaxSecuredBorrowingFacilityMember ezipw:ReceivablesSecuritizationFacilityMember  
us-gaap:VariableInterestEntityPrimaryBeneficiaryMember 2018-12-31 0000876523  
ezipw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:SeniorNotesMember 2018-10-01 2018-12-31  
0000876523 ezipw:ConvertibleNotesDue2019Member us-gaap:SeniorNotesMember 2017-10-01 2017-12-31  
0000876523 ezipw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:SeniorNotesMember 2017-10-01  
2017-12-31 0000876523 ezipw:A2.875ConvertibleSeniorNotesDue2024Member us-gaap:SeniorNotesMember  
2017-10-01 2017-12-31 0000876523 ezipw:ConvertibleNotesDue2019Member us-gaap:SeniorNotesMember  
2018-10-01 2018-12-31 0000876523 ezipw:A2.875ConvertibleSeniorNotesDue2024Member  
us-gaap:SeniorNotesMember 2017-12-31 0000876523 ezipw:ConvertibleSeniorNotesEmbeddedDerivativeMember  
us-gaap:SeniorNotesMember 2018-09-30 0000876523 ezipw:A2.875ConvertibleSeniorNotesDue2024Member  
us-gaap:SeniorNotesMember 2018-09-30 0000876523 ezipw:CashmaxSecuredBorrowingFacilityMember  
ezipw:ReceivablesSecuritizationFacilityMember 2017-12-31 0000876523  
ezipw:ConvertibleSeniorNotesEmbeddedDerivativeMember us-gaap:SeniorNotesMember 2017-12-31 0000876523  
ezipw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:SeniorNotesMember 2018-09-30 0000876523  
ezipw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:SeniorNotesMember 2018-09-30 0000876523  
ezipw:ConvertibleSeniorNotes2.375Due2025Member us-gaap:SeniorNotesMember 2017-12-31 0000876523  
ezipw:CashmaxSecuredBorrowingFacilityMember ezipw:ReceivablesSecuritizationFacilityMember 2018-09-30  
0000876523 ezipw:UnsecuredNotes8.5Due2024Member us-gaap:UnsecuredDebtMember 2017-12-31 0000876523  
ezipw:UnsecuredNotes8.5Due2024Member us-gaap:UnsecuredDebtMember 2018-09-30 0000876523  
ezipw:A2.125CashConvertibleSeniorNotesDue2019Member us-gaap:SeniorNotesMember 2017-12-31 0000876523  
ezipw:ConvertibleSeniorNotesEmbeddedDerivativeMember us-gaap:SeniorNotesMember 2018-12-31 0000876523  
us-gaap:RestrictedStockMember ezipw:LongTermIncentivePlan2010Member ezipw:NonemployeeDirectorsMember  
2018-11-01 2018-11-30 0000876523 us-gaap:RestrictedStockMember ezipw:LongTermIncentivePlan2010Member  
2018-11-01 2018-11-30 0000876523 ezipw:LongTermIncentivePlan2010Member us-gaap:CommonClassAMember  
2018-11-01 2018-11-30 0000876523 us-gaap:RestrictedStockMember ezipw:LongTermIncentivePlan2010Member  
ezipw:EmployeeMember 2018-11-01 2018-11-30 0000876523 ezipw:LongTermIncentivePlan2010Member  
us-gaap:CommonClassAMember 2010-05-01 0000876523 2018-10-01 0000876523 ezipw:RooneyLitigationMember  
2015-09-28 2015-09-28 0000876523 ezipw:RooneyLitigationMember 2016-10-18 2016-10-18 0000876523  
us-gaap:OperatingSegmentsMember ezipw:OtherInternationalSegmentMember 2017-10-01 2017-12-31 0000876523  
us-gaap:OperatingSegmentsMember ezipw:JewelryScrappingMember 2017-10-01 2017-12-31 0000876523  
us-gaap:CorporateNonSegmentMember 2017-10-01 2017-12-31 0000876523 us-gaap:OperatingSegmentsMember  
ezipw:JewelryScrappingMember ezipw:LatinAmericanPawnSegmentMember 2017-10-01 2017-12-31 0000876523  
us-gaap:OperatingSegmentsMember ezipw:JewelryScrappingMember ezipw:USPawnSegmentMember 2017-10-01  
2017-12-31 0000876523 us-gaap:CorporateNonSegmentMember us-gaap:ProductAndServiceOtherMember  
2017-10-01 2017-12-31 0000876523 us-gaap:OperatingSegmentsMember  
ezipw:LatinAmericanPawnSegmentMember 2017-10-01 2017-12-31 0000876523  
us-gaap:OperatingSegmentsMember ezipw:MerchandiseMember 2017-10-01 2017-12-31 0000876523  
us-gaap:OperatingSegmentsMember us-gaap:ProductAndServiceOtherMember  
ezipw:OtherInternationalSegmentMember 2017-10-01 2017-12-31 0000876523 us-gaap:OperatingSegmentsMember  
2017-10-01 2017-12-31 0000876523 us-gaap:CorporateNonSegmentMember ezipw:MerchandiseMember 2017-10-01  
2017-12-31 0000876523 us-gaap:OperatingSegmentsMember ezipw:USPawnSegmentMember 2017-10-01  
2017-12-31 0000876523 us-gaap:OperatingSegmentsMember ezipw:JewelryScrappingMember  
ezipw:OtherInternationalSegmentMember 2017-10-01 2017-12-31 0000876523 us-gaap:OperatingSegmentsMember  
ezipw:MerchandiseMember ezipw:OtherInternationalSegmentMember 2017-10-01 2017-12-31 0000876523

us-gaap:CorporateNonSegmentMember ezipw:JewelryScrappingMember 2017-10-01 2017-12-31 0000876523  
us-gaap:OperatingSegmentsMember ezipw:MerchandiseMember ezipw:USPawnSegmentMember 2017-10-01  
2017-12-31 0000876523 us-gaap:OperatingSegmentsMember ezipw:MerchandiseMember  
ezipw:LatinAmericanPawnSegmentMember 2017-10-01 2017-12-31 0000876523  
us-gaap:CorporateNonSegmentMember ezipw:PawnServiceMember 2017-10-01 2017-12-31 0000876523  
us-gaap:OperatingSegmentsMember ezipw:PawnServiceMember ezipw:LatinAmericanPawnSegmentMember  
2017-10-01 2017-12-31 0000876523 us-gaap:OperatingSegmentsMember ezipw:PawnServiceMember  
ezipw:OtherInternationalSegmentMember 2017-10-01 2017-12-31 0000876523 us-gaap:OperatingSegmentsMember  
ezipw:PawnServiceMember 2017-10-01 2017-12-31 0000876523 us-gaap:OperatingSegmentsMember  
us-gaap:ProductAndServiceOtherMember ezipw:LatinAmericanPawnSegmentMember 2017-10-01 2017-12-31  
0000876523 us-gaap:OperatingSegmentsMember us-gaap:ProductAndServiceOtherMember 2017-10-01 2017-12-31  
0000876523 us-gaap:OperatingSegmentsMember us-gaap:ProductAndServiceOtherMember  
ezipw:USPawnSegmentMember 2017-10-01 2017-12-31 0000876523 us-gaap:OperatingSegmentsMember  
ezipw:PawnServiceMember ezipw:USPawnSegmentMember 2017-10-01 2017-12-31 0000876523  
us-gaap:OperatingSegmentsMember ezipw:USPawnSegmentMember 2018-10-01 2018-12-31 0000876523  
us-gaap:OperatingSegmentsMember 2018-10-01 2018-12-31 0000876523 us-gaap:CorporateNonSegmentMember  
ezipw:MerchandiseMember 2018-10-01 2018-12-31 0000876523 us-gaap:OperatingSegmentsMember  
ezipw:LatinAmericanPawnSegmentMember 2018-10-01 2018-12-31 0000876523  
us-gaap:OperatingSegmentsMember ezipw:MerchandiseMember ezipw:USPawnSegmentMember 2018-10-01  
2018-12-31 0000876523 us-gaap:OperatingSegmentsMember ezipw:JewelryScrappingMember  
ezipw:OtherInternationalSegmentMember 2018-10-01 2018-12-31 0000876523  
us-gaap:CorporateNonSegmentMember 2018-10-01 2018-12-31 0000876523 us-gaap:OperatingSegmentsMember  
ezipw:OtherInternationalSegmentMember 2018-10-01 2018-12-31 0000876523 us-gaap:OperatingSegmentsMember  
ezipw:MerchandiseMember ezipw:LatinAmericanPawnSegmentMember 2018-10-01 2018-12-31 0000876523  
us-gaap:OperatingSegmentsMember us-gaap:ProductAndServiceOtherMember ezipw:USPawnSegmentMember  
2018-10-01 2018-12-31 0000876523 us-gaap:OperatingSegmentsMember ezipw:JewelryScrappingMember  
ezipw:LatinAmericanPawnSegmentMember 2018-10-01 2018-12-31 0000876523  
us-gaap:OperatingSegmentsMember us-gaap:ProductAndServiceOtherMember  
ezipw:OtherInternationalSegmentMember 2018-10-01 2018-12-31 0000876523 us-gaap:OperatingSegmentsMember  
ezipw:PawnServiceMember ezipw:LatinAmericanPawnSegmentMember 2018-10-01 2018-12-31 0000876523  
us-gaap:CorporateNonSegmentMember ezipw:PawnServiceMember 2018-10-01 2018-12-31 0000876523  
us-gaap:OperatingSegmentsMember ezipw:MerchandiseMember 2018-10-01 2018-12-31 0000876523  
us-gaap:OperatingSegmentsMember ezipw:JewelryScrappingMember 2018-10-01 2018-12-31 0000876523  
us-gaap:OperatingSegmentsMember ezipw:JewelryScrappingMember ezipw:USPawnSegmentMember 2018-10-01  
2018-12-31 0000876523 us-gaap:OperatingSegmentsMember ezipw:PawnServiceMember  
ezipw:OtherInternationalSegmentMember 2018-10-01 2018-12-31 0000876523  
us-gaap:CorporateNonSegmentMember us-gaap:ProductAndServiceOtherMember 2018-10-01 2018-12-31  
0000876523 us-gaap:OperatingSegmentsMember ezipw:PawnServiceMember ezipw:USPawnSegmentMember  
2018-10-01 2018-12-31 0000876523 us-gaap:OperatingSegmentsMember ezipw:MerchandiseMember  
ezipw:OtherInternationalSegmentMember 2018-10-01 2018-12-31 0000876523 us-gaap:OperatingSegmentsMember  
us-gaap:ProductAndServiceOtherMember ezipw:LatinAmericanPawnSegmentMember 2018-10-01 2018-12-31  
0000876523 us-gaap:OperatingSegmentsMember us-gaap:ProductAndServiceOtherMember 2018-10-01 2018-12-31  
0000876523 us-gaap:OperatingSegmentsMember ezipw:PawnServiceMember 2018-10-01 2018-12-31 0000876523  
us-gaap:CorporateNonSegmentMember ezipw:JewelryScrappingMember 2018-10-01 2018-12-31 iso4217:USD  
xbrli:shares ezipw:store iso4217:CAD iso4217:USD ezipw:day ezipw:lawsuit xbrli:pure xbrli:shares iso4217:USD  
ezipw:share

[Table of Contents](#)

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 20549**

**FORM 10-Q**

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

**For the quarterly period ended December 31, 2018**

**or**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File No. 0-19424**

**EZCORP, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**74-2540145**

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

**2500 Bee Cave Road, Bldg One, Suite 200, Rollingwood, Texas 78746**

(Address of principal executive offices)

(Zip Code)

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

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

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

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Emerging growth company

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

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

**APPLICABLE ONLY TO CORPORATE ISSUERS:**

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

As of January 25, 2019, 52,475,070 shares of the registrant's Class A Non-voting Common Stock ("Class A Common Stock"), par value \$.01 per share, and 2,970,171 shares of the registrant's Class B Voting Common Stock, par value \$.01 per share, were outstanding.

Table of Contents

**EZCORP, Inc.**

**INDEX TO FORM 10-Q**

**PART I — FINANCIAL INFORMATION**

*Item 1. Financial Statements*

Condensed Consolidated Balance Sheets as of December 31, 2018 and 2017 (Unaudited) and September 30, 2018 1

Condensed Consolidated Statements of Operations for the Three Months Ended December 31, 2018 and 2017 (Unaudited) 2

Condensed Consolidated Statements of Comprehensive (Loss) Income for the Three Months Ended December 31, 2018 and 2017 (Unaudited) 3

Condensed Consolidated Statements of Stockholders' Equity for the Three Months Ended December 31, 2018 and 2017 (Unaudited) 3

Condensed Consolidated Statements of Cash Flows for the Three Months Ended December 31, 2018 and 2017 (Unaudited) 4

*Notes to Interim Condensed Consolidated Financial Statements (Unaudited)* 5

Note 1: Organization and Summary of Significant Accounting Policies 5

Note 2: Acquisitions 7

Note 3: Earnings Per Share 8

Note 4: Strategic Investment 9

Note 5: Fair Value Measurement 10

Note 6: Debt 12

Note 7: Stock Compensation 15

Note 8: Contingencies 15

Note 9: Segment Information 17

Note 10: Supplemental Consolidated Financial Information and Other 19

*Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations* 19

*Item 3. Quantitative and Qualitative Disclosures about Market Risk* 31

*Item 4. Controls and Procedures* 31

**PART II — OTHER INFORMATION**

<u><i>Item 1. Legal Proceedings</i></u>	<u>32</u>
<u><i>Item 1A. Risk Factors</i></u>	<u>32</u>
<u><i>Item 6. Exhibits</i></u>	<u>32</u>
<u>SIGNATURES</u>	<u>33</u>

---

Table of Contents

**PART I — FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**  
**EZCORP, Inc.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(in thousands, except share and per share amounts)*

	December 31, 2018	December 31, 2017	September 30, 2018
	(Unaudited)		
Assets:			
Current assets:			
Cash and cash equivalents	\$ 297,031	\$ 113,584	\$ 286,015
Pawn loans	193,984	177,001	198,463
Pawn service charges receivable, net	38,959	34,054	38,318
Inventory, net	175,422	163,310	166,997
Notes receivable, net	26,711	36,682	34,199
Prepaid expenses and other current assets	31,223	26,516	33,154
Total current assets	763,330	551,147	757,146
Investment in unconsolidated affiliate	35,511	45,605	49,500
Property and equipment, net	69,770	62,098	73,649
Goodwill	294,881	288,773	297,448
Intangible assets, net	55,956	43,974	54,923
Notes receivable, net	4,599	23,343	3,226
Deferred tax asset, net	9,283	10,997	7,165
Other assets	4,442	16,625	3,863
Total assets	\$ 1,237,772	\$ 1,042,562	\$ 1,246,920
Liabilities and equity:			
Current liabilities:			
Current maturities of long-term debt, net	\$ 190,238	\$ —	\$ 190,181
Accounts payable, accrued expenses and other current liabilities	57,628	60,207	57,800
Customer layaway deposits	11,747	10,686	11,824
Total current liabilities	259,613	70,893	259,805
Long-term debt, net	229,928	294,761	226,702
Deferred tax liability, net	9,617	—	8,817
Other long-term liabilities	6,150	8,845	6,890
Total liabilities	505,308	374,499	502,214
Commitments and contingencies (Note 8)			
Stockholders' equity:			
Class A Non-voting Common Stock, par value \$.01 per share; shares authorized: 100 million; issued and outstanding: 52,475,070 as of December 31, 2018; 51,494,246 as of December 31, 2017; and 51,614,746 as of September 30, 2018	524	515	516
Class B Voting Common Stock, convertible, par value \$.01 per share; shares authorized: 3 million; issued and outstanding: 2,970,171	30	30	30
Additional paid-in capital	400,081	351,110	397,927
Retained earnings	387,936	364,414	392,180
Accumulated other comprehensive loss	(49,104)	(44,902)	(42,616)
EZCORP, Inc. stockholders' equity	739,467	671,167	748,037
Noncontrolling interest	(7,003)	(3,104)	(3,331)
Total equity	732,464	668,063	744,706
Total liabilities and equity	\$ 1,237,772	\$ 1,042,562	\$ 1,246,920

*See accompanying notes to unaudited interim condensed consolidated financial statements.*



Table of Contents**EZCORP, Inc.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Three Months Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Unaudited)</b>	
	<i>(in thousands, except per share amounts)</i>	
Revenues:		
Merchandise sales	\$ 121,024	\$ 113,588
Jewelry scrapping sales	9,281	12,213
Pawn service charges	83,674	76,360
Other revenues	1,871	2,347
Total revenues	215,850	204,508
Merchandise cost of goods sold	77,112	71,167
Jewelry scrapping cost of goods sold	8,050	10,337
Other cost of revenues	484	577
Net revenues	130,204	122,427
Operating expenses:		
Operations	89,546	83,610
Administrative	15,479	13,318
Depreciation and amortization	6,848	5,723
Loss on sale or disposal of assets and other	4,442	39
Total operating expenses	116,315	102,690
Operating income	13,889	19,737
Interest expense	8,791	5,847
Interest income	(3,339)	(4,270)
Equity in net loss (income) of unconsolidated affiliate	1,119	(1,450)
Impairment of investment in unconsolidated affiliate	13,274	—
Other income	(386)	(182)
(Loss) income from continuing operations before income taxes	(5,570)	19,792
Income tax (benefit) expense	(1,032)	7,437
(Loss) income from continuing operations, net of tax	(4,538)	12,355
Loss from discontinued operations, net of tax	(183)	(222)
Net (loss) income	(4,721)	12,133
Net loss attributable to noncontrolling interest	(477)	(615)
Net (loss) income attributable to EZCORP, Inc.	\$(4,244)	\$ 12,748
Basic (loss) earnings per share attributable to EZCORP, Inc. — continuing operations	\$(0.07)	\$ 0.24
Diluted (loss) earnings per share attributable to EZCORP, Inc. — continuing operations	\$(0.07)	\$ 0.23
Weighted-average basic shares outstanding	55,032	54,464
Weighted-average diluted shares outstanding	55,032	55,682

*See accompanying notes to unaudited interim condensed consolidated financial statements.*

Table of Contents**EZCORP, Inc.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**

	<b>Three Months Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Unaudited)</b>	
	<i>(in thousands)</i>	
Net (loss) income	\$(4,721 )	\$12,133
Other comprehensive loss:		
Foreign currency translation loss, net of income tax expense for our investment in unconsolidated affiliate of \$87 and \$176 for the three months ended December 31, 2018 and 2017, respectively	(6,488 )	(6,575 )
Comprehensive (loss) income	(11,209 )	5,558
Comprehensive loss attributable to noncontrolling interest	(477 )	(655 )
Comprehensive (loss) income attributable to EZCORP, Inc.	\$(10,732 )	\$6,213

See accompanying notes to unaudited interim condensed consolidated financial statements.

**EZCORP, Inc.****CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

	<b>Common Stock</b>		<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Noncontrolling Interest</b>	<b>Total Equity</b>
	<b>Shares</b>	<b>Par Value</b>					
	<b>(Unaudited, except balances as of September 30, 2017)</b>						
	<i>(in thousands)</i>						
Balances as of September 30, 2017	54,398	\$ 544	\$348,532	\$351,666	\$ (38,367 )	\$ (2,449 )	\$659,926
Stock compensation	—	—	2,889	—	—	—	2,889
Release of restricted stock	66	1	—	—	—	—	1
Taxes paid related to net share settlement of equity awards	—	—	(311 )	—	—	—	(311 )
Foreign currency translation loss	—	—	—	—	(6,535 )	(40 )	(6,575 )
Net income (loss)	—	—	—	12,748	—	(615 )	12,133
Balances as of December 31, 2017	54,464	\$ 545	\$351,110	\$364,414	\$ (44,902 )	\$ (3,104 )	\$668,063
	<b>Common Stock</b>		<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Noncontrolling Interest</b>	<b>Total Equity</b>
	<b>Shares</b>	<b>Par Value</b>					
	<b>(Unaudited, except balances as of September 30, 2018)</b>						
	<i>(in thousands)</i>						
Balances as of September 30, 2018	54,585	\$ 546	\$397,927	\$392,180	\$ (42,616 )	\$ (3,331 )	\$744,706
Stock compensation	—	—	2,247	—	—	—	2,247
Release of restricted stock	860	8	—	—	—	—	8
Taxes paid related to net share settlement of equity awards	—	—	(3,288 )	—	—	—	(3,288 )
Transfer of subsidiary shares to noncontrolling interest	—	—	3,195	—	—	(3,195 )	—
Foreign currency translation loss, net	—	—	—	—	(6,488 )	—	(6,488 )
Net loss	—	—	—	(4,244 )	—	(477 )	(4,721 )
Balances as of December 31, 2018	55,445	\$ 554	\$400,081	\$387,936	\$ (49,104 )	\$ (7,003 )	\$732,464

See accompanying notes to unaudited interim condensed consolidated financial statements.

Table of Contents**EZCORP, Inc.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Three Months Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Unaudited)</b>	
	<i>(in thousands)</i>	
Operating activities:		
Net (loss) income	\$(4,721 )	\$12,133
Adjustments to reconcile net (loss) income to net cash flows from operating activities:		
Depreciation and amortization	6,848	5,723
Amortization of debt discount and deferred financing costs	5,585	3,682
Accretion of notes receivable discount and deferred compensation fee	(1,376 )	(2,577 )
Deferred income taxes	352	3,129
Impairment of investment in unconsolidated affiliate	13,274	—
Other adjustments	5,052	601
Stock compensation expense	2,238	2,919
Loss (income) from investment in unconsolidated affiliate	1,119	(1,450 )
Changes in operating assets and liabilities, net of business acquisitions:		
Service charges and fees receivable	(877 )	(50 )
Inventory	685	(1,087 )
Prepaid expenses, other current assets and other assets	(1,564 )	(500 )
Accounts payable, accrued expenses and other liabilities	(461 )	(5,283 )
Customer layaway deposits	18	(283 )
Income taxes, net of excess tax benefit from stock compensation	(3,412 )	2,295
Net cash provided by operating activities	22,760	19,252
Investing activities:		
Loans made	(186,588 )	(169,666 )
Loans repaid	106,643	103,041
Recovery of pawn loan principal through sale of forfeited collateral	70,594	67,144
Additions to property and equipment, net	(5,880 )	(9,537 )
Acquisitions, net of cash acquired	(332 )	(62,163 )
Principal collections on notes receivable	7,284	2,849
Net cash used in investing activities	(8,279 )	(68,332 )
Financing activities:		
Taxes paid related to net share settlement of equity awards	(3,288 )	(311 )
Proceeds from borrowings, net of issuance costs	743	—
Payments on borrowings	(67 )	—
Net cash used in financing activities	(2,612 )	(311 )
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(865 )	(1,165 )
Net increase (decrease) in cash, cash equivalents and restricted cash	11,004	(50,556 )
Cash, cash equivalents and restricted cash at beginning of period	286,282	164,393
Cash, cash equivalents and restricted cash at end of period	\$297,286	\$113,837
Non-cash investing and financing activities:		
Pawn loans forfeited and transferred to inventory	\$80,301	\$72,649
Deferred and contingent consideration	—	1,920

*See accompanying notes to unaudited interim condensed consolidated financial statements.*



Table of Contents**EZCORP, Inc.****Notes to Interim Condensed Consolidated Financial Statements (Unaudited)****December 31, 2018****NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*****Description of Business***

When used in this report, the terms “we,” “us,” “our,” “EZCORP” and the “Company” mean EZCORP, Inc. and its consolidated subsidiaries, collectively.

We are a leading provider of pawn loans in the United States and Latin America. Pawn loans are non-recourse loans collateralized by tangible property. We also sell merchandise, primarily collateral forfeited from pawn lending operations and used merchandise purchased from customers, and operate a small number of financial services stores in Canada.

***Basis of Presentation***

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. Our management has included all adjustments it considers necessary for a fair presentation which are of a normal, recurring nature. All intercompany accounts and transactions have been eliminated in consolidation.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended September 30, 2018. The balance sheet as of September 30, 2018 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements.

Our business is subject to seasonal variations, and operating results for the three months ended December 31, 2018 and 2017 (the “current quarter” or “current three months” and “prior-year quarter,” respectively) are not necessarily indicative of the results of operations for the full fiscal year.

There have been no changes in significant accounting policies as described in our Annual Report on Form 10-K for the year ended September 30, 2018, other than those described below.

***Use of Estimates and Assumptions***

The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue recognition, inventories, loan loss allowances, long-lived and intangible assets, share-based compensation, income taxes, contingencies and litigation. We base our estimates on historical experience, observable trends and various other assumptions that we believe are reasonable under the circumstances. We use this information to make judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

***Reclassifications to Prior Period Financial Statements***

We have reclassified certain capitalized labor expenditures in the previous period on our condensed consolidated statements of cash flows from “Prepaid expenses, other current assets and other assets” in operating cash flows to “Additions to property and equipment, net” in investing cash flows.

***Recently Adopted Accounting Policies***

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-15, Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract, which requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in Accounting Standards Codification (“ASC”) 350-40 to determine which implementation costs to defer and recognize as an asset. This ASU generally aligns the guidance on recognizing implementation costs incurred in a cloud computing arrangement that is a service contract with that for implementation costs incurred to develop or obtain internal-use software, including hosting arrangements that include an internal-use software license. Our hosting



Table of Contents

arrangements that are service contracts include various third-party software applications. We adopted this ASU during the first quarter of our fiscal 2019 on a prospective basis for all service contracts entered into after adoption, with no material impact during the current quarter.

In November 2016, the FASB issued ASU 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash. This ASU requires the inclusion of restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. We adopted this ASU during the first quarter of our fiscal 2019 with no impact on our financial position or results of operations. However, we have recast our statements of cash flows on a retrospective basis to include restricted cash when reconciling the beginning-of-period and end-of-period total amounts. Restricted cash of \$0.3 million was recorded under "Prepaid expenses and other current assets" in our condensed consolidated balance sheets as of December 31, 2018 and 2017.

In August 2016, the FASB issued ASU 2016-15 Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. This ASU provides guidance on eight specific cash flow issues. We adopted this ASU during the first quarter of our fiscal 2019 on a prospective basis with no impact on our financial position, results of operations or cash flows.

In May 2016, the FASB issued ASU 2016-01, Financial Instruments (Subtopic 825-10). The amendments in this ASU make targeted improvements to U.S. GAAP primarily as it pertains to equity investments (not including equity method of accounting), fair value disclosures, balance sheet presentation, and other items pertaining to financial instruments. We adopted this ASU during the first quarter of our fiscal 2019 on a prospective basis, as applicable, with no impact on our financial position, results of operations or cash flows.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606) to defer the effective date to December 15, 2017 for annual reporting periods beginning after that date, with early adoption permitted, but not before the original effective date of December 15, 2016. The core principle of this ASU, and the subsequently issued ASUs modifying or clarifying this ASU, is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, the guidance provides that an entity should apply the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. The new standard allows for two methods of adoption: (a) full retrospective 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.

We adopted this ASU and related guidance as of October 1, 2018 using the modified retrospective method. We evaluated the impact of ASC 606 on our consolidated financial position, results of operations, cash flows and disclosure requirements noting no material impact to our consolidated financial statements or disclosures. See Note 9 for disaggregated information about our sources of revenue. Additionally, we have concluded that ASC 606 does not impact our revenue recognition for pawn service charges or consumer loan fees as we believe neither of those revenue streams are within the scope of ASC 606.

#### *Pawn Service Charges Revenue*

We record pawn service charges using the effective interest method for all pawn loans we believe to be collectible. We base our estimate of collectible loans on several inputs, including recent redemption rates, historical trends in redemption rates and the amount of loans due in the following months. Unexpected variations in any of these factors could change our estimate of collectible loans, affecting our earnings and financial condition. If a pawn loan is not repaid, we value the forfeited collateral (inventory) at the lower of cost (pawn loan principal) or net realizable value of the item.

#### *Merchandise and Related Sales Revenue*

This revenue stream involves the sale of merchandise to retail customers in our pawn stores. The performance obligation is the delivery of the merchandise to the customer, and revenue, and the related cost of merchandise sold, is recognized at the time of sale. Customers have a very limited period of time to return merchandise for a refund or

exchange, and actual returns for refunds are insignificant. Sales tax collected on the sale of merchandise is excluded from the amount recognized as sales and instead recorded as a liability in "Accounts payable, accrued expenses and

6

---

Table of Contents

other current liabilities” in our condensed consolidated balance sheets until remitted to the appropriate governmental authorities.

*Jewelry Scrapping Sales Revenue*

This revenue stream involves the sales of scrap (precious metals and stones) to refiners. The performance obligation is the legal transfer of scrap to the refiner. Revenue, and the related cost of scrap sold, is recognized when scrap inventory is provided to the refiner, which is when the customer obtains control of the promised good. The receivables outstanding at the end of a given reporting period are not material. Payment of the receivable from the customer is generally received within a short period of time after the legal transfer of the scrap materials to the refiner.

*Other Revenue*

Layaway fees, product protection plan revenues, and jewelry VIP package revenues are not significant.

***Recently Issued Accounting Pronouncements***

In June 2016, the FASB issued ASU 2016-13, Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This ASU requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. The provisions of this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A reporting entity should generally apply the amendment on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting periods in which the amendment is effective. We have not identified any impacts to our financial statements that we believe will be material as a result of the adoption of the ASU, although we continue to evaluate the impact of adoption. We believe we are following an appropriate timeline to allow for proper recognition, presentation and disclosure upon adoption of this ASU which is effective for our fiscal 2021.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This ASU requires companies to generally recognize on the balance sheet operating and financing lease liabilities and corresponding right-of-use assets. The provisions of this ASU are effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted based upon guidance issued within the ASU. We are in the process of evaluating the impact of adopting ASU 2016-02 on our consolidated financial position, results of operations and cash flows, and anticipate a material impact on our consolidated financial position. Additionally, we are evaluating the disclosure requirements under this ASU and are identifying and preparing to implement changes to our accounting policies, practices and controls to support adoption of the ASU and have completed upgrades to our third-party software solution to support adoption. We will complete our implementation to allow for proper recognition, presentation and disclosure upon adoption of the ASU which is effective for our fiscal 2020. We currently plan to adopt this ASU using the optional transition method provided under ASU 2018-11, Leases, (Topic 842): Targeted Improvement which was issued in July 2018, allowing for application of ASU 2016-02 at the adoption date, with recognition of a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Please refer to Note 1 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data" of our Annual Report on Form 10-K for the year ended September 30, 2018 for discussion of our significant accounting policies and other accounting pronouncements issued but not yet adopted.

**NOTE 2: ACQUISITIONS***Fiscal 2019 Acquisitions*

In December 2018, we acquired assets related to five pawn stores in Mexico, for an aggregate purchase price of \$0.3 million in cash, of which \$0.1 million was recorded as goodwill. We have concluded that this acquisition was immaterial to our overall consolidated financial results and, therefore, have omitted certain information that would otherwise be required.

*Fiscal 2018 Acquisition of Camira Administration Corp. and Subsidiaries (“GPMX”)*

On October 6, 2017, we completed the acquisition of 100% of the outstanding stock of Camira Administration Corp. and subsidiaries (“GPMX”), a business that, at the time, owned and operated 112 stores located in Guatemala, El Salvador, Honduras and Peru for a total purchase price of \$61.7 million. The GPMX acquisition significantly expanded our store base into Latin American countries outside of Mexico and provides us with a platform for further

growth in the region. The accompanying condensed consolidated results of operations for the three months ended December 31, 2018 include the results

7

---

Table of Contents

of operations for GPMX, while the comparable prior-year quarter includes the results of GPMX for the period October 6, 2017 to December 31, 2017, affecting comparability of fiscal 2019 and 2018 amounts. We have performed a valuation analysis of identifiable assets acquired and liabilities assumed and allocated the total consideration based on the fair values of those identifiable assets and liabilities.

*All Other Fiscal 2018 Acquisitions*

On June 25, 2018, June 11, 2018 and December 4, 2017, we acquired pawn stores operating in Mexico under the names "Montepio San Patricio," "Presta Dinero" and "Bazareño," respectively. These acquisitions significantly strengthened our competitive position in existing regions, gave us a presence in new regions and allowed us to achieve synergies in management and administration. The accompanying condensed consolidated results of operations for the three months ended December 31, 2018 include the results of operations for these acquisitions, while the comparable prior-year quarter only includes the results of Bazareño for the period December 4, 2017 to December 31, 2017, affecting comparability of fiscal 2019 and 2018 amounts.

We have performed a valuation analysis of identifiable assets acquired and liabilities assumed and allocated the total consideration based on the fair values of those identifiable assets and liabilities for these acquisitions. During the current quarter, we finalized accounting for the Montepio San Patricio and Presta Dinero acquisitions, which were completed in fiscal 2018, and increased associated deferred tax assets by \$1.8 million with an offsetting reduction in goodwill.

**NOTE 3: EARNINGS PER SHARE**

Components of basic and diluted earnings per share and excluded antidilutive potential common shares are as follows:

	<b>Three Months Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<i>(in thousands, except per share amounts)</i>	
Net (loss) income from continuing operations attributable to EZCORP (A)	\$(4,061)	\$12,970
Loss from discontinued operations, net of tax (B)	(183 )	(222 )
Net (loss) income attributable to EZCORP (C)	\$(4,244)	\$12,748
Weighted-average outstanding shares of common stock (D)	55,032	54,464
Dilutive effect of restricted stock*	—	1,218
Weighted-average common stock and common stock equivalents (E)	55,032	55,682
Basic (loss) earnings per share attributable to EZCORP:		
Continuing operations (A / D)	\$(0.07 )	\$0.24
Discontinued operations (B / D)	—	—
Basic (loss) earnings per share (C / D)	\$(0.07 )	\$0.24
Diluted (loss) earnings per share attributable to EZCORP:		
Continuing operations (A / E)	\$(0.07 )	\$0.23
Discontinued operations (B / E)	—	—
Diluted (loss) earnings per share (C / E)	\$(0.07 )	\$0.23
Potential common shares excluded from the calculation of diluted (loss) earnings per share above*:		
Restricted stock**	2,626	2,991

\* See Note 6 for discussion of the terms and conditions of the potential impact of the 2019 Convertible Note Warrants, 2024 Convertible Notes and 2025 Convertible Notes.

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



Table of Contents**NOTE 4: STRATEGIC INVESTMENTS**

As of December 31, 2018, we owned 214,183,714 shares, or approximately 34.75%, of Cash Converters International Limited ("Cash Converters International"). The following tables present summary financial information for Cash Converters International's most recently reported results after translation to U.S. dollars:

	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
	<i>(in thousands)</i>	
Current assets	\$229,105	\$155,749
Non-current assets	148,195	150,843
Total assets	\$377,300	\$306,592

Current liabilities	\$122,924	\$57,387
Non-current liabilities	15,449	48,698
Shareholders' equity	238,927	200,507
Total liabilities and shareholders' equity	\$377,300	\$306,592

**Fiscal Year Ended June  
30,**

<b>2018</b>	<b>2017</b>
-------------	-------------

	<i>(in thousands)</i>	
Gross revenues	\$201,800	\$204,509
Gross profit	128,366	130,943
Net profit	17,443	15,546

During the first quarter of fiscal 2019, the fair value of our investment in Cash Converters International, as estimated by reference to its quoted market price per share, declined from its value at September 30, 2018 and ended the quarter below its carrying value. As of December 31, 2018, we determined that our investment was impaired and that such impairment was other-than-temporary. In reaching this conclusion, we considered all available evidence, including evidence in existence as of September 30, 2018 as discussed in Note 4 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data" of our Annual Report on Form 10-K for the year ended September 30, 2018. Additionally, we noted the following developments subsequent to September 30, 2018: (i) continued decline in Cash Converters International's share price; and (ii) ongoing uncertainty around remaining Queensland class action lawsuit. As a result, we recognized an other-than-temporary impairment in Cash Converters International of \$13.3 million (\$10.3 million, net of taxes).

The above impairment increased the difference between the amount at which our investment was carried and the amount of underlying equity in net assets of Cash Converters International and was recorded under "Impairment of investment in unconsolidated affiliate" in our condensed consolidated statements of operations in the "Other International" segment. We will continue to monitor the fair value of our investment in Cash Converters International for other-than-temporary impairments in future reporting periods and may record additional impairment charges should the fair value of our investment in Cash Converters International further decline below its carrying value for an extended period of time. See Note 5 for the fair value and carrying value of our investment in Cash Converters International.

Table of Contents**NOTE 5: FAIR VALUE MEASUREMENTS**

Our assets and liabilities discussed below are classified in one of the following three categories based on the inputs used to develop their fair values: Level 1 — Quoted market prices in active markets for identical assets or liabilities; Level 2 — Other observable market-based inputs or unobservable inputs that are corroborated by market data; and Level 3 — Unobservable inputs that are not corroborated by market data.

*Recurring Fair Value Measurements*

The tables below present our financial assets (liabilities) that were carried and measured at fair value on a recurring basis:

Financial Assets (Liabilities)	Balance Sheet Location	December 2018	December 31, 2017	September 30, 2018
		<i>(in thousands)</i>		
2019 Convertible Notes Hedges — Level 2	Prepaid expenses and other current assets	\$21	\$ —	\$2,552
2019 Convertible Notes Hedges — Level 2	Other assets	—	12,863	—
2019 Convertible Notes Embedded Derivative — Level 2	Current maturities of long-term-debt, net	(21)	—	(2,552)
2019 Convertible Notes Embedded Derivative — Level 2	Long-term debt, net	—	(12,863)	—

We measured the fair value of the cash-settled call options pertaining to the 2.125% Cash Convertible Senior Notes Due 2019 (the “2019 Convertible Notes Hedges”) and the 2019 Convertible Notes derivative instrument (the “2019 Convertible Notes Embedded Derivative”) using the Black-Scholes-Merton model based on observable Level 1 and Level 2 inputs such as conversion price of underlying shares, current share price, implied volatility, risk free interest rate and other factors. The volatility input used as of December 31, 2018 was 36% based on historically observed market inputs.

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

*Financial Assets and Liabilities Not Measured at Fair Value*

The tables below present our financial assets and liabilities that were not measured at fair value on a recurring basis:

	Carrying Value	Estimated Fair Value		
		December 31, 2018	December 31, 2018	Fair Value Measurement Using Level 1, Level 2, Level 3
<i>(in thousands)</i>				
Financial assets:				
Notes receivable, net	\$31,310	\$33,710	\$—	\$33,710
Investment in unconsolidated affiliate	35,511	35,511	35,511	—
Financial liabilities:				
2019 Convertible Notes	\$190,076	\$190,613	\$—	\$—
2024 Convertible Notes	107,182	145,202	—	—
2025 Convertible Notes	121,316	134,447	—	—
8.5% unsecured notes due 2024	1,237	1,237	—	1,237
CASHMAX secured borrowing facility	334	1,160	—	1,160



Table of Contents

	Carrying Value	Estimated Fair Value		
		December 31, 2017	December 31, 2017	Fair Value Measurement Using Level 1 Level 2 Level 3
<i>(in thousands)</i>				
Financial assets:				
Notes receivable, net	\$60,025	\$68,720	\$—	\$68,720
Investment in unconsolidated affiliate	45,605	42,777	42,777	—
Financial liabilities:				
2019 Convertible Notes	\$179,835	\$201,084	\$—	\$—
2024 Convertible Notes	102,063	201,250	—	201,250
	Carrying Value	Estimated Fair Value		
		September 30, 2018	September 30, 2018	Fair Value Measurement Using Level 1 Level 2 Level 3
<i>(in thousands)</i>				
Financial assets:				
Notes receivable, net	\$37,425	\$41,153	\$—	\$41,153
Investment in unconsolidated affiliate	49,500	49,500	49,500	—
Financial liabilities:				
2019 Convertible Notes	\$187,433	\$189,150	\$—	\$—
2024 Convertible Notes	105,858	180,399	—	180,399
2025 Convertible Notes	119,736	161,253	—	161,253
8.5% unsecured notes due 2024	1,304	1,304	—	1,304

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

Subsequent to the sale of Prestaciones Finmart, S.A.P.I. de C.V., SOFOM, E.N.R. ("Grupo Finmart") to Alpha Holding, S.A. de C.V. ("AlphaCredit") in September 2016, we determined that we retained a variable interest in Grupo Finmart including notes receivable. We determined that we are not the primary beneficiary of Grupo Finmart subsequent to its disposition as we lack a controlling financial interest in Grupo Finmart. We measured the fair value of the notes receivable as of December 31, 2018 under a discounted cash flow approach considering the estimated credit ratings for Grupo Finmart and AlphaCredit and as determined with external consultation, with discount rates ranging primarily from 7% to 8%. Certain of the significant inputs used for the valuation were not observable in the market. Included in the fair value of the notes receivable is the estimated fair value of the deferred compensation fee negotiated in September 2017, of which the ultimate amount to be received is dependent upon the timing of payment of the notes receivable. Significant increases or decreases in the underlying assumptions used to value the notes receivable could significantly increase or decrease these fair value estimates.

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

We measured the fair value of the 2019 Convertible Notes, 2024 Convertible Notes and 2025 Convertible Notes using quoted price inputs. The 2019 Convertible Notes, 2024 Convertible Notes and 2025 Convertible Notes are not actively traded, and thus the price inputs represent a Level 2 measurement. As the quoted price inputs are highly variable from day to day, the fair value estimates disclosed above could significantly increase or decrease.

Table of Contents**NOTE 6: DEBT**

The following tables present our long-term debt instruments outstanding as well as future principal payments due:

	December 31, 2018			December 31, 2017			September 30, 2018		
	Gross Amount	Debt Discount and Issuance Costs	Carrying Amount	Gross Amount	Debt Discount and Issuance Costs	Carrying Amount	Gross Amount	Debt Discount and Issuance Costs	Carrying Amount
<i>(in thousands)</i>									
2019 Convertible Notes	\$ 195,000	\$(4,924 )	\$ 190,076	\$ 195,000	\$(15,165 )	\$ 179,835	\$ 195,000	\$(7,567 )	\$ 187,433
2019 Convertible Notes Embedded Derivative	21	—	21	12,863	—	12,863	2,552	—	2,552
2024 Convertible Notes	143,750	(36,568 )	107,182	143,750	(41,687 )	102,063	143,750	(37,892 )	105,858
2025 Convertible Notes	172,500	(51,184 )	121,316	—	—	—	172,500	(52,764 )	119,736
8.5% unsecured notes due 2024*	1,237	—	1,237	—	—	—	1,304	—	1,304
CASHMAX secured borrowing facility**	1,160	(826 )	334	—	—	—	—	—	—
Total	\$ 513,668	\$(93,502 )	\$ 420,166	\$ 351,613	\$(56,852 )	\$ 294,761	\$ 515,106	\$(98,223 )	\$ 416,883
Less current portion	195,162	(4,924 )	190,238	—	—	—	197,748	(7,567 )	190,181
Total long-term debt	\$ 318,506	\$(88,578 )	\$ 229,928	\$ 351,613	\$(56,852 )	\$ 294,761	\$ 317,358	\$(90,656 )	\$ 226,702

\* Amount translated from Guatemalan quetzals as of December 31, 2018. Certain disclosures omitted due to materiality considerations.

\*\* See description below.

**Principal Payment Schedule**

Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
<i>(in thousands)</i>				
2019 Convertible Notes*	\$ 195,000	\$ 195,000	\$—	\$—
2024 Convertible Notes*	143,750	—	—	143,750
2025 Convertible Notes*	172,500	—	—	172,500
8.5% unsecured notes due 2024	1,237	141	424	248
CASHMAX secured borrowing facility	1,160	—	1,160	—
	\$ 513,647	\$ 195,141	\$ 1,584	\$ 316,498

\* Excludes the potential impact of embedded derivatives.

Table of Contents

	<b>Three Months Ended December 31, 2018 2017</b>	
	<i>(in millions)</i>	
2019 Convertible Notes:		
Contractual interest expense	\$1.1	\$1.1
Amortization of debt discount and deferred financing costs	2.6	2.5
Total interest expense	\$3.7	\$3.6
2024 Convertible Notes:		
Contractual interest expense	\$1.0	\$1.0
Amortization of debt discount and deferred financing costs	1.4	1.3
Total interest expense	\$2.4	\$2.3
2025 Convertible Notes:		
Contractual interest expense	\$1.0	\$—
Amortization of debt discount and deferred financing costs	1.6	—
Total interest expense	\$2.6	\$—

***2.375% Convertible Senior Notes Due 2025***

In May 2018, we issued \$172.5 million aggregate principal amount of 2.375% Convertible Senior Notes Due 2025 (the "2025 Convertible Notes"). The 2025 Convertible Notes were issued pursuant to an indenture dated May 14, 2018 (the "2018 Indenture") by and between us and Wells Fargo Bank, National Association, as the trustee. The 2025 Convertible Notes were issued in a private offering under Rule 144A under the Securities Act of 1933. The 2025 Convertible Notes pay interest semi-annually in arrears at a rate of 2.375% per annum on May 1 and November 1 of each year, commencing November 1, 2018, and mature on May 1, 2025 (the "2025 Maturity Date"), unless converted, redeemed or repurchased in accordance with their terms prior to such date. The carrying amount of the 2025 Convertible Notes as a separate equity-classified instrument (the "2025 Convertible Notes Embedded Derivative") included under "Additional paid-in capital" in our condensed consolidated balance sheets of December 31, 2018 was \$39.0 million. The effective interest rate for the three months ended December 31, 2018 was approximately 9%. As of December 31, 2018, the remaining unamortized debt discount and issuance costs will be amortized through the 2025 Maturity Date assuming no early conversion.

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

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



Table of Contents***2.875% Convertible Senior Notes Due 2024***

In July 2017, we issued \$143.75 million aggregate principal amount of 2.875% Convertible Senior Notes Due 2024 (the "2024 Convertible Notes"). All of the 2024 Convertible Notes were issued pursuant to an indenture dated July 5, 2017 (the "2017 Indenture") by and between us and Wells Fargo Bank, National Association, as the trustee. The 2024 Convertible Notes were issued in a private offering under Rule 144A under the Securities Act of 1933. The 2024 Convertible Notes pay interest semi-annually in arrears at a rate of 2.875% per annum on January 1 and July 1 of each year, commencing January 1, 2018, and mature on July 1, 2024 (the "2024 Maturity Date"), unless converted, redeemed or repurchased in accordance with their terms prior to such date. The carrying amount of the 2024 Convertible Notes as a separate equity-classified instrument (the "2024 Convertible Notes Embedded Derivative") included under "Additional paid-in capital" in our condensed consolidated balance sheets of December 31, 2018 was \$25.3 million. The effective interest rate for the three months ended December 31, 2018 was approximately 9%. As of December 31, 2018, the remaining unamortized debt discount and issuance costs will be amortized through the 2024 Maturity Date assuming no early conversion.

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

If, among other triggers described in the 2017 Indenture, the market price of our Class A Common Stock meets the threshold based on at least 20 of the final 30 trading days of a quarter for the 2024 Convertible Notes to become convertible at the option of the holders during the subsequent quarter, we may be required to classify the 2024 Convertible Notes as current on our condensed consolidated balance sheets for each quarter in which such triggers are met. The stock trading price condition and other triggers are measured on a quarter-by-quarter basis and were not met as of December 31, 2018, and therefore, the 2024 Convertible notes are not classified as current as of December 31, 2018. As of December 31, 2018, the if-converted value of the 2024 Convertible Notes did not exceed the principal amount.

***2.125% Cash Convertible Senior Notes Due 2019***

In June 2014, we issued \$200 million aggregate principal amount of 2.125% Cash Convertible Senior Notes Due 2019 (the "2019 Convertible Notes"), with an additional \$30 million principal amount of 2019 Convertible Notes issued in July 2014. In July 2017, we used \$34.4 million of net proceeds from the 2024 Convertible Notes offering to repurchase and retire \$35.0 million aggregate principal amount of 2019 Convertible Notes. All of the 2019 Convertible Notes were issued pursuant to an indenture dated June 23, 2014 (the "2014 Indenture") by and between us and Wells Fargo Bank, National Association, as the trustee. The 2019 Convertible Notes were issued in a private offering and resold under Rule 144A under the Securities Act of 1933. The 2019 Convertible Notes pay interest semi-annually in arrears at a rate of 2.125% per annum on June 15 and December 15 of each year and mature on June 15, 2019 (the "2019 Maturity Date"), unless converted, redeemed or repurchased in accordance with their terms prior to such date. The effective interest rate for the three months ended December 31, 2018 was approximately 8%. As of December 31, 2018, the remaining unamortized debt discount and issuance costs will be amortized through the 2019 Maturity Date assuming no early conversion.

The 2019 Convertible Notes are convertible into cash, subject to satisfaction of certain conditions and during the periods described in the 2014 Indenture, based on an initial conversion rate of 62.2471 shares of Class A Common Stock per \$1,000 principal amount of 2019 Convertible Notes (equivalent to an initial conversion price of approximately \$16.065 per share of our Class A Common Stock). As of December 31, 2018, the if-converted value of the 2019 Convertible Notes did not exceed the principal amount.

***2019 Convertible Notes Hedges***

In connection with the issuance of the 2019 Convertible Notes, we purchased cash-settled call options (the "2019 Convertible Notes Hedges") in privately negotiated transactions with certain of the initial purchasers or their affiliates

(in this capacity, the “Option Counterparties”). The 2019 Convertible Notes Hedges provide us with the option to acquire, on a net settlement basis, approximately 12.1 million shares of our Class A Common Stock at a strike price of \$16.065, which is equal to the number of shares of our Class A Common Stock that notionally underlie the 2019 Convertible Notes and corresponds to the conversion price of the 2019 Convertible Notes. If we exercise the 2019 Convertible Notes Hedges, the aggregate amount of cash we will receive from the Option Counterparties will cover the aggregate amount of cash that we would be required to pay to the holders of the converted 2019 Convertible Notes, less the principal amount thereof.

Table of Contents*2019 Convertible Notes Warrants*

In connection with the issuance of the 2019 Convertible Notes, we also sold net-share-settled warrants (the "2019 Convertible Notes Warrants") in privately negotiated transactions with the Option Counterparties. The 2019 Convertible Notes Warrants allow for the purchase of up to approximately 12.1 million shares of our Class A Common Stock at a strike price of \$20.83 per share. We account for the Class A Common Stock issuable upon exercise under the treasury stock method. As a result of the 2019 Convertible Notes Warrants and related transactions, we are required to recognize incremental dilution of our earnings per share to the extent our average share price is over \$20.83 for any fiscal quarter. The 2019 Convertible Notes Warrants expire on various dates from September 2019 through February 2020 and must be settled in net shares of our Class A Common Stock.

***CASHMAX Secured Borrowing Facility***

In November 2018 we entered into a receivables securitization facility with a third-party lender (the "lender") to provide funding for installment loan originations in our Canadian CASHMAX business. Under the facility, an unconsolidated variable interest entity (the "trust") has the right, subject to various conditions, to borrow up to CAD \$25 million from the lender (the "third-party loan") and use the proceeds to purchase interests in installment loan receivables generated by CASHMAX. The trust uses collections on the transferred receivables to pay various amounts in accordance with an agreed priority arrangement, including expenses, its obligations under the third-party loan and, to the extent available, amounts owned to CASHMAX with respect to the purchase price of the transferred receivables and CASHMAX's retained interest in the receivables. CASHMAX has no obligation with respect to the third-party loan or the transferred receivables except to (a) service the underlying installment loans on behalf of the trust and (b) pay amounts owing under or repurchase the underlying installment loans in the event of a breach by CASHMAX or in certain other limited circumstances. The facility is generally nonrecourse to EZCORP. The amount outstanding under the facility as of December 31, 2018 was \$1.2 million.

**NOTE 7: STOCK COMPENSATION**

On May 1, 2010 our Board of Directors approved the adoption of the EZCORP, Inc. 2010 Long-Term Incentive Plan (the "2010 Plan"). As of September 30, 2018, the 2010 Plan permitted grants of options, restricted stock awards and stock appreciation rights covering up to 5,085,649 shares of our Class A Common Stock. In November 2018, the Board of Directors and the voting stockholder approved the addition of 400,000 shares to the 2010 Plan.

In November 2018, we granted 1,008,998 restricted stock unit awards to employees and 59,812 restricted stock awards to non-employee directors with a grant date fair value of primarily \$9.18 per share. The number of long-term incentive award shares and units granted are generally determined based on our share price as of October 1 each year, which was \$10.51 for these fiscal 2019 awards. The awards granted to employees vest on September 30, 2021, subject to the achievement of certain adjusted net income and adjusted diluted earnings per share performance targets. As of December 31, 2018, we considered the achievement of these performance targets probable. The awards granted to non-employee directors vest on September 30, 2019 and are subject only to service conditions.

**NOTE 8: CONTINGENCIES**

We are involved in various claims, suits, investigations and legal proceedings, including those described below. We are unable to determine the ultimate outcome of any current litigation or regulatory actions. An unfavorable outcome could have a material adverse effect on our financial condition, results of operations or liquidity. We have not recorded a liability for any of these matters as of December 31, 2018 because we do not believe at this time that any loss is probable or that the amount of any probable loss can be reasonably estimated. The following is a description of significant proceedings.

*Federal Securities Litigation* — On July 20, 2015, Wu Winfred Huang, a purported holder of Class A Common Stock, for himself and on behalf of other similarly situated holders of Class A Common Stock, filed a lawsuit in the United States District Court for the Western District of Texas styled *Huang v. EZCORP, Inc., et al.* (Case No.

1:15-cv-00608-SS). The complaint names as defendants EZCORP, Inc., Stuart I. Grimshaw (our chief executive officer) and Mark E. Kuchenrither (our former chief financial officer) and asserts violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The original complaint related to the Company's announcement on July 17, 2015 that it will restate the financial statements for fiscal 2014 and the first quarter of fiscal 2015, and alleged generally that the Company issued materially false or misleading statements

concerning the Company, its finances, business operations and prospects and that the Company misrepresented the financial performance of the Grupo Finmart business.

On August 14, 2015, a substantially identical lawsuit, styled *Rooney v. EZCORP, Inc., et al.* (Case No. 1:15-cv-00700-SS) was also filed in the United States District Court for the Western District of Texas. On September 28, 2015, the plaintiffs in these two lawsuits filed an agreed stipulation to be appointed co-lead plaintiffs and agreed that their two actions should be consolidated. On November 3, 2015, the Court entered an order consolidating the two actions under the caption *In re EZCORP, Inc. Securities*

Table of Contents

*Litigation* (Master File No. 1:15-cv-00608-SS), and appointed the two plaintiffs as co-lead plaintiffs, with their respective counsel appointed as co-lead counsel.

On January 11, 2016, the plaintiffs filed an Amended Class Action Complaint (the "Amended Complaint"). In the Amended Complaint, the plaintiffs seek to represent a class of purchasers of our Class A Common Stock between November 6, 2012 and October 20, 2015. The Amended Complaint asserts that the Company and Mr. Kuchenrither violated Section 10(b) of the Securities Exchange Act and Rule 10b-5, issued materially false or misleading statements throughout the proposed class period concerning the Company and its internal controls, specifically regarding the financial performance of Grupo Finmart. The plaintiffs also allege that Mr. Kuchenrither, as a controlling person of the Company, violated Section 20(a) of the Securities Exchange Act. The Amended Complaint does not assert any claims against Mr. Grimshaw. On February 25, 2016, defendants filed a motion to dismiss the lawsuit. The plaintiff filed an opposition to the motion to dismiss on April 11, 2016, and the defendants filed their reply on May 11, 2016. The Court held a hearing on the motion to dismiss on June 22, 2016.

On October 18, 2016, the Court granted the defendants' motion to dismiss and dismissed the Amended Complaint without prejudice. The Court gave the plaintiffs 20 days (until November 7, 2016) to file a further amended complaint. On November 4, 2016, the plaintiffs filed a Second Amended Consolidated Class Action Complaint ("Second Amended Complaint"). The Second Amended Complaint raises the same claims dismissed by the Court on October 18, 2016, except plaintiffs now seek to represent a class of purchasers of EZCORP's Class A Common Stock between November 7, 2013 and October 20, 2015 (instead of between November 6, 2012 and October 20, 2015). On December 5, 2016, defendants filed a motion to dismiss the Second Amended Complaint. The plaintiffs filed their opposition to the motion to dismiss on January 6, 2017, and the defendants filed their reply brief on January 20, 2017.

On May 8, 2017, the Court granted the defendants' motion to dismiss with regard to claims related to accounting errors relating to Grupo Finmart's bad debt reserve calculations for "nonperforming" loans, but denied the motion to dismiss with regard to claims relating to accounting errors related to certain sales of loan portfolios to third parties.

Following discovery on the surviving claims, the plaintiff filed a Motion for Leave to File a Third Amended Complaint, seeking to revive the "nonperforming" loan claims that the Court previously dismissed. We opposed that motion, and on May 14, 2018, the Court heard oral arguments on the motion, as well as plaintiff's Motion for Class Certification and Appointment of Class Representative and Class Counsel, which was also pending.

On July 26, 2018, the Court granted the plaintiff's motion for leave to amend, thus accepting the Third Amended Consolidated Class Action Complaint, and we filed our answer on August 3, 2018. On August 31, 2018, the plaintiff filed an Amended Motion for Class Certification and Appointment of Class Representative and Class Counsel, and we filed our opposition on September 28, 2018. The Court held a hearing on that motion on November 15, 2018, and the motion is pending decision of the Court.

We cannot predict the outcome of the litigation, but we intend to continue to defend vigorously against all allegations and claims.

*SEC Investigation* — On October 23, 2014, we received a notice from the Fort Worth Regional Office of the SEC that it was conducting an investigation into certain matters involving EZCORP, Inc. The notice was accompanied by a subpoena, directing us to produce a variety of documents, including all minutes and materials related to Board of Directors and Board committee meetings since January 1, 2009 and all documents and communications relating to our historical advisory services relationship with Madison Park (the business advisory firm owned by Mr. Cohen) and LPG Limited (a business advisory firm owned by Lachlan P. Given, our current Executive Chairman of the Board). The SEC has also issued subpoenas to current and former members of our Board of Directors requesting production of similar documents, as well as to certain third parties, and has conducted interviews with certain individuals. We continue to cooperate fully with the SEC in its investigation.

Table of Contents**NOTE 9: SEGMENT INFORMATION**

We currently report our segments as follows: U.S. Pawn — all pawn activities in the United States; Latin America Pawn — all pawn activities in Mexico and other parts of Latin America; and Other International — primarily our equity interest in the net income of Cash Converters International and consumer finance activities in Canada. There are no inter-segment revenues, and the amounts below were determined in accordance with the same accounting principles used in our condensed consolidated financial statements.

	Three Months Ended December 31, 2018					
	U.S. Pawn	Latin America Pawn	Other International	Total Segments	Corporate Items	Consolidated
	<i>(in thousands)</i>					
Revenues:						
Merchandise sales	\$95,103	\$25,921	\$—	\$121,024	\$—	\$121,024
Jewelry scrapping sales	6,552	2,729	—	9,281	—	9,281
Pawn service charges	64,303	19,371	—	83,674	—	83,674
Other revenues	48	42	1,781	1,871	—	1,871
Total revenues	166,006	48,063	1,781	215,850	—	215,850
Merchandise cost of goods sold	59,148	17,964	—	77,112	—	77,112
Jewelry scrapping cost of goods sold	5,510	2,540	—	8,050	—	8,050
Other cost of revenues	—	—	484	484	—	484
Net revenues	101,348	27,559	1,297	130,204	—	130,204
Segment and corporate expenses (income):						
Operations	68,068	18,848	2,630	89,546	—	89,546
Administrative	—	—	—	—	15,479	15,479
Depreciation and amortization	3,035	1,422	41	4,498	2,350	6,848
Loss on sale or disposal of assets and other	2,853	1,589	—	4,442	—	4,442
Interest expense	—	29	72	101	8,690	8,791
Interest income	—	(419)	—	(419)	(2,920)	(3,339)
Equity in net loss of unconsolidated affiliate	—	—	1,119	1,119	—	1,119
Impairment of investment in unconsolidated affiliate	—	—	13,274	13,274	—	13,274
Other (income) expense	—	(126)	22	(104)	(282)	(386)
Segment contribution (loss)	\$27,392	\$6,216	\$(15,861)	\$17,747		
(Loss) income from continuing operations before income taxes				\$17,747	\$(23,317)	\$(5,570)