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 June 30, 2024

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 HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**87-3920732**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1600 West 7th Street, Fort Worth, Texas 76102
(Address of principal executive offices) (Zip code)

(817) 335-1100
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $.01 per share	FCFS	The Nasdaq Stock Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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	☐	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

As of July 24, 2024, there were 44,752,348 shares of common stock outstanding.

FIRSTCASH HOLDINGS, INC.
FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2024

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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, outlook and prospects of FirstCash Holdings, 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," "would," "anticipates," "potential," "confident," "optimistic" or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of strategy, objectives, estimates, guidance, expectations, outlook 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.

While 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 that 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, risks related to the extensive regulatory environment in which the Company operates; risks associated with the legal and regulatory proceedings that the Company is a party to or may become a party to in the future, including the Consumer Financial Protection Bureau (the "CFPB") lawsuit filed against the Company; risks related to the Company's acquisitions, including the failure of the Company's acquisitions to deliver the estimated value and benefits expected by the Company and the ability of the Company to continue to identify and consummate acquisitions on favorable terms, if at all; potential changes in consumer behavior and shopping patterns which could impact demand for the Company's pawn loan, retail, lease-to-own ("LTO") and retail finance products; labor shortages and increased labor costs; a deterioration in the economic conditions in the United States and Latin America, including as a result of inflation, elevated interest rates and higher gas prices, which potentially could have an impact on discretionary consumer spending and demand for the Company's products; currency fluctuations, primarily involving the Mexican peso; competition the Company faces from other retailers and providers of retail payment solutions; the ability of the Company to successfully execute on its business strategies; contraction in sales activity at merchant partners of the Company's retail POS payment solutions business; and other risks discussed and described in the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC"), including the risks described in Part 1, Item 1A, "Risk Factors" thereof, and 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.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FIRSTCASH HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands)

	June 30, 2024	June 30, 2023	December 31, 2023
ASSETS			
Cash and cash equivalents	**$ 113,693**	$ 104,598	$ 127,018
Accounts receivable, net	**72,158**	63,337	71,922
Pawn loans	**491,731**	426,165	471,846
Finance receivables, net	**105,401**	110,555	113,901
Inventories	**315,424**	267,142	312,089
Leased merchandise, net	**142,935**	143,145	171,191
Prepaid expenses and other current assets	**31,923**	30,102	38,634
Total current assets	**1,273,265**	1,145,044	1,306,601
Property and equipment, net	**661,005**	587,934	632,724
Operating lease right of use asset	**324,651**	305,513	328,458
Goodwill	**1,794,957**	1,600,068	1,727,652
Intangible assets, net	**253,910**	303,642	277,724
Other assets	**9,606**	9,586	10,242
Deferred tax assets, net	**5,014**	7,770	6,514
Total assets	**$ 4,322,408**	$ 3,959,557	$ 4,289,915
LIABILITIES AND STOCKHOLDERS' EQUITY			
Accounts payable and accrued liabilities	**$ 141,314**	$ 146,163	$ 163,050
Customer deposits and prepayments	**76,452**	70,056	70,580
Lease liability, current	**97,809**	96,215	101,962
Total current liabilities	**315,575**	312,434	335,592
Revolving unsecured credit facilities	**150,000**	376,000	568,000
Senior unsecured notes	**1,529,870**	1,036,660	1,037,647
Deferred tax liabilities, net	**129,060**	140,609	136,773
Lease liability, non-current	**219,454**	197,135	215,485
Total liabilities	**2,343,959**	2,062,838	2,293,497
Stockholders' equity:			
Common stock	**575**	573	573
Additional paid-in capital	**1,760,986**	1,734,122	1,741,046
Retained earnings	**1,296,721**	1,122,579	1,218,029
Accumulated other comprehensive loss	**(84,366)**	(49,258)	(43,037)
Common stock held in treasury, at cost	**(995,467)**	(911,297)	(920,193)
Total stockholders' equity	**1,978,449**	1,896,719	1,996,418
Total liabilities and stockholders' equity	**$ 4,322,408**	$ 3,959,557	$ 4,289,915

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

FIRSTCASH HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(unaudited, in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	**2024**	2023
Revenue:				
Retail merchandise sales	**$ 363,463**	$ 320,864	**$ 730,284**	$ 648,779
Pawn loan fees	**181,046**	154,178	**360,581**	305,738
Leased merchandise income	**194,570**	189,805	**400,241**	373,243
Interest and fees on finance receivables	**56,799**	58,192	**114,186**	112,834
Wholesale scrap jewelry sales	**35,134**	27,583	**62,090**	72,767
Total revenue	**831,012**	750,622	**1,667,382**	1,513,361
Cost of revenue:				
Cost of retail merchandise sold	**218,147**	192,271	**441,676**	391,272
Depreciation of leased merchandise	**110,157**	102,521	**230,441**	204,126
Provision for lease losses	**47,653**	52,873	**90,663**	101,938
Provision for loan losses	**31,116**	28,190	**61,534**	57,475
Cost of wholesale scrap jewelry sold	**28,542**	21,880	**51,831**	57,607
Total cost of revenue	**435,615**	397,735	**876,145**	812,418
Net revenue	**395,397**	352,887	**791,237**	700,943
Expenses and other income:				
Operating expenses	**228,369**	204,781	**449,505**	403,842
Administrative expenses	**45,576**	40,355	**88,633**	79,372
Depreciation and amortization	**26,547**	27,050	**52,574**	54,161
Interest expense	**25,187**	21,071	**50,605**	41,968
Interest income	**(261)**	(408)	**(1,004)**	(925)
Loss (gain) on foreign exchange	**1,437**	(817)	**1,251**	(1,619)
Merger and acquisition expenses	**1,364**	252	**1,961**	283
Other expenses (income), net	**1,000**	79	**(351)**	124
Total expenses and other income	**329,219**	292,363	**643,174**	577,206
Income before income taxes	**66,178**	60,524	**148,063**	123,737
Provision for income taxes	**17,105**	15,344	**37,622**	31,169
Net income	**$ 49,073**	$ 45,180	**$ 110,441**	$ 92,568
Earnings per share:				
Basic	**$ 1.09**	$ 0.99	**$ 2.44**	$ 2.02
Diluted	**$ 1.08**	$ 0.99	**$ 2.44**	$ 2.01

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

FIRSTCASH HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	**2024**	2023
Net income	**$ 49,073**	$ 45,180	**$ 110,441**	$ 92,568
Other comprehensive income (loss):				
Currency translation adjustment	**(47,664)**	27,802	**(41,329)**	57,315
Comprehensive income	**$ 1,409**	$ 72,982	**$ 69,112**	$ 149,883

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

FIRSTCASH HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(unaudited, in thousands, except per share amounts)

Six Months Ended June 30, 2024

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Common Stock Held in Treasury		Total Stock-holders' Equity
	Shares	Amount				Shares	Amount	
As of 12/31/2023	57,322	$ 573	$ 1,741,046	$ 1,218,029	$ (43,037)	12,214	$ (920,193)	$ 1,996,418
Shares issued under share-based compensation plan, net of 59 shares net-settled	—	—	(17,583)	—	—	(140)	10,576	(7,007)
Share-based compensation expense	—	—	4,101	—	—	—	—	4,101
Net income	—	—	—	61,368	—	—	—	61,368
Cash dividends ($0.35 per share)	—	—	—	(15,833)	—	—	—	(15,833)
Currency translation adjustment	—	—	—	—	6,335	—	—	6,335
As of 3/31/2024	57,322	$ 573	$ 1,727,564	$ 1,263,564	$ (36,702)	12,074	$ (909,617)	$ 2,045,382
Shares issued upon acquisition of pawn stores	225	2	29,320	—	—	—	—	29,322
Share-based compensation expense	—	—	4,102	—	—	—	—	4,102
Net income	—	—	—	49,073	—	—	—	49,073
Cash dividends ($0.35 per share)	—	—	—	(15,916)	—	—	—	(15,916)
Currency translation adjustment	—	—	—	—	(47,664)	—	—	(47,664)
Purchases of treasury stock, including excise tax	—	—	—	—	—	721	(85,850)	(85,850)
As of 6/30/2024	**57,547**	**$ 575**	**$ 1,760,986**	**$ 1,296,721**	**$ (84,366)**	**12,795**	**$ (995,467)**	**$ 1,978,449**

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

FIRSTCASH HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
CONTINUED
(unaudited, in thousands, except per share amounts)

Six Months Ended June 30, 2023

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Common Stock Held in Treasury		Total Stock-holders' Equity
	Shares	Amount				Shares	Amount	
As of 12/31/2022	57,322	$ 573	$ 1,734,528	$ 1,060,603	$ (106,573)	11,030	$ (809,365)	$ 1,879,766
Shares issued under share-based compensation plan, net of 28 shares net-settled	—	—	(7,156)	—	—	(64)	4,693	(2,463)
Share-based compensation expense	—	—	3,375	—	—	—	—	3,375
Net income	—	—	—	47,388	—	—	—	47,388
Cash dividends ($0.33 per share)	—	—	—	(15,294)	—	—	—	(15,294)
Currency translation adjustment	—	—	—	—	29,513	—	—	29,513
Purchases of treasury stock, including excise tax	—	—	—	—	—	782	(71,411)	(71,411)
As of 3/31/2023	57,322	$ 573	$ 1,730,747	$ 1,092,697	$ (77,060)	11,748	$ (876,083)	$ 1,870,874
Share-based compensation expense	—	—	3,375	—	—	—	—	3,375
Net income	—	—	—	45,180	—	—	—	45,180
Cash dividends ($0.33 per share)	—	—	—	(15,298)	—	—	—	(15,298)
Currency translation adjustment	—	—	—	—	27,802	—	—	27,802
Purchases of treasury stock, including excise tax	—	—	—	—	—	371	(35,214)	(35,214)
As of 6/30/2023	57,322	$ 573	$ 1,734,122	$ 1,122,579	$ (49,258)	12,119	$ (911,297)	$ 1,896,719

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

FIRSTCASH HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Cash flow from operating activities:		
Net income	**$ 110,441**	$ 92,568
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Depreciation of leased merchandise	**230,441**	204,126
Provision for lease losses	**90,663**	101,938
Provision for loan losses	**61,534**	57,475
Share-based compensation expense	**8,203**	6,750
Depreciation and amortization expense	**52,574**	54,161
Amortization of debt issuance costs	**1,763**	1,375
Net amortization of premiums, discounts and unearned origination fees on finance receivables	**(15,471)**	(7,411)
Impairments and dispositions of certain other assets	**1,461**	124
Deferred income taxes, net	**(6,668)**	(10,571)
Changes in operating assets and liabilities, net of business combinations:		
Accounts receivable, net	**(965)**	(3,551)
Inventories purchased directly from customers, wholesalers or manufacturers	**(777)**	11,476
Leased merchandise, net	**(292,848)**	(295,907)
Prepaid expenses and other assets	**(1,654)**	(4,696)
Accounts payable, accrued liabilities and other liabilities	**(16,185)**	(2,936)
Income taxes	**6,207**	748
Net cash flow provided by operating activities	**228,719**	205,669
Cash flow from investing activities:		
Pawn loans, net [(1)]	**(20,887)**	188
Finance receivables, net	**(37,563)**	(57,125)
Purchases of furniture, fixtures, equipment and improvements	**(42,664)**	(28,348)
Purchases of store real property	**(21,100)**	(34,542)
Acquisitions of pawn stores, net of cash acquired	**(65,650)**	(5,472)
Net cash flow used in investing activities	**(187,864)**	(125,299)
Cash flow from financing activities:		
Borrowings from unsecured credit facilities	**300,000**	180,000
Repayments of unsecured credit facilities	**(718,000)**	(143,000)
Issuance of senior unsecured notes	**500,000**	—
Debt issuance costs paid	**(9,094)**	—
Purchases of treasury stock	**(85,000)**	(101,843)
Payment of withholding taxes on net share settlements of restricted stock unit awards	**(7,007)**	(2,463)
Dividends paid	**(31,749)**	(30,592)
Net cash flow used in financing activities	**(50,850)**	(97,898)

FIRSTCASH HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
CONTINUED
(unaudited, in thousands)

	Six Months Ended June 30,	
	2024	2023
Effect of exchange rates on cash	**(3,330)**	4,796
Change in cash and cash equivalents	**(13,325)**	(12,732)
Cash and cash equivalents at beginning of the period	**127,018**	117,330
Cash and cash equivalents at end of the period	**$ 113,693**	$ 104,598

(1) Includes the funding of new pawn loans net of cash repayments and recovery of principal through the sale of inventories acquired from forfeiture of pawn collateral.

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

FIRSTCASH HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 1 - General

Basis of Presentation

The accompanying consolidated balance sheet as of December 31, 2023, which is derived from audited consolidated financial statements, and the unaudited consolidated financial statements, including the notes thereto, includes the accounts of FirstCash Holdings, Inc. and its wholly-owned subsidiaries (together, the "Company"). The Company regularly makes acquisitions, and the results of operations for the acquisitions have been consolidated since the acquisition dates. All significant intercompany accounts and transactions have been eliminated.

These unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the rules and regulations for reporting on Form 10-Q. Accordingly, they do not include certain information and disclosures required for comprehensive financial statements. These interim period financial statements should be read in conjunction with the Company's audited consolidated financial statements, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 5, 2024. The consolidated financial statements as of June 30, 2024 and 2023, and for the three month and six month periods ended June 30, 2024 and 2023, 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 June 30, 2024 are not necessarily indicative of the results that may be expected for the full year.

The Company has pawn operations in Latin America, where in Mexico, Guatemala and Colombia, the functional currency is the Mexican peso, Guatemalan quetzal and Colombian peso. 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 respective period. The Company also has pawn operations in El Salvador, where the reporting and functional currency is the U.S. dollar.

Use of Estimates

The preparation of interim financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and related revenue and expenses, and the disclosure of gain and loss contingencies at the date of the financial statements. Such estimates and assumptions are subject to a number of risks and uncertainties, which may cause actual results to differ materially from the Company's estimates.

Recent Accounting Pronouncements

In October 2023, the FASB issued ASU No 2023-06, "Disclosure Agreements – Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative" ("ASU 2023-06"). ASU 2023-06 will align the disclosure and presentation requirements in the FASB Accounting Standards Codification with the SEC's regulations. The amendments in ASU 2023-06 will be applied prospectively and are effective when the SEC removes the related requirements from Regulations S-X or S-K. Any amendments the SEC does not remove by June 30, 2027 will not be effective. As the Company is currently subject to these SEC requirements, ASU 2023-06 is not expected to have a material effect on the Company's current financial position, results of operations or financial statement disclosures.

In November 2023, the FASB issued ASU No 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"). ASU 2023-07 expands disclosures about a public entity's reportable segments and requires more enhanced information about a reportable segment's expenses, interim segment profit or loss, and how a public entity's chief operating decision maker uses reported segment profit or loss information in assessing segment performance and allocating resources. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. ASU 2023-07 should be applied retrospectively to all prior periods presented in the financial statements. The Company does not expect ASU 2023-07 to have a material effect on the Company's current financial position, results of operations or financial statement disclosures.

In December 2023, the FASB issued ASU No 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 expands disclosures in the rate reconciliation and requires disclosure of income taxes paid by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. ASU 2023-09 should be applied prospectively; however, retrospective application is permitted. The Company does not expect ASU 2023-09 to have a material effect on the Company's current financial position, results of operations or financial statement disclosures.

In March 2024, the FASB issued ASU No 2024-02, "Codification Improvements - Amendments to Remove References to the Concepts Statements" ("ASU 2024-02"). ASU 2024-02 removes references to various Concepts Statements. In most instances, the references are extraneous and not required to understand or apply the guidance. ASU 2024-02 is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. ASU 2024-02 can be applied prospectively or retrospectively. The Company adopted ASU 2024-02 effective January 1, 2024 on a prospective basis. The adoption of ASU 2024-02 did not 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 (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	**2024**	2023
Numerator:				
Net income	**$ 49,073**	$ 45,180	**$ 110,441**	$ 92,568
Denominator:				
Weighted-average common shares for calculating basic earnings per share	**45,122**	45,455	**45,183**	45,799
Effect of dilutive securities:				
Restricted stock unit awards	**167**	223	**155**	194
Weighted-average common shares for calculating diluted earnings per share	**45,289**	45,678	**45,338**	45,993
Earnings per share:				
Basic	**$ 1.09**	$ 0.99	**$ 2.44**	$ 2.02
Diluted	**$ 1.08**	$ 0.99	**$ 2.44**	$ 2.01

Note 3 - Acquisitions

Consistent with the Company's strategy to continue its expansion of pawn stores in strategic markets, during the six months ended June 30, 2024, the Company acquired 27 pawn stores in the U.S. in four separate transactions and acquired one pawn license that was used to open one new pawn store in the state of Nevada. The aggregate purchase price for these acquisitions totaled $99.2 million, net of cash acquired and subject to future post-closing adjustments. The aggregate purchase price was composed of $65.0 million in cash, $29.3 million in stock consideration and remaining short-term amounts payable to certain of the sellers of approximately $4.9 million. During the six months ended June 30, 2024, the Company also paid $0.7 million of purchase price amounts payable related to prior-year pawn acquisitions.

The purchase price of each of the 2024 acquisitions was allocated to assets acquired and liabilities assumed based upon the estimated fair values at the date of acquisition. The excess purchase price over the estimated fair value of the net assets acquired has been recorded as goodwill. The goodwill arising from these acquisitions consists largely of the synergies and economies of scale expected from combining the operations of the Company and the pawn stores acquired. These acquisitions were not material individually or in the aggregate to the Company's consolidated financial statements.

The estimated fair value of the assets acquired and liabilities assumed are preliminary, as the Company is gathering information to finalize the valuation of these assets and liabilities. The preliminary allocation of the aggregate purchase prices for these individually immaterial acquisitions during the six months ended June 30, 2024 is as follows (in thousands):

Pawn loans	$	11,179
Accounts receivable		796
Inventories		8,465
Property and equipment		551
Goodwill [(1)]		79,596
Intangible assets		1,270
Current liabilities		(2,629)
Aggregate purchase price	$	99,228

(1) Substantially all of the goodwill is expected to be deductible for U.S. income tax purposes.

The results of operations for the acquired stores have been consolidated since the respective acquisition dates. During 2024, revenue from the acquired stores was $8.2 million and the earnings from the combined acquisitions since the acquisition dates (including $1.5 million of transaction and integration costs, net of tax) was $1.2 million.

Note 4 - Operating Leases

Lessor

For information about the Company's revenue-generating activities as a lessor, refer to the "Leased merchandise and revenue recognition" section of Note 2 to the consolidated financial statements included in the Company's 2023 Annual Report on Form 10-K. All of the Company's lease agreements are considered operating leases.

Lessee

The Company leases the majority of its pawnshop locations and certain administrative offices under operating leases and determines if an arrangement is or contains a lease at inception. Many leases include both lease and non-lease components for which the Company accounts separately. Lease components include rent, taxes and insurance costs while non-lease components include common area or other maintenance costs. Operating leases are included in operating lease right of use assets, lease liability, current and lease liability, non-current in the consolidated balance sheets. The Company does not have any finance leases.

Leased facilities are generally leased for a term of three to five years with one or more options to renew for an additional three to five years, typically at the Company's sole discretion. In addition, the majority of these leases can be terminated early upon an adverse change in law which negatively affects the store's profitability. The Company regularly evaluates renewal and termination options to determine if the Company is reasonably certain to exercise the option, and excludes these options from the lease term included in the recognition of the operating lease right of use asset and lease liability until such certainty exists. The weighted-average remaining lease term for operating leases was 4.1 years as of June 30, 2024 and 3.9 years as of June 30, 2023.

The operating lease right of use asset and lease liability is recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. The Company's leases do not provide an implicit rate, and therefore, it uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments. The Company utilizes a portfolio approach for determining the incremental borrowing rate to apply to groups of leases with similar characteristics. The weighted-average discount rate used to measure the lease liability as of June 30, 2024 and 2023 was 8.3% and 7.3%, respectively.

The Company has certain operating leases in Mexico which are denominated in U.S. dollars. The liability related to these leases is considered a monetary liability and requires remeasurement each reporting period into the functional currency (Mexican pesos) using reporting date exchange rates. The remeasurement results in the recognition of foreign currency exchange gains or losses each reporting period, which can produce a certain level of earnings volatility. The Company recognized a foreign currency loss of $1.9 million and a gain of $1.1 million during the three months ended June 30, 2024 and 2023, respectively, related to the remeasurement of these U.S. dollar-denominated operating leases, which is included in loss (gain) on foreign exchange in the accompanying consolidated statements of income. During the six months ended June 30, 2024 and 2023, the Company recognized a foreign currency loss of $1.6 million and a gain of $2.3 million, respectively, related to these U.S. dollar denominated leases.

Lease expense is recognized on a straight-line basis over the lease term, with variable lease expense recognized in the period such payments are incurred. The following table details the components of lease expense included in operating expenses in the consolidated statements of income during the three and six months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	**2024**	2023
Operating lease expense	**$ 37,553**	$ 34,475	**$ 74,472**	$ 68,015
Variable lease expense [1]	**5,007**	4,561	**10,028**	9,033
Total operating lease expense	**$ 42,560**	$ 39,036	**$ 84,500**	$ 77,048

[1] Variable lease costs consist primarily of taxes, insurance and common area or other maintenance costs paid based on actual costs incurred by the lessor and can therefore vary over the lease term.

The following table details the maturity of lease liabilities for all operating leases as of June 30, 2024 (in thousands):

Six months ending December 31, 2024	$ 62,949
2025	106,485
2026	82,524
2027	55,114
2028	33,182
Thereafter	33,098
Total	$ 373,352
Less amount of lease payments representing interest	(56,089)
Total present value of lease payments	$ 317,263

The following table details supplemental cash flow information related to operating leases for the six months ended June 30, 2024 and 2023 (in thousands):

	Six Months Ended June 30,	
	2024	2023
Cash paid for amounts included in the measurement of operating lease liabilities	**$ 67,055**	$ 60,660
Leased assets obtained in exchange for new operating lease liabilities	**$ 65,019**	$ 35,392

Note 5 - 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

The Company did not have any financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2024, June 30, 2023 and December 31, 2023.

Fair Value Measurements on a Non-Recurring Basis

The Company measures non-financial assets and liabilities, such as property and equipment and intangible assets, at fair value on a non-recurring basis, or when events or circumstances indicate that the carrying amount of the assets may be impaired. There were no such events or conditions identified during the six months ended June 30, 2024.

Financial Assets and Liabilities Not Measured at Fair Value, But for Which Fair Value is Disclosed

The Company's financial assets and liabilities as of June 30, 2024, June 30, 2023 and December 31, 2023 that are not measured at fair value in the consolidated balance sheets are as follows (in thousands):

	Carrying Value	Estimated Fair Value			
			Fair Value Measurements Using		
	June 30, 2024	**June 30, 2024**	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 113,693	$ 113,693	$ 113,693	$ —	$ —
Accounts receivable, net	72,158	72,158	—	—	72,158
Pawn loans	491,731	491,731	—	—	491,731
Finance receivables, net [1]	105,401	231,587	—	—	231,587
	$ 782,983	$ 909,169	$ 113,693	$ —	$ 795,476
Financial liabilities:					
Revolving unsecured credit facilities	$ 150,000	$ 150,000	$ —	$ 150,000	$ —
Senior unsecured notes (outstanding principal)	1,550,000	1,484,000	—	1,484,000	—
	$ 1,700,000	$ 1,634,000	$ —	$ 1,634,000	$ —

(1) Finance receivables, gross as of June 30, 2024 was $227.7 million. See Note 6.

	Carrying Value June 30, 2023	Estimated Fair Value June 30, 2023	Fair Value Measurements Using Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 104,598	$ 104,598	$ 104,598	$ —	$ —
Accounts receivable, net	63,337	63,337	—	—	63,337
Pawn loans	426,165	426,165	—	—	426,165
Finance receivables, net [1]	110,555	225,195	—	—	225,195
	$ 704,655	$ 819,295	$ 104,598	$ —	$ 714,697
Financial liabilities:					
Revolving unsecured credit facilities	$ 376,000	$ 376,000	$ —	$ 376,000	$ —
Senior unsecured notes (outstanding principal)	1,050,000	941,000	—	941,000	—
	$ 1,426,000	$ 1,317,000	$ —	$ 1,317,000	$ —

(1) Finance receivables, gross as of June 30, 2023 was $216.0 million. See Note 6.

	Carrying Value December 31, 2023	Estimated Fair Value December 31, 2023	Fair Value Measurements Using Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 127,018	$ 127,018	$ 127,018	$ —	$ —
Accounts receivable, net	71,922	71,922	—	—	71,922
Pawn loans	471,846	471,846	—	—	471,846
Finance receivables, net [1]	113,901	227,732	—	—	227,732
	$ 784,687	$ 898,518	$ 127,018	$ —	$ 771,500
Financial liabilities:					
Revolving unsecured credit facilities	$ 568,000	$ 568,000	$ —	$ 568,000	$ —
Senior unsecured notes (outstanding principal)	1,050,000	987,000	—	987,000	—
	$ 1,618,000	$ 1,555,000	$ —	$ 1,555,000	$ —

(1) Finance receivables, gross as of December 31, 2023 were $227.5 million. See Note 6.

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 accounts receivable, net approximate fair value.

Finance receivables are measured at amortized cost, net of an allowance for loan losses on the consolidated balance sheets. In estimating fair value for finance receivables, the Company utilized a discounted cash flow methodology. The Company used various unobservable inputs reflecting its own assumptions, such as contractual future principal and interest cash flows, future charge-off rates and discount rates (which consider current interest rates and are adjusted for credit risk, among other factors).

The carrying value of the unsecured credit facilities approximates fair value as of June 30, 2024, June 30, 2023 and December 31, 2023. The fair value of the unsecured credit facilities is estimated based on market values for debt issuances with similar characteristics or rates currently available for debt with similar terms. In addition, the unsecured credit facilities have a variable interest rate based on the prevailing secured overnight financing rate (“SOFR”) or the Mexican Central Bank’s interbank equilibrium rate (“TIIE”) and reprice with any changes in SOFR or TIIE. The fair value of the senior unsecured notes is estimated based on quoted prices in markets that are not active.

Note 6 - Finance Receivables, Net

Finance receivables, net, which include retail installment sales agreements and bank-originated loans, consist of the following (in thousands):

	As of June 30,		As of December 31,
	2024	2023	2023
Finance receivables, gross	**$ 227,694**	$ 216,037	$ 227,474
Merchant partner discounts and premiums, net	**(16,935)**	(7,812)	(11,907)
Unearned origination fees	**(5,397)**	(4,616)	(5,212)
Finance receivables, amortized cost	**205,362**	203,609	210,355
Less allowance for loan losses	**(99,961)**	(93,054)	(96,454)
Finance receivables, net	**$ 105,401**	$ 110,555	$ 113,901

The following table details the changes in the allowance for loan losses (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	**2024**	2023
Balance at beginning of period	**$ 96,020**	$ 88,610	**$ 96,454**	$ 84,833
Provision for loan losses	**31,116**	28,190	**61,534**	57,475
Charge-offs	**(28,813)**	(25,274)	**(62,092)**	(52,391)
Recoveries	**1,638**	1,528	**4,065**	3,137
Balance at end of period	**$ 99,961**	$ 93,054	**$ 99,961**	$ 93,054

The following is an assessment of the credit quality indicators of the amortized cost of finance receivables as of June 30, 2024 and 2023, by origination year (in thousands):

	Origination Year			
	2024	2023	2022	Total
As of June 30, 2024				
Delinquency:				
1 to 30 days past due	$ 12,057	$ 8,377	$ 519	$ 20,953
31 to 60 days past due	6,054	4,883	364	11,301
61 to 89 days past due [(1)]	4,089	4,754	342	9,185
Total past due finance receivables	22,200	18,014	1,225	41,439
Current finance receivables	103,684	56,747	3,492	163,923
Finance receivables, amortized cost	$ 125,884	$ 74,761	$ 4,717	$ 205,362

	Origination Year			
	2023	2022	2021	Total
As of June 30, 2023				
Delinquency:				
1 to 30 days past due	$ 11,825	$ 7,141	$ 613	$ 19,579
31 to 60 days past due	6,002	4,136	409	10,547
61 to 89 days past due [(1)]	4,324	4,128	413	8,865
Total past due finance receivables	22,151	15,405	1,435	38,991
Current finance receivables	109,597	50,588	4,433	164,618
Finance receivables, amortized cost	$ 131,748	$ 65,993	$ 5,868	$ 203,609

(1) The Company charges off finance receivables when a receivable is 90 days or more contractually past due.

The following table details the gross charge-offs of finance receivables for the six months ended June 30, 2024 and 2023, by origination year (in thousands):

	Origination Year				
	2024	2023	2022	2021	Total
Finance receivables gross charge-offs:					
Gross charge-offs during the six months ended June 30, 2024	**$ 6,589**	**$ 50,049**	**$ 5,454**	**$ —**	**$ 62,092**
Gross charge-offs during the six months ended June 30, 2023	—	6,110	39,770	6,511	52,391

Note 7 - Leased Merchandise, Net

Leased merchandise, net consists of the following (in thousands):

	As of June 30, 2024	As of June 30, 2023	As of December 31, 2023
Leased merchandise	**$ 364,831**	$ 369,547	$ 384,129
Processing fees	**(3,824)**	(4,313)	(4,348)
Merchant partner discounts and premiums, net	**1,851**	2,735	2,501
Accumulated depreciation	**(117,145)**	(113,852)	(115,964)
Leased merchandise, before allowance for lease losses	**245,713**	254,117	266,318
Less allowance for lease losses	**(102,778)**	(110,972)	(95,127)
Leased merchandise, net	**$ 142,935**	$ 143,145	$ 171,191

The following table details the changes in the allowance for lease losses (in thousands):

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Balance at beginning of period	**$ 95,127**	$ 93,149	**$ 95,127**	$ 79,189
Provision for lease losses	**47,653**	52,873	**90,663**	101,938
Charge-offs	**(41,666)**	(36,723)	**(86,679)**	(73,501)
Recoveries	**1,664**	1,673	**3,667**	3,346
Balance at end of period	**$ 102,778**	$ 110,972	**$ 102,778**	$ 110,972

Note 8 - Long-Term Debt

The following table details the Company's long-term debt at the respective principal amounts, net of unamortized debt issuance costs on the senior unsecured notes (in thousands):

	As of June 30,		As of December 31,
	2024	2023	2023
Revolving unsecured credit facilities:			
Revolving unsecured credit facility, maturing 2027 (1)	**$ 150,000**	$ 376,000	$ 568,000
Revolving unsecured uncommitted credit facility, maturing 2027 (1)	**—**	—	—
Total revolving unsecured credit facilities	**150,000**	376,000	568,000
Senior unsecured notes:			
4.625% senior unsecured notes due 2028 (2)	**495,031**	493,981	494,499
5.625% senior unsecured notes due 2030 (3)	**543,632**	542,679	543,148
6.875% senior unsecured notes due 2032 (4)	**491,207**	—	—
Total senior unsecured notes	**1,529,870**	1,036,660	1,037,647
Total long-term debt	**$ 1,679,870**	$ 1,412,660	$ 1,605,647

(1) Debt issuance costs related to the Company's revolving unsecured credit facilities are included in other assets in the accompanying consolidated balance sheets.

(2) As of June 30, 2024, June 30, 2023 and December 31, 2023, deferred debt issuance costs of $5.0 million, $6.0 million and $5.5 million, respectively, are included as a direct deduction from the carrying amount of the senior unsecured notes due 2028 in the accompanying consolidated balance sheets.

(3) As of June 30, 2024, June 30, 2023 and December 31, 2023, deferred debt issuance costs of $6.4 million, $7.3 million and $6.9 million, respectively, are included as a direct deduction from the carrying amount of the senior unsecured notes due 2030 in the accompanying consolidated balance sheets.

(4) As of June 30, 2024, deferred debt issuance costs of $8.8 million are included as a direct deduction from the carrying amount of the senior unsecured notes due 2032 in the accompanying consolidated balance sheets.

Revolving Unsecured Credit Facility

As of June 30, 2024, the Company maintained an unsecured line of credit with a group of U.S.-based commercial lenders (the "Credit Facility") in the amount of $640.0 million. The Credit Facility matures on August 30, 2027. As of June 30, 2024, the Company had $150.0 million in outstanding borrowings and $2.8 million in outstanding letters of credit under the Credit Facility, leaving $487.2 million available for future borrowings, subject to certain financial covenants. The Credit Facility bears interest at the Company's option of either (i) the prevailing SOFR (with interest periods of 1, 3 or 6 months at the Company's option) plus a fixed spread of 2.5% and a fixed SOFR adjustment of 0.1% or (ii) the prevailing prime or base rate plus a fixed spread of 1.5%. The agreement has an interest rate floor of 0%. Additionally, the Company is required to pay an annual commitment fee of 0.325% on the average daily unused portion of the Credit Facility commitment. The weighted-average interest rate on amounts outstanding under the Credit Facility at June 30, 2024 was 7.94% based on 1-month SOFR. Under the terms of the Credit Facility, the Company is required to maintain certain financial ratios and comply with certain financial covenants. The 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 covenants of the Credit Facility as of June 30, 2024. During the six months ended June 30, 2024, the Company made net payments of $418.0 million pursuant to the Credit Facility.

Revolving Unsecured Uncommitted Credit Facility

As of June 30, 2024, the Company's primary subsidiary in Mexico, First Cash S.A. de C.V., maintained an unsecured and uncommitted line of credit guaranteed by FirstCash, Inc. with a bank in Mexico (the "Mexico Credit Facility") in the amount of $600.0 million Mexican pesos. The Mexico Credit Facility bears interest at TIIE plus a fixed spread of 2.25% and matures on August 24, 2027. 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 covenants of the Mexico Credit Facility as of June 30, 2024. At June 30, 2024, the Company had no amount outstanding under the Mexico Credit Facility and $32.6 million ($600.0 million pesos) available for future borrowings.

Senior Unsecured Notes Due 2028

On August 26, 2020, the Company issued $500.0 million of 4.625% senior unsecured notes due on September 1, 2028 (the "2028 Notes"), all of which are currently outstanding. Interest on the 2028 Notes is payable semi-annually in arrears on March 1 and September 1. The 2028 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 Credit Facility. The 2028 Notes will permit the Company 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 is less than 2.75 to 1. The consolidated total debt ratio is defined generally in the indenture governing the 2028 Notes 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. As of June 30, 2024, the Company's consolidated total debt ratio was 2.7 to 1. While the 2028 Notes generally limit the Company's ability to make restricted payments if the consolidated total debt ratio is greater than 2.75 to 1, restricted payments are allowable within certain permitted baskets, which currently provide the Company with continued flexibility to make restricted payments when the Company's consolidated total debt ratio is greater than 2.75 to 1.

Senior Unsecured Notes Due 2030

On December 13, 2021, the Company issued $550.0 million of 5.625% senior unsecured notes due on January 1, 2030 (the "2030 Notes"), all of which are currently outstanding. Interest on the 2030 Notes is payable semi-annually in arrears on January 1 and July 1. The 2030 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 Credit Facility. The 2030 Notes will permit the Company 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 is less than 3.0 to 1. The consolidated total debt ratio is defined generally in the indenture governing the 2030 Notes 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. As of June 30, 2024, the Company's consolidated total debt ratio was 2.7 to 1. While the 2030 Notes generally limit the Company's ability to make restricted payments if the consolidated total debt ratio is greater than 3.0 to 1, restricted payments are allowable within certain permitted baskets, which currently provides the Company with continued flexibility to make restricted payments when the Company's consolidated total debt ratio is greater than 3.0 to 1.

Senior Unsecured Notes Due 2032

On February 21, 2024, the Company issued $500.0 million of 6.875% senior unsecured notes due on March 1, 2032 (the "2032 Notes"), all of which are currently outstanding. Interest on the 2032 Notes is payable semi-annually in arrears on March 1 and September 1, commencing on September 1, 2024. The 2032 Notes were sold in a private placement in reliance on Rule 144A and Regulation S under the Securities Act. The Company used the net proceeds from the offering to repay a portion of the outstanding balance on the Credit Facility, after payment of fees and expenses related to the offering. The Company capitalized $9.1 million in debt issuance costs, which consisted primarily of the initial purchaser's discount and fees and legal and other professional expenses. The debt issuance costs are being amortized over the life of the 2032 Notes as a component of interest expense and are carried as a direct deduction from the carrying amount of the 2032 Notes in the accompanying consolidated balance sheets.

The 2032 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 Credit Facility. The 2032 Notes will permit the Company 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 is less than 3.0 to 1. The consolidated total debt ratio is defined generally in the indenture governing the 2032 Notes (the "2032 Notes 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. As of June 30, 2024, the Company's consolidated total debt ratio was 2.7 to 1. While the 2032 Notes generally limit the Company's ability to make restricted payments if the consolidated total debt ratio is greater than 3.0 to 1, restricted payments are allowable within certain permitted baskets, which currently provides the Company with continued flexibility to make restricted payments when the Company's consolidated total debt ratio is greater than 3.0 to 1.

The Company may redeem some or all of the 2032 Notes at any time on or after March 1, 2027, at the redemption prices set forth in the 2032 Notes Indenture, plus accrued and unpaid interest, if any. In addition, prior to March 1, 2027, the Company may redeem some or all of the 2032 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 2032 Notes Indenture. The Company may redeem up to 40% of the 2032 Notes on or prior to March 1, 2027 with the proceeds of certain equity offerings at the redemption prices set forth in the 2032 Notes Indenture. If the Company or any of its restricted subsidiaries sells certain assets or if the Company consummates certain change in control transactions, the Company will be required to make an offer to repurchase the 2032 Notes.

Note 9 - Commitments and Contingencies

Litigation

The Company, in the ordinary course of business, is a party to various legal and regulatory proceedings and other general claims. Although no assurances can be given, in management's opinion, such outstanding proceedings are not expected to have a material adverse effect on the Company's financial position, results of operations, or cash flows.

The Company believes it has meritorious defenses to all of the claims described below and intends to vigorously defend itself against such claims. However, legal and regulatory proceedings involve an inherent level of uncertainty and no assurances can be given regarding the ultimate outcome of any such matters or whether an adverse outcome would not have a material adverse impact on the Company's financial position, results of operations, or cash flows. At this stage, the Company is unable to determine whether a future loss will be incurred for any of its material outstanding legal and regulatory proceedings or to estimate a range of loss with respect to such proceeding, if any, and accordingly, no material amounts have been accrued in the Company's financial statements for legal and regulatory proceedings.

On November 12, 2021, the CFPB initiated a civil action in the United States District Court for the Northern District of Texas (the "N.D. Texas Court") against FirstCash, Inc. and Cash America West, Inc., two of the Company's subsidiaries, alleging violations of the Military Lending Act ("MLA") in connection with pawn transactions. The CFPB also alleges that these same alleged violations of the MLA constitute breaches of a 2013 CFPB consent order entered into by its predecessor company that, among other things, allegedly required the company and its successors to cease and desist from further MLA violations. The CFPB is seeking an injunction, redress for affected borrowers and a civil monetary penalty. After an initial period of pre-trial activity, the case was stayed on November 4, 2022, pending the Supreme Court review of the Fifth Circuit's decision in *Community Financial v. CFPB*, where the Fifth Circuit held the CFPB's funding mechanism was unconstitutional and its ensuing actions were void. The Supreme Court reversed that decision through an opinion issued on May 16, 2024. The N.D. Texas Court then issued a scheduling order on June 18, 2024, with the case currently scheduled for trial in June of 2025. On July 2, 2024, the CFPB renewed their prior motion to strike certain affirmative defenses of the Company. The Company intends to vigorously oppose that motion and defend the action.

Gold Forward Sales Contracts

As of June 30, 2024, the Company had contractual commitments to deliver a total of 84,500 gold ounces between the months of July 2024 and June 2026 at a weighted-average price of $2,171 per ounce. The ounces required to be delivered over this time period are less than the historical volume of scrap gold normally produced, and the Company expects to have the required gold ounces to meet the commitments as they come due.

Note 10 - Segment Information

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

- U.S. pawn
- Latin America pawn
- Retail POS payment solutions (AFF)

Corporate expenses and income, which include administrative expenses, corporate depreciation and amortization, interest expense, interest income, loss (gain) on foreign exchange, merger and acquisition expenses, and other expenses (income), net, are presented on a consolidated basis and are not allocated between the U.S. pawn segment, Latin America pawn segment or retail POS payment solutions segment. Intersegment transactions relate to the Company offering AFF's LTO payment solution in its U.S. pawn stores and are eliminated to arrive at consolidated totals.

The following tables present reportable segment information for the three and six month periods ended June 30, 2024 and 2023 as well as segment earning assets (in thousands):

	Three Months Ended June 30, 2024				
	U.S. Pawn	Latin America Pawn	Retail POS Payment Solutions	Corporate/ Eliminations	Consolidated
Revenue:					
Retail merchandise sales	$ 230,093	$ 134,445	$ —	$ (1,075) [1]	$ 363,463
Pawn loan fees	120,332	60,714	—	—	181,046
Leased merchandise income	—	—	194,570	—	194,570
Interest and fees on finance receivables	—	—	56,799	—	56,799
Wholesale scrap jewelry sales	26,311	8,823	—	—	35,134
Total revenue	376,736	203,982	251,369	(1,075)	831,012
Cost of revenue:					
Cost of retail merchandise sold	132,449	86,276	—	(578) [1]	218,147
Depreciation of leased merchandise	—	—	110,567	(410) [1]	110,157
Provision for lease losses	—	—	47,824	(171) [1]	47,653
Provision for loan losses	—	—	31,116	—	31,116
Cost of wholesale scrap jewelry sold	21,269	7,273	—	—	28,542
Total cost of revenue	153,718	93,549	189,507	(1,159)	435,615
Net revenue	223,018	110,433	61,862	84	395,397
Expenses and other income:					
Operating expenses	125,192	67,902	35,275	—	228,369
Administrative expenses	—	—	—	45,576	45,576
Depreciation and amortization	7,231	5,418	678	13,220	26,547
Interest expense	—	—	—	25,187	25,187
Interest income	—	—	—	(261)	(261)
Loss on foreign exchange	—	—	—	1,437	1,437
Merger and acquisition expenses	—	—	—	1,364	1,364
Other expenses (income), net	—	—	—	1,000	1,000
Total expenses and other income	132,423	73,320	35,953	87,523	329,219
Income (loss) before income taxes	$ 90,595	$ 37,113	$ 25,909	$ (87,439)	$ 66,178

[1] Represents the elimination of intersegment transactions related to the Company offering AFF's LTO payment solution in its U.S. pawn stores.

	Six Months Ended June 30, 2024				
	U.S. Pawn	Latin America Pawn	Retail POS Payment Solutions	Corporate/ Eliminations	Consolidated
Revenue:					
Retail merchandise sales	$ 467,083	$ 265,294	$ —	$ (2,093) [(1)]	$ 730,284
Pawn loan fees	243,306	117,275	—	—	360,581
Leased merchandise income	—	—	400,241	—	400,241
Interest and fees on finance receivables	—	—	114,186	—	114,186
Wholesale scrap jewelry sales	44,037	18,053	—	—	62,090
Total revenue	754,426	400,622	514,427	(2,093)	1,667,382
Cost of revenue:					
Cost of retail merchandise sold	272,363	170,459	—	(1,146) [(1)]	441,676
Depreciation of leased merchandise	—	—	231,341	(900) [(1)]	230,441
Provision for lease losses	—	—	91,004	(341) [(1)]	90,663
Provision for loan losses	—	—	61,534	—	61,534
Cost of wholesale scrap jewelry sold	36,535	15,296	—	—	51,831
Total cost of revenue	308,898	185,755	383,879	(2,387)	876,145
Net revenue	445,528	214,867	130,548	294	791,237
Expenses and other income:					
Operating expenses	244,087	135,327	70,091	—	449,505
Administrative expenses	—	—	—	88,633	88,633
Depreciation and amortization	14,244	10,523	1,399	26,408	52,574
Interest expense	—	—	—	50,605	50,605
Interest income	—	—	—	(1,004)	(1,004)
Loss on foreign exchange	—	—	—	1,251	1,251
Merger and acquisition expenses	—	—	—	1,961	1,961
Other expenses (income), net	—	—	—	(351)	(351)
Total expenses and other income	258,331	145,850	71,490	167,503	643,174
Income (loss) before income taxes	$ 187,197	$ 69,017	$ 59,058	$ (167,209)	$ 148,063

(1) Represents the elimination of intersegment transactions related to the Company offering AFF's LTO payment solution in its U.S. pawn stores.

	As of June 30, 2024				
	U.S. Pawn	Latin America Pawn	Retail POS Payment Solutions	Corporate/ Eliminations	Consolidated
Earning assets:					
Pawn loans	$ 356,342	$ 135,389	$ —	$ —	$ 491,731
Finance receivables, net	—	—	105,401	—	105,401
Inventories	223,428	91,996	—	—	315,424
Leased merchandise, net	—	—	143,156	(221) [(1)]	142,935

(1) Represents the elimination of intersegment transactions related to the Company offering AFF's LTO payment solution in its U.S. pawn stores.

	Three Months Ended June 30, 2023				
	U.S. Pawn	Latin America Pawn	Retail POS Payment Solutions	Corporate/ Eliminations	Consolidated
Revenue:					
Retail merchandise sales	$ 196,043	$ 126,581	$ —	$ (1,760) [(1)]	$ 320,864
Pawn loan fees	98,973	55,205	—	—	154,178
Leased merchandise income	—	—	189,805	—	189,805
Interest and fees on finance receivables	—	—	58,192	—	58,192
Wholesale scrap jewelry sales	17,652	9,931	—	—	27,583
Total revenue	312,668	191,717	247,997	(1,760)	750,622
Cost of revenue:					
Cost of retail merchandise sold	111,539	81,660	—	(928) [(1)]	192,271
Depreciation of leased merchandise	—	—	103,062	(541) [(1)]	102,521
Provision for lease losses	—	—	53,048	(175) [(1)]	52,873
Provision for loan losses	—	—	28,190	—	28,190
Cost of wholesale scrap jewelry sold	14,225	7,655	—	—	21,880
Total cost of revenue	125,764	89,315	184,300	(1,644)	397,735
Net revenue (loss)	186,904	102,402	63,697	(116)	352,887
Expenses and other income:					
Operating expenses	108,159	59,507	37,115	—	204,781
Administrative expenses	—	—	—	40,355	40,355
Depreciation and amortization	6,330	5,203	751	14,766	27,050
Interest expense	—	—	—	21,071	21,071
Interest income	—	—	—	(408)	(408)
Gain on foreign exchange	—	—	—	(817)	(817)
Merger and acquisition expenses	—	—	—	252	252
Other expenses (income), net	—	—	—	79	79
Total expenses and other income	114,489	64,710	37,866	75,298	292,363
Income (loss) before income taxes	$ 72,415	$ 37,692	$ 25,831	$ (75,414)	$ 60,524

(1) Represents the elimination of intersegment transactions related to the Company offering AFF's LTO payment solution in its U.S. pawn stores.

	Six Months Ended June 30, 2023				
	U.S. Pawn	Latin America Pawn	Retail POS Payment Solutions	Corporate/ Eliminations	Consolidated
Revenue:					
Retail merchandise sales	$ 406,724	$ 245,518	$ —	$ (3,463) [(1)]	$ 648,779
Pawn loan fees	201,657	104,081	—	—	305,738
Leased merchandise income	—	—	373,243	—	373,243
Interest and fees on finance receivables	—	—	112,834	—	112,834
Wholesale scrap jewelry sales	43,968	28,799	—	—	72,767
Total revenue	652,349	378,398	486,077	(3,463)	1,513,361
Cost of revenue:					
Cost of retail merchandise sold	233,468	159,623	—	(1,819) [(1)]	391,272
Depreciation of leased merchandise	—	—	205,234	(1,108) [(1)]	204,126
Provision for lease losses	—	—	102,214	(276) [(1)]	101,938
Provision for loan losses	—	—	57,475	—	57,475
Cost of wholesale scrap jewelry sold	35,307	22,300	—	—	57,607
Total cost of revenue	268,775	181,923	364,923	(3,203)	812,418
Net revenue (loss)	383,574	196,475	121,154	(260)	700,943
Expenses and other income:					
Operating expenses	217,940	115,263	70,639	—	403,842
Administrative expenses	—	—	—	79,372	79,372
Depreciation and amortization	12,200	10,648	1,487	29,826	54,161
Interest expense	—	—	—	41,968	41,968
Interest income	—	—	—	(925)	(925)
Gain on foreign exchange	—	—	—	(1,619)	(1,619)
Merger and acquisition expenses	—	—	—	283	283
Other expenses (income), net	—	—	—	124	124
Total expenses and other income	230,140	125,911	72,126	149,029	577,206
Income (loss) before income taxes	$ 153,434	$ 70,564	$ 49,028	$ (149,289)	$ 123,737

(1) Represents the elimination of intersegment transactions related to the Company offering AFF's LTO payment solution in its U.S. pawn stores.

	As of June 30, 2023				
	U.S. Pawn	Latin America Pawn	Retail POS Payment Solutions	Corporate/ Eliminations	Consolidated
Earning assets:					
Pawn loans	$ 291,447	$ 134,718	$ —	$ —	$ 426,165
Finance receivables, net	—	—	110,555	—	110,555
Inventories	180,410	86,732	—	—	267,142
Leased merchandise, net	—	—	144,501	(1,356) [(1)]	143,145

(1) Represents the elimination of intersegment transactions related to the Company offering AFF's LTO payment solution in its U.S. pawn stores.

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 Holdings, Inc. and its wholly-owned subsidiaries (together, the “Company”) should be read in conjunction with the Company’s 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, 2023.

GENERAL

The Company’s primary line of business is the operation of retail pawn stores, also known as “pawnshops,” which focus on serving cash- and credit-constrained consumers. The Company is the leading operator of pawn stores in the U.S. and Latin America. Pawn stores help customers meet small short-term cash needs by providing non-recourse pawn loans and buying merchandise directly from customers. Personal property, such as jewelry, electronics, tools, appliances, sporting goods and musical instruments, is pledged and held as collateral for the pawn loans over the typical 30-day term of the loan. Pawn stores also generate retail sales primarily from the merchandise acquired through collateral forfeitures and over-the-counter purchases from customers.

The Company is also a leading provider of technology-driven, retail POS payment solutions focused on serving credit-constrained consumers. The Company’s retail POS payment solutions business line consists solely of the operations of AFF, which focuses on LTO products and facilitating other retail financing payment options across a large network of traditional and e-commerce merchant partners in all 50 states in the U.S., the District of Columbia and Puerto Rico. AFF’s retail partners provide consumer goods and services to their customers and use AFF’s LTO and retail finance solutions to facilitate payments on such transactions.

The Company’s two business lines are organized into three reportable segments. The U.S. pawn segment consists of pawn operations in the U.S., while the Latin America pawn segment consists of pawn operations in Mexico, Guatemala, Colombia and El Salvador. The retail POS payment solutions segment consists of the operations of AFF in the U.S. and Puerto Rico.

OPERATIONS AND LOCATIONS

Pawn Operations

As of June 30, 2024, the Company operated 3,018 pawn store locations composed of 1,201 stores in 29 U.S. states and the District of Columbia, 1,716 stores in 32 states in Mexico, 72 stores in Guatemala, 17 stores in El Salvador and 12 stores in Colombia.

The following tables detail pawn store count activity for the three and six months ended June 30, 2024:

	Three Months Ended June 30, 2024		
	U.S.	Latin America	Total
Total locations, beginning of period	1,179	1,818	2,997
New locations opened [(1)]	1	20	21
Locations acquired	26	—	26
Consolidation of existing pawn locations [(2)]	(5)	(21)	(26)
Total locations, end of period	1,201	1,817	3,018

	Six Months Ended June 30, 2024		
	U.S.	Latin America	Total
Total locations, beginning of period	1,183	1,814	2,997
New locations opened [(1)]	1	39	40
Locations acquired	27	—	27
Consolidation of existing pawn locations [(2)] [(3)]	(10)	(36)	(46)
Total locations, end of period	1,201	1,817	3,018

(1) In addition to new store openings, the Company strategically relocated four stores in the U.S. during the three months ended June 30, 2024. During the six months ended June 30, 2024, the Company strategically relocated six stores in the U.S.

(2) Store consolidations were primarily acquired locations over the past seven years which have been combined with overlapping stores and for which the Company expects to maintain a significant portion of the acquired customer base in the consolidated location.

(3) Includes 10 pawnshops located in Acapulco, Mexico that were severely damaged by a hurricane in the fall of 2023 which the Company elected to consolidate with other stores in this market. The Company expects to replace certain of these locations in this market over time as the city’s infrastructure recovers.

POS Payment Solutions

As of June 30, 2024, AFF provided LTO and retail POS payment solutions for consumer goods and services through a network of approximately 12,800 active retail merchant partner locations located in all 50 U.S. states, the District of Columbia and Puerto Rico. This compares to the active door count of approximately 10,500 locations at June 30, 2023.

CRITICAL ACCOUNTING ESTIMATES

The financial statements have been prepared in accordance with GAAP. The significant accounting policies and estimates 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 2023 Annual Report on Form 10-K. There have been no changes to the Company’s significant accounting policies for the six months ended June 30, 2024.

RESULTS OF OPERATIONS (unaudited)

Operating Results for the Three Months Ended June 30, 2024 Compared to the Three Months Ended June 30, 2023

U.S. Pawn Segment

The following table presents segment pre-tax operating income and other operating metrics of the U.S. pawn segment for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 (dollars in thousands). Operating expenses include salary and benefit expenses of pawn store-level employees, occupancy costs, bank charges, security, insurance, utilities, supplies and other costs incurred by the pawn stores.

	Three Months Ended June 30,		
	2024	2023	Increase
U.S. Pawn Segment			
Revenue:			
Retail merchandise sales [1]	**$ 230,093**	$ 196,043	17 %
Pawn loan fees	**120,332**	98,973	22 %
Wholesale scrap jewelry sales	**26,311**	17,652	49 %
Total revenue	**376,736**	312,668	20 %
Cost of revenue:			
Cost of retail merchandise sold [2]	**132,449**	111,539	19 %
Cost of wholesale scrap jewelry sold	**21,269**	14,225	50 %
Total cost of revenue	**153,718**	125,764	22 %
Net revenue	**223,018**	186,904	19 %
Segment expenses:			
Operating expenses	**125,192**	108,159	16 %
Depreciation and amortization	**7,231**	6,330	14 %
Total segment expenses	**132,423**	114,489	16 %
Segment pre-tax operating income	**$ 90,595**	$ 72,415	25 %
Operating metrics:			
Retail merchandise sales margin	**42 %**	43 %	
Net revenue margin	**59 %**	60 %	
Segment pre-tax operating margin	**24 %**	23 %	

(1) Includes $1.1 million and $1.8 million of retail merchandise sales from intersegment transactions for the three months ended June 30, 2024 and 2023, respectively, related to the Company offering AFF's LTO payment solution in its U.S. pawn stores that are eliminated upon consolidation. Excluding these intersegment sales, consolidated U.S. retail merchandise sales for the three months ended June 30, 2024 and 2023 totaled $229.0 million and $194.3 million, respectively.

(2) Includes $0.6 million and $0.9 million of cost of retail merchandise sold from intersegment transactions for the three months ended June 30, 2024 and 2023, respectively, related to the Company offering AFF's LTO payment solution in its U.S. pawn stores that are eliminated upon consolidation. Excluding these intersegment sales, consolidated U.S. cost of retail merchandise sold for the three months ended June 30, 2024 and 2023 totaled $131.9 million and $110.6 million, respectively.

The following table details earning assets, which consist of pawn loans and inventories as well as other earning asset metrics of the U.S. pawn segment, as of June 30, 2024 compared to June 30, 2023 (dollars in thousands, except as otherwise noted):

	As of June 30,		
	2024	2023	Increase
U.S. Pawn Segment			
Earning assets:			
Pawn loans	**$ 356,342**	$ 291,447	22 %
Inventories	**223,428**	180,410	24 %
	$ 579,770	$ 471,857	23 %
Average outstanding pawn loan amount (in ones)	**$ 260**	$ 241	8 %
Composition of pawn collateral:			
General merchandise	**30 %**	31 %	
Jewelry	**70 %**	69 %	
	100 %	100 %	
Composition of inventories:			
General merchandise	**43 %**	44 %	
Jewelry	**57 %**	56 %	
	100 %	100 %	
Percentage of inventory aged greater than one year	**1 %**	2 %	
Inventory turns (trailing twelve months cost of merchandise sales divided by average inventories)	**2.8 times**	2.8 times	

Retail Merchandise Sales Operations

U.S. retail merchandise sales increased 17%, totaling $230.1 million during the second quarter of 2024 compared to $196.0 million for the second quarter of 2023. Same-store retail sales increased 7% in the second quarter of 2024 compared to the second quarter of 2023. The increase in total retail sales was primarily due to incremental sales contributions from acquired stores. The gross profit margin on retail merchandise sales in the U.S. was 42% in the second quarter of 2024 and 43% in the second quarter of 2023, reflecting continued demand for value-priced, pre-owned merchandise and low levels of aged inventory.

U.S. inventories increased 24% from $180.4 million at June 30, 2023 to $223.4 million at June 30, 2024. The increase was primarily due to incremental inventories from acquired stores and an increase in same-store inventories as a result of the higher pawn loan balances noted below. Inventories aged greater than one year in the U.S. decreased to 1% at June 30, 2024 compared to 2% at June 30, 2023.

Pawn Lending Operations

U.S. pawn loan receivables as of June 30, 2024 increased 22% in total and 11% on a same-store basis compared to June 30, 2023. The increase in total pawn receivables was due to incremental pawn loans from acquired stores and an increase in same-store pawn receivables, which the Company believes was primarily due to continued inflationary pressures driving additional demand for pawn loans and tightened underwriting for other competing forms of consumer credit.

U.S. pawn loan fees increased 22% to $120.3 million during the second quarter of 2024 compared to $99.0 million for the second quarter of 2023. Same-store pawn fees in the second quarter of 2024 increased 12% compared to the second quarter of 2023. The increase in total and same-store pawn loan fees was primarily due to store growth and continued growth in demand for pawn loans.

Segment Expenses

U.S. operating expenses increased 16% to $125.2 million during the second quarter of 2024 compared to $108.2 million during the second quarter of 2023. The increase in operating expenses was primarily due to store growth.

Segment Pre-Tax Operating Income

The U.S. segment pre-tax operating income for the second quarter of 2024 was $90.6 million, which generated a pre-tax segment operating margin of 24% compared to $72.4 million and 23% in the prior year, respectively. The increase in the segment pre-tax operating income and margin reflected increased net revenue from both acquired and existing stores partially offset by an increase in segment expenses.

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Latin America Pawn Segment

Latin American segment pre-tax operating income for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 benefited from a 3% favorable change in the average value of the Mexican peso compared to the U.S. dollar. The translated value of Latin American earning assets as of June 30, 2024 compared to June 30, 2023 was also impacted by an 8% unfavorable change in the end-of-period Mexican peso compared to the U.S. dollar. Constant currency results are non-GAAP financial measures, which exclude the effects of foreign currency translation and are calculated by translating current-year results at prior-year average exchange rates. See the “Constant Currency Results” section in “Non-GAAP Financial Information” below for additional discussion of constant currency operating results.

The following table presents segment pre-tax operating income and other operating metrics of the Latin America pawn segment for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 (dollars in thousands). Operating expenses include salary and benefit expenses of pawn store-level employees, occupancy costs, bank charges, security, insurance, utilities, supplies and other costs incurred by the pawn stores.

	Three Months Ended June 30,			Constant Currency Basis	
	2024	2023	Increase / (Decrease)	**Three Months Ended June 30, 2024 (Non-GAAP)**	Increase / (Decrease) (Non-GAAP)
Latin America Pawn Segment					
Revenue:					
Retail merchandise sales	**$ 134,445**	$ 126,581	6 %	**$ 130,688**	3 %
Pawn loan fees	**60,714**	55,205	10 %	**59,013**	7 %
Wholesale scrap jewelry sales	**8,823**	9,931	(11)%	**8,823**	(11)%
Total revenue	**203,982**	191,717	6 %	**198,524**	4 %
Cost of revenue:					
Cost of retail merchandise sold	**86,276**	81,660	6 %	**83,871**	3 %
Cost of wholesale scrap jewelry sold	**7,273**	7,655	(5)%	**7,070**	(8)%
Total cost of revenue	**93,549**	89,315	5 %	**90,941**	2 %
Net revenue	**110,433**	102,402	8 %	**107,583**	5 %
Segment expenses:					
Operating expenses	**67,902**	59,507	14 %	**66,044**	11 %
Depreciation and amortization	**5,418**	5,203	4 %	**5,265**	1 %
Total segment expenses	**73,320**	64,710	13 %	**71,309**	10 %
Segment pre-tax operating income	**$ 37,113**	$ 37,692	(2)%	**$ 36,274**	(4)%
Operating metrics:					
Retail merchandise sales margin	**36 %**	35 %		**36 %**	
Net revenue margin	**54 %**	53 %		**54 %**	
Segment pre-tax operating margin	**18 %**	20 %		**18 %**	

The following table details earning assets, which consist of pawn loans and inventories as well as other earning asset metrics of the Latin America pawn segment, as of June 30, 2024 compared to June 30, 2023 (dollars in thousands, except as otherwise noted):

	As of June 30,		Increase /	Constant Currency Basis	
	2024	2023	(Decrease)	**As of June 30, 2024 (Non-GAAP)**	Increase (Non-GAAP)
Latin America Pawn Segment					
Earning assets:					
Pawn loans	**$ 135,389**	$ 134,718	— %	**$ 145,045**	8 %
Inventories	**91,996**	86,732	6 %	**98,498**	14 %
	$ 227,385	$ 221,450	3 %	**$ 243,543**	10 %
Average outstanding pawn loan amount (in ones)	**$ 89**	$ 91	(2)%	**$ 95**	4 %
Composition of pawn collateral:					
General merchandise	**63 %**	66 %			
Jewelry	**37 %**	34 %			
	100 %	100 %			
Composition of inventories:					
General merchandise	**69 %**	69 %			
Jewelry	**31 %**	31 %			
	100 %	100 %			
Percentage of inventory aged greater than one year	**1 %**	1 %			
Inventory turns (trailing twelve months cost of merchandise sales divided by average inventories)	**4.3 times**	4.3 times			

Retail Merchandise Sales Operations

Latin America retail merchandise sales increased 6% (3% on a constant currency basis) to $134.4 million during the second quarter of 2024 compared to $126.6 million for the second quarter of 2023. Same-store retail sales also increased 6% (3% on a constant currency basis) during the second quarter of 2024 compared to the second quarter of 2023. The increase in total and same-store retail sales was primarily due to increased inventory levels during the second quarter of 2024 compared to the second quarter of 2023 and greater demand for value-priced, pre-owned merchandise. The gross profit margin on retail merchandise sales was 36% during the second quarter of 2024 compared to 35% during the second quarter of 2023.

Latin America inventories increased 6% (14% on a constant currency basis) from $86.7 million at June 30, 2023 to $92.0 million at June 30, 2024. The increased inventories were primarily due to increases in pawn loan receivable balances over the past several quarters creating more forfeited inventory. Inventories aged greater than one year in Latin America were 1% at both June 30, 2024 and 2023.

Pawn Lending Operations

Latin America pawn loan receivables were flat (8% increase on a constant currency basis) as of June 30, 2024 compared to June 30, 2023. On a same-store basis, pawn loan receivables increased 1% (8% on a constant currency basis) as of June 30, 2024 compared to June 30, 2023. The increase in constant currency total and same-store pawn receivables is primarily due to increasing demand for pawn loans and larger loan sizes driven in part by a slightly increased mix of higher value jewelry loans.

Latin America pawn loan fees increased 10% (7% on a constant currency basis), totaling $60.7 million during the second quarter of 2024 compared to $55.2 million for the second quarter of 2023. Same-store pawn fees also increased 10% (7% on a constant currency basis) in the second quarter of 2024 compared to the second quarter of 2023. The increase in total and same-store constant currency pawn loan fees was primarily due to increased average pawn loan receivable balances outstanding during the second quarter of 2024 compared to the second quarter of 2023.

Segment Expenses

Operating expenses increased 14% (11% on a constant currency basis) to $67.9 million during the second quarter of 2024 compared to $59.5 million during the second quarter of 2023. Same-store operating expenses increased 12% (9% on a constant currency basis) compared to the prior-year period. The increase in total and same-store constant currency operating expenses was primarily driven by increased store counts, accelerated store opening activity, general inflationary impacts and continued increases in the federally mandated minimum wage and increased costs associated with required employee benefit programs.

Segment Pre-Tax Operating Income

The segment pre-tax operating income for the second quarter of 2024 was $37.1 million, which generated a pre-tax segment operating margin of 18% compared to $37.7 million and 20% in the prior year, respectively. The decrease in the segment pre-tax operating income and margin reflected the increase in operating expenses, partially offset by an increase in net revenue.

Retail POS Payment Solutions Segment

Retail POS Payment Solutions Operating Results

The following table presents segment pre-tax operating income of the retail POS payment solutions segment for the three months ended June 30, 2024 as compared to the three months ended June 30, 2023 (dollars in thousands). Operating expenses include salary and benefit expenses of certain operations-focused departments, merchant partner incentives, bank and other payment processing charges, credit reporting costs, information technology costs, advertising costs and other operational costs incurred by AFF.

	Three Months Ended June 30,		Increase /
	2024	2023	(Decrease)
Retail POS Payment Solutions Segment			
Revenue:			
Leased merchandise income	**$ 194,570**	$ 189,805	3 %
Interest and fees on finance receivables	**56,799**	58,192	(2)%
Total revenue	**251,369**	247,997	1 %
Cost of revenue:			
Depreciation of leased merchandise [(1)]	**110,567**	103,062	7 %
Provision for lease losses [(2)]	**47,824**	53,048	(10)%
Provision for loan losses	**31,116**	28,190	10 %
Total cost of revenue	**189,507**	184,300	3 %
Net revenue	**61,862**	63,697	(3)%
Segment expenses:			
Operating expenses	**35,275**	37,115	(5)%
Depreciation and amortization	**678**	751	(10)%
Total segment expenses	**35,953**	37,866	(5)%
Segment pre-tax operating income	**$ 25,909**	$ 25,831	— %

(1) Includes $0.4 million and $0.5 million of depreciation of leased merchandise from intersegment transactions for the three months ended June 30, 2024 and 2023, respectively, related to the Company offering AFF’s LTO payment solution in its U.S. pawn stores that are eliminated upon consolidation. Excluding these intersegment transactions, consolidated depreciation of leased merchandise for the three months ended June 30, 2024 and 2023 totaled $110.2 million and $102.5 million, respectively.

(2) Includes $0.2 million of provision for lease losses from intersegment transactions for both the three months ended June 30, 2024 and 2023 related to the Company offering AFF’s LTO payment solution in its U.S. pawn stores that are eliminated upon consolidation. Excluding these intersegment transactions, consolidated provision for lease losses for the three months ended June 30, 2024 and 2023 totaled $47.7 million and $52.9 million, respectively.

The following table provides a detail of gross transaction volumes originated during the three months ended June 30, 2024 as compared to the three months ended June 30, 2023 (dollars in thousands):

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Increase / (Decrease)
Leased merchandise	**$ 146,778**	$ 154,103	(5)%
Finance receivables	**105,258**	101,863	3 %
Total gross transaction volume	**$ 252,036**	$ 255,966	(2)%

The following table details retail POS payment solutions earning assets as of June 30, 2024 as compared to June 30, 2023 (dollars in thousands):

	As of June 30, 2024	As of June 30, 2023	Increase / (Decrease)
Leased merchandise, net:			
Leased merchandise, before allowance for lease losses	**$ 246,457**	$ 255,465	(4)%
Less allowance for lease losses	**(103,301)**	(110,964)	(7)%
Leased merchandise, net [(1)]	**$ 143,156**	$ 144,501	(1)%
Finance receivables, net:			
Finance receivables, before allowance for loan losses	**$ 205,362**	$ 203,609	1 %
Less allowance for loan losses	**(99,961)**	(93,054)	7 %
Finance receivables, net	**$ 105,401**	$ 110,555	(5)%

(1) Includes $0.2 million and $1.4 million of intersegment transactions as of June 30, 2024 and 2023, respectively, related to the Company offering AFF’s LTO payment solution in its U.S. pawn stores that are eliminated upon consolidation. Excluding these intersegment transactions, consolidated net leased merchandise as of June 30, 2024 and 2023 totaled $142.9 million and $143.1 million, respectively.

The following table details the changes in the allowance for lease and loan losses and other portfolio metrics for the three months ended June 30, 2024 as compared to the three months ended June 30, 2023 (dollars in thousands):

	Three Months Ended June 30,		Increase /
	2024	2023	(Decrease)
Allowance for lease losses:			
Balance at beginning of period	**$ 95,786**	$ 93,269	3 %
Provision for lease losses [1]	**47,824**	53,048	(10)%
Charge-offs	**(41,973)**	(37,026)	13 %
Recoveries	**1,664**	1,673	(1)%
Balance at end of period	**$ 103,301**	$ 110,964	(7)%
Leased merchandise portfolio metrics:			
Provision rate [2]	**33 %**	34 %	
Average monthly net charge-off rate [3]	**5.4 %**	4.7 %	
Delinquency rate [4]	**23.0 %**	21.4 %	
Allowance for loan losses:			
Balance at beginning of period	**$ 96,020**	$ 88,610	8 %
Provision for loan losses	**31,116**	28,190	10 %
Charge-offs	**(28,813)**	(25,274)	14 %
Recoveries	**1,638**	1,528	7 %
Balance at end of period	**$ 99,961**	$ 93,054	7 %
Finance receivables portfolio metrics:			
Provision rate [2]	**30 %**	28 %	
Average monthly net charge-off rate [3]	**4.5 %**	4.0 %	
Delinquency rate [4]	**20.0 %**	19.1 %	

(1) Includes $0.2 million of provision for lease losses from intersegment transactions for both the three months ended June 30, 2024 and 2023 related to the Company offering AFF’s LTO payment solution in its U.S. pawn stores that are eliminated upon consolidation. Excluding these intersegment transactions, consolidated provision for lease losses for the three months ended June 30, 2024 and 2023 totaled $47.7 million and $52.9 million, respectively.

(2) Calculated as provision for lease or loan losses as a percentage of the respective gross transaction volume originated.

(3) Calculated as charge-offs, net of recoveries, as a percentage of the respective average earning asset balance before allowance for lease or loan losses.

(4) Calculated as the percentage of the respective contractual earning asset balance owed that is 1 to 89 days past due (the Company charges off leases and finance receivables when they are 90 days or more contractually past due).

LTO Operations

Leased merchandise, before allowance for lease losses, decreased 4% as of June 30, 2024 compared to June 30, 2023. The decrease was primarily due to decreased transaction volumes and a slight increase in the number of customers taking advantage of the early buyout or other early payment options.

The allowance for lease losses decreased 7% to $103.3 million as of June 30, 2024 compared to $111.0 million as of June 30, 2023, which was primarily due to the decrease in leased merchandise. As a percentage of lease merchandise, the allowance was 42% at June 30, 2024 and 43% at June 30, 2023.

Leased merchandise income increased 3% to $194.6 million during the second quarter of 2024 compared to $189.8 million during the second quarter of 2023, which was primarily due to higher average leased merchandise balances outstanding during the second quarter of 2024 compared to the second quarter of 2023.

Depreciation of leased merchandise increased 7% to $110.6 million during the second quarter of 2024 compared to $103.1 million during the second quarter of 2023. As a percentage of leased merchandise income, depreciation of leased merchandise increased from 54% during the second quarter of 2023 to 57% during the second quarter of 2024 primarily as a result of a slight increase in the number of customers taking advantage of the early buyout or other early payment options.

Provision for lease losses decreased 10% to $47.8 million during the second quarter of 2024 compared to $53.0 million during the second quarter of 2023, which was primarily due to a slight decrease in lease loss provisioning rates used during the second quarter of 2024 compared to the second quarter of 2023 and the 5% decrease in gross transaction volumes. As a percentage of gross transaction volume, the provision for lease losses decreased from 34% during the second quarter of 2023 to 33% during the second quarter of 2024.

Retail Finance Operations

Finance receivables, before allowance for loan losses, increased 1% as of June 30, 2024 compared to June 30, 2023. The increase was primarily due to increased transaction volumes.

The allowance for loan losses increased 7% to $100.0 million as of June 30, 2024 compared to $93.1 million as of June 30, 2023, which was primarily due to the increase in finance receivables and a slight increase in loan loss provisioning rates used during the second quarter of 2024 compared to the second quarter of 2023. As a percentage of finance receivables, the allowance was 46% at June 30, 2023 compared to 49% at June 30, 2024.

Interest and fees on finance receivables decreased 2% to $56.8 million during the second quarter of 2024 compared to $58.2 million during the second quarter of 2023, which was primarily due to a slight decline in portfolio yield primarily as a result of AFF expanding its offerings and merchant relationships in certain services sector verticals in the second quarter of 2024, some of which provide slightly lower interest rates.

Provision for loan losses increased 10% to $31.1 million during the second quarter of 2024 compared to $28.2 million during the second quarter of 2023, which was primarily due to a slight increase in loan loss provisioning rates used during the second quarter of 2024 compared to the second quarter of 2023 and the 3% increase in gross transaction volumes. As a percentage of gross transaction volume, the provision for loan losses increased from 28% during the second quarter of 2023 to 30% during the second quarter of 2024.

Segment Expenses

Operating expenses decreased 5% to $35.3 million during the second quarter of 2024 compared to $37.1 million during the second quarter of 2023, which was primarily due to lower receivable acquisition costs, the realization of information technology cost synergies from the Company's acquisition of AFF and decreased variable costs associated with the 2% decrease in gross transaction volumes. As a percentage of segment revenues, operating expenses decreased slightly from 15% during the second quarter of 2023 to 14% during the second quarter of 2024.

Segment Pre-Tax Operating Income

The retail POS payment solutions segment pre-tax operating income for the second quarter of 2024 was $25.9 million compared to $25.8 million in the second quarter of 2023. The slight increase was primarily the result of the decrease in segment expenses, partially offset by a decrease in net revenue.

Consolidated Results of Operations

The following table reconciles pre-tax operating income of the Company's U.S. pawn segment, Latin America pawn segment and retail POS payment solutions segment, discussed above, to consolidated net income for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 (dollars in thousands):

	Three Months Ended June 30,		Increase /
	2024	2023	(Decrease)
Consolidated Results of Operations			
Segment pre-tax operating income:			
U.S. pawn	**$ 90,595**	$ 72,415	25 %
Latin America pawn	**37,113**	37,692	(2)%
Retail POS payment solutions	**25,909**	25,831	— %
Intersegment elimination [1]	**84**	(116)	(172)%
Consolidated segment pre-tax operating income	**153,701**	135,822	13 %
Corporate expenses and other income:			
Administrative expenses	**45,576**	40,355	13 %
Depreciation and amortization	**13,220**	14,766	(10)%
Interest expense	**25,187**	21,071	20 %
Interest income	**(261)**	(408)	(36)%
Loss (gain) on foreign exchange	**1,437**	(817)	(276)%
Merger and acquisition expenses	**1,364**	252	441 %
Other expenses (income), net	**1,000**	79	1,166 %
Total corporate expenses and other income	**87,523**	75,298	16 %
Income before income taxes	**66,178**	60,524	9 %
Provision for income taxes	**17,105**	15,344	11 %
Net income	**$ 49,073**	$ 45,180	9 %

[1] Represents the elimination of intersegment transactions related to the Company offering AFF's LTO payment solution in its U.S. pawn stores. For further detail, see Note 10 of Notes to Consolidated Financial Statements.

Corporate Expenses and Taxes

Administrative expenses increased 13% to $45.6 million during the second quarter of 2024 compared to $40.4 million in the second quarter of 2023, primarily due to increased incentive compensation expense, the increase in pawn store count and a 3% change in the average value of the Mexican peso resulting in higher U.S. dollar translated administrative expenses in Latin America. As a percentage of revenue, administrative expenses were 5% during both the second quarter of 2023 and the second quarter of 2024.

Depreciation and amortization decreased 10% to $13.2 million during the second quarter of 2024 compared to $14.8 million in the second quarter of 2023, primarily due to a $1.7 million decrease in amortization of acquired AFF intangible assets.

Interest expense increased 20% to $25.2 million during the second quarter of 2024 compared to $21.1 million in the second quarter of 2023, primarily due to higher floating interest rates on the Company's unsecured bank credit facilities and higher average total long-term debt balances outstanding. See Note 8 of Notes to Consolidated Financial Statements and "Liquidity and Capital Resources."

Consolidated effective income tax rates for the second quarter of 2024 and 2023 were 25.8% and 25.4%, respectively.

Operating Results for the Six Months Ended June 30, 2024 Compared to the Six Months Ended June 30, 2023

U.S. Pawn Segment

The following table presents segment pre-tax operating income and other operating metrics of the U.S. pawn segment for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 (dollars in thousands). Operating expenses include salary and benefit expenses of pawn store-level employees, occupancy costs, bank charges, security, insurance, utilities, supplies and other costs incurred by the pawn stores.

	Six Months Ended June 30,		
	2024	2023	Increase
U.S. Pawn Segment			
Revenue:			
Retail merchandise sales [1]	**$ 467,083**	$ 406,724	15 %
Pawn loan fees	**243,306**	201,657	21 %
Wholesale scrap jewelry sales	**44,037**	43,968	— %
Total revenue	**754,426**	652,349	16 %
Cost of revenue:			
Cost of retail merchandise sold [2]	**272,363**	233,468	17 %
Cost of wholesale scrap jewelry sold	**36,535**	35,307	3 %
Total cost of revenue	**308,898**	268,775	15 %
Net revenue	**445,528**	383,574	16 %
Segment expenses:			
Operating expenses	**244,087**	217,940	12 %
Depreciation and amortization	**14,244**	12,200	17 %
Total segment expenses	**258,331**	230,140	12 %
Segment pre-tax operating income	**$ 187,197**	$ 153,434	22 %
Operating metrics:			
Retail merchandise sales margin	**42 %**	43 %	
Net revenue margin	**59 %**	59 %	
Segment pre-tax operating margin	**25 %**	24 %	

(1) Includes $2.1 million and $3.5 million of retail merchandise sales from intersegment transactions for the six months ended June 30, 2024 and 2023, respectively, related to the Company offering AFF's LTO payment solution in its U.S. pawn stores that are eliminated upon consolidation. Excluding these intersegment sales, consolidated U.S. retail merchandise sales for the six months ended June 30, 2024 and 2023 totaled $465.0 million and $403.3 million, respectively.

(2) Includes $1.1 million and $1.8 million of cost of retail merchandise sold from intersegment transactions for the six months ended June 30, 2024 and 2023, respectively, related to the Company offering AFF's LTO payment solution in its U.S. pawn stores that are eliminated upon consolidation. Excluding these intersegment sales, consolidated U.S. cost of retail merchandise sold for the six months ended June 30, 2024 and 2023 totaled $271.2 million and $231.6 million, respectively.

Retail Merchandise Sales Operations

U.S. retail merchandise sales increased 15% to $467.1 million during the six months ended June 30, 2024 compared to $406.7 million for the six months ended June 30, 2023. Same-store retail sales increased 5% during the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The increase in total retail sales was primarily due to incremental sales contributions from acquired stores. During the six months ended June 30, 2024, the gross profit margin on retail merchandise sales in the U.S. was 42% compared to a margin of 43% during the six months ended June 30, 2023 reflecting continued demand for value-priced, pre-owned merchandise and low levels of aged inventory.

Pawn Lending Operations

U.S. pawn loan fees increased 21% to $243.3 million during the six months ended June 30, 2024 compared to $201.7 million for the six months ended June 30, 2023. Same-store pawn fees increased 12% during the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The increase in total and same-store pawn loan fees was primarily due to store growth and continued growth in demand for pawn loans.

Segment Expenses

U.S. operating expenses increased 12% to $244.1 million during the six months ended June 30, 2024 compared to $217.9 million during the six months ended June 30, 2023 while same-store operating expenses increased 3% compared with the prior-year period. The increase in operating expenses was primarily due to store growth.

Segment Pre-Tax Operating Income

The U.S. segment pre-tax operating income for the six months ended June 30, 2024 was $187.2 million, which generated a pre-tax segment operating margin of 25% compared to $153.4 million and 24% in the prior year, respectively. The increase in the segment pre-tax operating income and margin reflected increased net revenue from both acquired and existing stores partially offset by the increase in segment expenses.

Latin America Pawn Segment

Latin American segment pre-tax operating income for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 benefited from a 6% favorable change in the average value of the Mexican peso compared to the U.S. dollar.

The following table presents segment pre-tax operating income and other operating metrics of the Latin America pawn segment for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 (dollars in thousands). Operating expenses include salary and benefit expenses of pawn store-level employees, occupancy costs, bank charges, security, insurance, utilities, supplies and other costs incurred by the pawn stores.

	Six Months Ended June 30,			Constant Currency Basis	
	2024	2023	Increase / (Decrease)	**Six Months Ended June 30, 2024 (Non-GAAP)**	Increase / (Decrease) (Non-GAAP)
Latin America Pawn Segment					
Revenue:					
Retail merchandise sales	**$ 265,294**	$ 245,518	8 %	**$ 249,860**	2 %
Pawn loan fees	**117,275**	104,081	13 %	**110,427**	6 %
Wholesale scrap jewelry sales	**18,053**	28,799	(37)%	**18,053**	(37)%
Total revenue	**400,622**	378,398	6 %	**378,340**	— %
Cost of revenue:					
Cost of retail merchandise sold	**170,459**	159,623	7 %	**160,578**	1 %
Cost of wholesale scrap jewelry sold	**15,296**	22,300	(31)%	**14,395**	(35)%
Total cost of revenue	**185,755**	181,923	2 %	**174,973**	(4)%
Net revenue	**214,867**	196,475	9 %	**203,367**	4 %
Segment expenses:					
Operating expenses	**135,327**	115,263	17 %	**127,643**	11 %
Depreciation and amortization	**10,523**	10,648	(1)%	**9,919**	(7)%
Total segment expenses	**145,850**	125,911	16 %	**137,562**	9 %
Segment pre-tax operating income	**$ 69,017**	$ 70,564	(2)%	**$ 65,805**	(7)%
Operating metrics:					
Retail merchandise sales margin	**36 %**	35 %		**36 %**	
Net revenue margin	**54 %**	52 %		**54 %**	
Segment pre-tax operating margin	**17 %**	19 %		**17 %**	

Retail Merchandise Sales Operations

Latin America retail merchandise sales increased 8% (2% on a constant currency basis) to $265.3 million during the six months ended June 30, 2024 compared to $245.5 million for the six months ended June 30, 2023. Same-store retail sales increased 7% (1% on a constant currency basis) during the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The increase in total and same-store retail sales was primarily due to increased inventory levels throughout the first half of 2024 and greater demand for value-priced, pre-owned merchandise. The gross profit margin on retail merchandise sales was 36% during the six months ended June 30, 2024 and 35% during the six months ended June 30, 2023.

Pawn Lending Operations

Latin America pawn loan fees increased 13% (6% on a constant currency basis) to $117.3 million during the six months ended June 30, 2024 compared to $104.1 million for the six months ended June 30, 2023. Same-store pawn fees also increased 13% (6% on a constant currency basis) during the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The increase in total and same-store constant currency pawn loan fees was primarily due to increased average receivable balances outstanding during the six months ended June 30, 2024.

Segment Expenses

Operating expenses increased 17% (11% on a constant currency basis) to $135.3 million during the six months ended June 30, 2024 compared to $115.3 million during the six months ended June 30, 2023. Same-store operating expenses increased 15% (9% on a constant currency basis) compared to the prior-year period. The increase in total and same-store operating expenses was primarily driven by increased store counts, accelerated store opening activity, general inflationary impacts and continued increases in the federally mandated minimum wage and increased costs associated with required employee benefit programs.

Segment Pre-Tax Operating Income

The segment pre-tax operating income for the six months ended June 30, 2024 was $69.0 million, which generated a pre-tax segment operating margin of 17% compared to $70.6 million and 19% in the prior year, respectively. The decrease in the segment pre-tax operating income and margin reflected an increase in operating expenses, partially offset by an increase in net revenue.

Retail POS Payment Solutions Segment

Retail POS Payment Solutions Operating Results

The following table presents segment pre-tax operating income of the retail POS payment solutions segment for the six months ended June 30, 2024 as compared to the six months ended June 30, 2023 (dollars in thousands). Operating expenses include salary and benefit expenses of certain operations-focused departments, merchant partner incentives, bank and other payment processing charges, credit reporting costs, information technology costs, advertising costs and other operational costs incurred by AFF.

	Six Months Ended June 30,		Increase /
	2024	2023	(Decrease)
Retail POS Payment Solutions Segment			
Revenue:			
Leased merchandise income	**$ 400,241**	$ 373,243	7 %
Interest and fees on finance receivables	**114,186**	112,834	1 %
Total revenue	**514,427**	486,077	6 %
Cost of revenue:			
Depreciation of leased merchandise [1]	**231,341**	205,234	13 %
Provision for lease losses [2]	**91,004**	102,214	(11)%
Provision for loan losses	**61,534**	57,475	7 %
Total cost of revenue	**383,879**	364,923	5 %
Net revenue	**130,548**	121,154	8 %
Segment expenses:			
Operating expenses	**70,091**	70,639	(1)%
Depreciation and amortization	**1,399**	1,487	(6)%
Total segment expenses	**71,490**	72,126	(1)%
Segment pre-tax operating income	**$ 59,058**	$ 49,028	20 %

(1) Includes $0.9 million and $1.1 million of depreciation of leased merchandise from intersegment transactions for the six months ended June 30, 2024 and 2023, respectively, related to the Company offering AFF's LTO payment solution in its U.S. pawn stores that are eliminated upon consolidation. Excluding these intersegment transactions, consolidated depreciation of leased merchandise for the six months ended June 30, 2024 and 2023 totaled $230.4 million and $204.1 million, respectively.

(2) Includes $0.3 million of provision for lease losses from intersegment transactions for both the six months ended June 30, 2024 and 2023 related to the Company offering AFF's LTO payment solution in its U.S. pawn stores that are eliminated upon consolidation. Excluding these intersegment transactions, consolidated provision for lease losses for the six months ended June 30, 2024 and 2023 totaled $90.7 million and $101.9 million, respectively.

The following table provides a detail of gross transaction volumes originated during the six months ended June 30, 2024 as compared to the six months ended June 30, 2023 (dollars in thousands):

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Increase / (Decrease)
Leased merchandise	**$ 300,899**	$ 305,278	(1)%
Finance receivables	**207,422**	200,303	4 %
Total gross transaction volume	**$ 508,321**	$ 505,581	1 %

The following table details the changes in the allowance for lease and loan losses and other portfolio metrics for the six months ended June 30, 2024 as compared to the six months ended June 30, 2023 (dollars in thousands):

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Increase / (Decrease)
Allowance for lease losses:			
Balance at beginning of period	**$ 95,752**	$ 79,576	20 %
Provision for lease losses [1]	**91,004**	102,214	(11)%
Charge-offs	**(87,122)**	(74,172)	17 %
Recoveries	**3,667**	3,346	10 %
Balance at end of period	**$ 103,301**	$ 110,964	(7)%
Leased merchandise portfolio metrics:			
Provision rate [2]	**30 %**	33 %	
Average monthly net charge-off rate [3]	**5.4 %**	4.8 %	
Delinquency rate [4]	**23.0 %**	21.4 %	
Allowance for loan losses:			
Balance at beginning of period	**$ 96,454**	$ 84,833	14 %
Provision for loan losses	**61,534**	57,475	7 %
Charge-offs	**(62,092)**	(52,391)	19 %
Recoveries	**4,065**	3,137	30 %
Balance at end of period	**$ 99,961**	$ 93,054	7 %
Finance receivables portfolio metrics:			
Provision rate [2]	**30 %**	29 %	
Average monthly net charge-off rate [3]	**4.7 %**	4.2 %	
Delinquency rate [4]	**20.0 %**	19.1 %	

(1) Includes $0.3 million of provision for lease losses from intersegment transactions for both the six months ended June 30, 2024 and 2023 related to the Company offering AFF's LTO payment solution in its U.S. pawn stores that are eliminated upon consolidation. Excluding these intersegment transactions, consolidated provision for lease losses for the six months ended June 30, 2024 and 2023 totaled $90.7 million and $101.9 million, respectively.

(2) Calculated as provision for lease or loan losses as a percentage of the respective gross transaction volume originated.

(3) Calculated as charge-offs, net of recoveries, as a percentage of the respective average earning asset balance before allowance for lease or loan losses.

(4) Calculated as the percentage of the respective contractual earning asset balance owed that is 1 to 89 days past due (the Company charges off leases and finance receivables when they are 90 days or more contractually past due).

LTO Operations

Leased merchandise income increased 7% to $400.2 million during the six months ended June 30, 2024 compared to $373.2 million for the six months ended June 30, 2023, which was primarily due to higher leased merchandise balances outstanding during the six months ended June 30, 2024 compared to the six months ended June 30, 2023.

Depreciation of leased merchandise increased 13% to $231.3 million during the six months ended June 30, 2024 compared to $205.2 million during the six months ended June 30, 2023. As a percentage of leased merchandise income, depreciation of leased merchandise increased from 55% during the six months ended June 30, 2023 to 58% during the six months ended June 30, 2024 primarily as a result of a slight increase in customers taking advantage of early buyout or other early payment options.

Provision for lease losses decreased 11% to $91.0 million during the six months ended June 30, 2024 compared to $102.2 million for the six months ended June 30, 2023, which was primarily due to a slight decrease in lease loss provisioning rates used during the six months ended June 30, 2024 compared to the six months ended June 30, 2023 and the 1% decrease in gross transaction volumes. As a percentage of gross transaction volume, the provision for lease losses decreased from 33% during the six months ended June 30, 2023 to 30% during the six months ended June 30, 2024.

Retail Finance Operations

Interest and fees on finance receivables increased 1% to $114.2 million during the six months ended June 30, 2024 compared to $112.8 million for the six months ended June 30, 2023. The increase was primarily due to the higher year-over-year finance receivable balances, partially offset by a slight decline in portfolio yield primarily as a result of AFF expanding its offerings and merchant relationships in certain services sector verticals in the six months ended June 30, 2024, some of which provide slightly lower interest rates.

Provision for loan losses increased 7% to $61.5 million during the six months ended June 30, 2024 compared to $57.5 million for the six months ended June 30, 2023, which was primarily due to a slight increase in loan loss provisioning rates used during the six months ended June 30, 2024 and the 4% increase in gross transaction volumes. As a percentage of gross transaction volume, the provision for loan losses increased from 29% during the six months ended June 30, 2023 to 30% during the six months ended June 30, 2024.

Segment Expenses

Operating expenses decreased 1% to $70.1 million during the six months ended June 30, 2024 compared to $70.6 million during the six months ended June 30, 2023, which was primarily due to lower receivable acquisition costs, the realization of information technology cost synergies from the Company's acquisition of AFF, partially offset by increased variable costs associated with the 1% increase in gross transaction volumes. As a percentage of segment revenues, operating expenses decreased slightly from 15% during the six months ended June 30, 2023 to 14% during the six months ended June 30, 2024.

Segment Pre-Tax Operating Income

The retail POS payment solutions segment pre-tax operating income for the six months ended June 30, 2024 was $59.1 million compared to $49.0 million in the six months ended June 30, 2023. The increase was primarily the result of increased segment income resulting from increases in net revenue and a decrease in segment expenses.

Consolidated Results of Operations

The following table reconciles pre-tax operating income of the Company’s U.S. pawn segment, Latin America pawn segment and retail POS payment solutions segment, discussed above, to consolidated net income for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 (dollars in thousands):

	Six Months Ended June 30,		Increase /
	2024	2023	(Decrease)
Consolidated Results of Operations			
Segment pre-tax operating income:			
U.S. operations	**$ 187,197**	$ 153,434	22 %
Latin America pawn	**69,017**	70,564	(2)%
Retail POS payment solutions	**59,058**	49,028	20 %
Intersegment eliminations [1]	**294**	(260)	(213)%
Consolidated segment pre-tax operating income	**315,566**	272,766	16 %
Corporate expenses and other income:			
Administrative expenses	**88,633**	79,372	12 %
Depreciation and amortization	**26,408**	29,826	(11)%
Interest expense	**50,605**	41,968	21 %
Interest income	**(1,004)**	(925)	9 %
Loss (gain) on foreign exchange	**1,251**	(1,619)	(177)%
Merger and acquisition expenses	**1,961**	283	593 %
Other expenses (income), net	**(351)**	124	(383)%
Total corporate expenses and other income	**167,503**	149,029	12 %
Income before income taxes	**148,063**	123,737	20 %
Provision for income taxes	**37,622**	31,169	21 %
Net income	**$ 110,441**	$ 92,568	19 %

(1) Represents the elimination of intersegment transactions related to the Company offering AFF’s LTO payment solution in its U.S. pawn stores. For further detail, see Note 10 of Notes to Consolidated Financial Statements.

Corporate Expenses and Taxes

Administrative expenses increased 12% to $88.6 million during the six months ended June 30, 2024 compared to $79.4 million during the six months ended June 30, 2023, primarily due to increased incentive compensation expense, the increase in pawn store count and a 6% change in the average value of the Mexican peso resulting in higher U.S. dollar translated administrative expenses in Latin America. As a percentage of revenue, administrative expenses were 5% during both the six months ended June 30, 2023 and 2024.

Depreciation and amortization decreased 11% to $26.4 million during the six months ended June 30, 2024 compared to $29.8 million in the six months ended June 30, 2023, primarily due to a $3.7 million decrease in amortization of acquired AFF intangible assets.

Interest expense increased 21% to $50.6 million during the six months ended June 30, 2024 compared to $42.0 million for the six months ended June 30, 2023, primarily due to higher floating interest rates on the Company’s unsecured bank credit facilities and higher average total long-term debt balances outstanding. See Note 8 of Notes to Consolidated Financial Statements and “Liquidity and Capital Resources.”

Consolidated effective income tax rates for the six months ended June 30, 2024 and 2023 were 25.4% and 25.2%, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Material Capital Requirements

The Company's primary capital requirements include:

- Expand pawn operations through growth of pawn receivables and inventories in existing stores, new store openings, strategic acquisitions of pawn stores and purchases of underlying real estate at existing locations;
- Expand retail POS payment solutions operations through growth of the business generated from new and existing merchant partners; and
- Return capital to shareholders through dividends and stock repurchases.

Other material capital requirements include operating expenses (see Note 4 of Notes to Consolidated Financial Statements regarding operating lease commitments), maintenance capital expenditures related to its facilities, technology platforms, general corporate operating activities, income tax payments and debt service, among others. Net interest expense is expected to increase in 2024 compared to 2023 due to (i) increased borrowings primarily undertaken to fund recent acquisitions and (ii) anticipated higher floating interest rates on the borrowings under the revolving credit facilities. The Company believes that net cash provided by operating activities and available and unused funds under its revolving unsecured credit facilities will be adequate to meet its liquidity and capital needs for these items over the next 12 months and also in the longer-term beyond the next 12 months.

Expand Pawn Operations

The Company intends to continue expansion of its pawn operations through growth of pawn receivables and inventories in existing stores along with new store openings and acquisitions.

During the six months ended June 30, 2024, the Company acquired 27 pawn stores in the U.S. and acquired one pawn license that was used to open a pawn store in the state of Nevada for a cumulative purchase price of $99.2 million, net of cash acquired and subject to future post-closing adjustments. The Company evaluates potential acquisitions based upon growth potential, purchase price, available liquidity, strategic fit and quality of management personnel, among other factors.

The Company has opened 40 new ("de novo") stores in total through June 30, 2024 and for the full year of 2024 expects to add approximately 90 to 100 total new locations through new store openings and acquisitions. Future store openings are subject to the Company's ability to identify locations in markets with attractive demographics, available real estate with favorable leases and limited competition.

Although viewed by management as a discretionary expenditure not required to operate its pawn stores, the Company may continue to strategically purchase real estate from its landlords at existing stores or in conjunction with pawn store acquisitions as opportunities arise at reasonable valuations. The Company purchased the real estate at 19 store locations, primarily from landlords at existing stores, for a cumulative purchase price of $21.1 million during the six months ended June 30, 2024.

Expand Retail POS Payment Solutions Operations

AFF expects to expand its business primarily by promoting and expanding relationships with both new and existing customers and retail merchant partners. In addition, AFF has made, and intends to continue to make, investments in its customer and merchant support operations and facilities, its technology platforms and its proprietary decisioning platforms and processes. In addition to utilizing cash flows generated from its own operations to fund expected 2024 growth, AFF has access to the additional sources of liquidity described below if needed to fund further expansion activities.

Return of Capital to Shareholders

In July 2024, the Company's Board of Directors declared a $0.38 per share third quarter cash dividend on common shares outstanding, or an aggregate of $17.0 million based on the June 30, 2024 share count, to be paid on August 30, 2024 to stockholders of record as of August 15, 2024. While the Company currently expects to continue the payment of quarterly cash dividends, the amount, 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, debt covenant restrictions and other relevant factors.

During the six months ended June 30, 2024, the Company repurchased a total of 721,000 shares of common stock at an aggregate cost of $85.0 million and an average cost per share of $117.90. During the six months ended June 30, 2023, the Company repurchased 1,153,000 shares of common stock at an aggregate cost of $105.6 million and an average cost per share of $91.48. The aggregate cost and average cost per share does not include the effect of the 1% excise tax on certain share repurchases enacted under the Inflation Reduction Act of 2022. The Company incurred $0.9 million and $1.1 million of excise taxes during the six months ended June 30, 2024 and 2023, respectively.

In July 2023, the Company's Board of Directors authorized a common stock repurchase program for up to $200.0 million of the Company's outstanding common stock, of which $115.0 million is currently remaining. The Company intends to continue repurchases under its active share repurchase program, including 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, liquidity needs, credit availability, debt covenant restrictions, general business and economic conditions, regulatory requirements, the market price of the Company's stock, the Company's dividend policy and the availability of alternative investment opportunities.

Sources of Liquidity

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 enter into interest rate hedge transactions, such as interest rate swap agreements. As of June 30, 2024, the Company's primary sources of liquidity were $113.7 million in cash and cash equivalents and $519.8 million of available and unused funds under the Company's revolving unsecured credit facilities, subject to certain financial covenants (see Note 8 of Notes to Consolidated Financial Statements). The Company had working capital of $957.7 million as of June 30, 2024.

The Company's cash and cash equivalents as of June 30, 2024 included $29.0 million held by its foreign subsidiaries. These cash balances, which are primarily held in Mexican pesos, are associated with foreign earnings the Company has asserted are indefinitely reinvested and which the Company primarily plans to use to support its continued growth plans outside the U.S. through funding of capital expenditures, acquisitions, operating expenses or other similar cash needs of the Company's foreign operations.

The Company's liquidity is affected by a number of factors, including changes in general customer traffic and demand, pawn loan balances, loan-to-value ratios, collection of pawn fees, merchandise sales, inventory levels, LTO merchandise, finance receivable balances, collection of lease and finance receivable payments, seasonality, operating expenses, administrative expenses, expenses related to merger and acquisition activities, litigation-related expenses, tax rates, gold prices, foreign currency exchange rates and the pace of new pawn store expansion and acquisitions. Additionally, a prolonged reduction in earnings and EBITDA could limit the Company's future ability to fully borrow on its credit facilities under current leverage covenants. Regulatory developments affecting the Company's operations may also impact profitability and liquidity. See "Governmental Regulation Update."

If needed, the Company could seek to raise additional funds from a variety of sources, including, but not limited to, repatriation of excess cash held in Latin America, the sale of assets, reductions in operating expenses, capital expenditures and dividends, the forbearance or deferral of operating expenses, the issuance of debt or equity securities, utilizing other structured financing arrangements, the leveraging of currently unencumbered real estate owned by the Company 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, which accounts for 50% of total inventory, give the Company flexibility to quickly increase cash flow if necessary.

Cash Flows and Liquidity Metrics

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 (dollars in thousands):

	Six Months Ended June 30,			
		2024		2023
Cash flow provided by operating activities	**$**	**228,719**	$	205,669
Cash flow used in investing activities	**$**	**(187,864)**	$	(125,299)
Cash flow used in financing activities	**$**	**(50,850)**	$	(97,898)

	As of June 30,			
		2024		2023
Working capital	**$**	**957,690**	$	832,610
Current ratio		**4.0:1**		3.7:1

Cash Flow Provided by Operating Activities

Net cash provided by operating activities increased $23.1 million, or 11%, from $205.7 million for the six months ended June 30, 2023 to $228.7 million for the six months ended June 30, 2024 due to net changes in certain non-cash adjustments to reconcile net income to operating cash flow and net changes in other operating assets and liabilities (as detailed in the consolidated statements of cash flows) and an increase in net income of $17.9 million.

Cash Flow Used in Investing Activities

Net cash used in investing activities increased $62.6 million, or 50%, from $125.3 million for the six months ended June 30, 2023 to $187.9 million for the six months ended June 30, 2024. Cash flows from investing activities are utilized primarily to fund acquisitions, purchase furniture, fixtures, equipment and improvements, which includes capital expenditures for improvements to existing stores and for new pawn store openings and other corporate assets, and discretionary purchases of store real property. In addition, cash flows related to the funding of new pawn loans, net of cash repayments and recovery of principal through the sale of inventories acquired from forfeiture of pawn collateral and changes in net finance receivables, are included in investing activities. The Company paid $42.7 million for furniture, fixtures, equipment and improvements and $21.1 million for discretionary pawn store real property purchases during the six months ended June 30, 2024 compared to $28.3 million and $34.5 million in the prior-year period, respectively. The Company paid $65.7 million in cash related to pawn store acquisitions during the six months ended June 30, 2024 compared to $5.5 million during the six months ended June 30, 2023. The Company funded a net increase in pawn loans of $20.9 million during the six months ended June 30, 2024 and received funds from a net decrease in pawn loans of $0.2 million during the six months ended June 30, 2023. The Company funded a net increase in finance receivables of $37.6 million during the six months ended June 30, 2024 and $57.1 million during the six months ended June 30, 2023.

Cash Flow Used in Financing Activities

Net cash used in financing activities decreased $47.0 million, or 48%, from $97.9 million for the six months ended June 30, 2023 to $50.9 million for the six months ended June 30, 2024. Net payments on the credit facilities were $418.0 million during the six months ended June 30, 2024 compared to net borrowings of $37.0 million during the six months ended June 30, 2023. During the six months ended June 30, 2024, the Company received $500.0 million in proceeds from the private offering of senior unsecured notes and paid $9.1 million in debt issuance costs which was used to repay a portion of the outstanding balance on the Credit Facility, after payment of fees and expenses related to the offering. The Company funded $85.0 million of share repurchases during the six months ended June 30, 2024 while it funded $101.8 million of share repurchases during the six months ended June 30, 2023. The Company paid dividends of $31.7 million during the six months ended June 30, 2024, compared to $30.6 million during the six months ended June 30, 2023. In addition, the Company paid withholding taxes on net share settlements of restricted stock awards during the six months ended June 30, 2024 of $7.0 million compared to $2.5 million during the six months ended June 30, 2023.

GOVERNMENTAL REGULATION UPDATE

The Company's pawn and retail POS payment solutions businesses are subject to significant regulation in all of the jurisdictions in which it operates. Existing regulations and regulatory developments are further and more completely described under "Governmental Regulation" in Part I, Item 1 of the Company's 2023 Annual Report on Form 10-K filed with the SEC on February 5, 2024 and in subsequent documents filed with the SEC. Other than as described below, there have been no changes to the significant regulation that the Company's businesses are subject to that the Company believes would have a material impact on its businesses or results of operation from those described in the Annual Report on Form 10-K for the year ended December 31, 2023.

On October 5, 2017, the CFPB released its small-dollar loan rule (the "SDL Rule"), which was subsequently revised on July 7, 2020. Traditional possessory, non-recourse pawn loans are not covered under the SDL Rule. The SDL Rule defines some of the RISA transactions that AFF purchases and some of the bank loans that AFF sub-services as transactions that are covered under the rule. After resolution of some challenges to the SDL Rule itself and the constitutionality of the CFPB, on July 3, 2024, trade groups filed a petition for a rehearing with the Fifth Circuit *en banc*. If the Fifth Circuit does not grant the petition, the SDL Rule is expected to go into effect on March 30, 2025. The SDL Rule imposes certain obligations and limitations associated with the origination and servicing of covered transactions as of its effective date. At this time, the Company does not believe that the implementation of the SDL Rule as proposed will have a material impact on the Company's future results of operations or financial condition.

NON-GAAP FINANCIAL INFORMATION

The Company uses certain financial calculations such as adjusted net income, adjusted diluted earnings per share, EBITDA, adjusted EBITDA, free cash flow, adjusted free cash flow and constant currency results 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 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 under the 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 core operating performance and 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 these non-GAAP financial measures 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, the non-GAAP financial measures, as presented, may not be comparable to other similarly-titled measures of other companies.

While acquisitions are an important part of the Company's overall strategy, the Company has adjusted the applicable financial calculations to exclude merger and acquisition expenses in order to allow more accurate comparisons of the financial results to prior periods. In addition, the Company does not consider these merger and acquisition expenses to be related to the organic operations of the acquired businesses or its continuing operations, and such expenses are generally not relevant to assessing or estimating the long-term performance of the acquired businesses. Merger and acquisition expenses include incremental costs directly associated with merger and acquisition activities, including professional fees, legal expenses, severance, retention and other employee-related costs, contract breakage costs and costs related to the consolidation of technology systems and corporate facilities, among others.

The Company has certain leases in Mexico which are denominated in U.S. dollars. The lease liability of these U.S. dollar-denominated leases, which is considered a monetary liability, is remeasured into Mexican pesos using current period exchange rates, resulting in the recognition of foreign currency exchange gains or losses. The Company has adjusted the applicable financial measures to exclude these remeasurement gains or losses (i) because they are non-cash, non-operating items that could create volatility in the Company's consolidated results of operations due to the magnitude of the end of period lease liability being remeasured and (ii) to improve comparability of current periods presented with prior periods.

Adjusted Net Income and Adjusted Diluted Earnings Per Share

Management believes the presentation of adjusted net income and adjusted diluted earnings per share 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 are 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 net income and diluted earnings per share calculated in accordance with GAAP to adjusted net income and adjusted diluted earnings per share, which are shown net of tax (in thousands, except per share amounts):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	In Thousands	In Thousands	Per Share	Per Share	In Thousands	In Thousands	Per Share	Per Share
Net income and diluted earnings per share, as reported	**$ 49,073**	$ 45,180	**$ 1.08**	$ 0.99	**$ 110,441**	$ 92,568	**$ 2.44**	$ 2.01
Adjustments, net of tax:								
Merger and acquisition expenses	**1,047**	191	**0.03**	—	**1,504**	213	**0.03**	0.01
Non-cash foreign currency loss (gain) related to lease liability	**1,307**	(766)	**0.03**	(0.01)	**1,138**	(1,613)	**0.02**	(0.04)
Amortization of acquired AFF intangible assets	**9,572**	10,887	**0.21**	0.24	**19,145**	21,989	**0.42**	0.48
Other expenses (income), net	**899**	61	**0.02**	—	**(141)**	96	**—**	—
Adjusted net income and diluted earnings per share	**$ 61,898**	$ 55,553	**$ 1.37**	$ 1.22	**$ 132,087**	$ 113,253	**$ 2.91**	$ 2.46

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 as a starting point in the calculation of the consolidated total debt ratio as defined in the Company's senior unsecured notes. The following table provides a reconciliation of net income to EBITDA and adjusted EBITDA (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,		Trailing Twelve Months Ended June 30,	
	2024	2023	**2024**	2023	**2024**	2023
Net income	**$ 49,073**	$ 45,180	**$ 110,441**	$ 92,568	**$ 237,174**	$ 231,950
Income taxes	**17,105**	15,344	**37,622**	31,169	**80,001**	68,788
Depreciation and amortization [(1)]	**26,547**	27,050	**52,574**	54,161	**107,574**	106,469
Interest expense	**25,187**	21,071	**50,605**	41,968	**101,880**	80,209
Interest income	**(261)**	(408)	**(1,004)**	(925)	**(1,548)**	(1,340)
EBITDA	**117,651**	108,237	**250,238**	218,941	**525,081**	486,076
Adjustments:						
Merger and acquisition expenses	**1,364**	252	**1,961**	283	**9,600**	3,043
Non-cash foreign currency loss (gain) related to lease liability	**1,867**	(1,095)	**1,626**	(2,305)	**1,391**	(2,925)
AFF purchase accounting and other adjustments [(2)]	**—**	—	**—**	—	**13,968**	16,710
Gain on revaluation of contingent acquisition consideration	**—**	—	**—**	—	**—**	(46,560)
Other expenses (income), net	**1,000**	79	**(351)**	124	**(1,877)**	278
Adjusted EBITDA	**$ 121,882**	$ 107,473	**$ 253,474**	$ 217,043	**$ 548,163**	$ 456,622

(1) Includes $12.4 million, $24.9 million and $52.9 million of amortization expense related to identifiable intangible assets as a result of the AFF acquisition for the three months, six months and trailing twelve months ended June 30, 2024, respectively. Includes $14.1 million, $28.6 million and $56.9 million of amortization expense related to identifiable intangible assets as a result of the AFF acquisition for the three months, six months and trailing twelve months ended June 30, 2023, respectively.

(2) The following table details AFF purchase accounting and other adjustments (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,		Trailing Twelve Months Ended June 30,	
	2024	2023	**2024**	2023	**2024**	2023
Amortization of fair value adjustment on acquired finance receivables included in interest and fees on finance receivables	**$ —**	$ —	**$ —**	$ —	**$ —**	$ 14,970
Amortization of fair value adjustment on acquired leased merchandise included in depreciation of leased merchandise	**—**	—	**—**	—	**—**	1,740
Other non-recurring costs included in administrative expenses related to a discontinued finance product	**—**	—	**—**	—	**13,968**	—
	$ —	$ —	**$ —**	$ —	**$ 13,968**	$ 16,710

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 furniture, fixtures, equipment and improvements and net fundings/repayments of pawn loan and finance receivables, which are considered to be operating in nature by the Company but are included in cash flow from investing activities. Adjusted free cash flow is defined as free cash flow adjusted for merger and acquisition 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 additional measures 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, that 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 cash flow from operating activities to free cash flow and adjusted free cash flow (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,		Trailing Twelve Months Ended June 30,	
	2024	2023	**2024**	2023	**2024**	2023
Cash flow from operating activities	**$ 106,187**	$ 95,075	**$ 228,719**	$ 205,669	**$ 439,192**	$ 448,207
Cash flow from certain investing activities:						
Pawn loans, net [(1)]	**(46,036)**	(44,170)	**(20,887)**	188	**(56,053)**	(3,364)
Finance receivables, net	**(22,252)**	(32,585)	**(37,563)**	(57,125)	**(95,880)**	(118,932)
Purchases of furniture, fixtures, equipment and improvements	**(16,237)**	(14,520)	**(42,664)**	(28,348)	**(74,464)**	(44,248)
Free cash flow	**21,662**	3,800	**127,605**	120,384	**212,795**	281,663
Merger and acquisition expenses paid, net of tax benefit	**1,047**	191	**1,504**	213	**7,380**	2,338
Adjusted free cash flow	**$ 22,709**	$ 3,991	**$ 129,109**	$ 120,597	**$ 220,175**	$ 284,001

(1) Includes the funding of new loans net of cash repayments and recovery of principal through the sale of inventories acquired from forfeiture of pawn collateral.

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 financial measure. The Company's management uses constant currency results to evaluate operating results of business operations in Latin America, which are transacted in local currencies in Mexico, Guatemala and Colombia. The Company also has operations in El Salvador, where the reporting and functional currency is the U.S. dollar.

The Company believes constant currency results provide 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. See the Latin America pawn segment tables in "Results of Operations" above for additional reconciliation of certain constant currency amounts to as reported GAAP amounts.

The following table provides exchange rates for the Mexican peso, Guatemalan quetzal and Colombian peso for the current and prior-year periods:

	June 30,		Favorable /
	2024	2023	(Unfavorable)
Mexican peso / U.S. dollar exchange rate:			
End-of-period	**18.4**	17.1	(8)%
Three months ended	**17.2**	17.7	3 %
Six months ended	**17.1**	18.2	6 %
Guatemalan quetzal / U.S. dollar exchange rate:			
End-of-period	**7.8**	7.8	— %
Three months ended	**7.8**	7.8	— %
Six months ended	**7.8**	7.8	— %
Colombian peso / U.S. dollar exchange rate:			
End-of-period	**4,148**	4,191	1 %
Three months ended	**3,927**	4,431	11 %
Six months ended	**3,921**	4,596	15 %

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 2023 Annual Report on Form 10-K. The impact of current-year fluctuations in 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, 2023.

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 Rule 13a-15(e) under the Securities Exchange Act of 1934) as of June 30, 2024 (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 have been no changes in the Company’s internal control over financial reporting during the quarter ended June 30, 2024 that have materially affected, or are 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

See Note 9 - Commitments and Contingencies of Notes to Consolidated Financial Statements contained in Part I, Item 1 of this report which is incorporated to this Part II, Item 1 by reference.

ITEM 1A. RISK FACTORS

Important risk factors that could materially affect the Company's business, financial condition or results of operations in future periods are described in Part I, Item 1A, "Risk Factors" of the Company's 2023 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 "Governmental Regulation Update" in Part I, Item 2 of this quarterly report and in "Governmental Regulation" in Part I, Item 1 of the Company's 2023 Annual Report on Form 10-K. There have been no material changes in the Company's risk factors from those in Part I, Item 1A, "Risk Factors" of the Company's 2023 Annual Report on Form 10-K.

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

Issuer Purchases of Equity Securities

The following table provides information about purchases made by the Company of shares of its common stock during the three months ended June 30, 2024 (dollars in thousands, except per share amounts):

	Total Number Of Shares Purchased	Average Price Paid Per Share [(1)]	Total Number Of Shares Purchased As Part Of Publicly Announced Plans	Approximate Dollar Value Of Shares That May Yet Be Purchased Under The Plans [(1) (2)]
April 1 through April 30, 2024	—	$ —	—	$ 200,000
May 1 through May 31, 2024 [(3)]	720,950	117.90	720,950	115,000
June 1 through June 30, 2024	—	—	—	115,000
Total	720,950	117.90	720,950	

(1) The Inflation Reduction Act of 2022, which was enacted into law on August 16, 2022, imposed a nondeductible 1% excise tax on the net value of certain stock repurchases made after December 31, 2022. During the three months ended June 30, 2024, the Company reflected the applicable excise tax in treasury stock as part of the cost basis of the stock repurchased and recorded a corresponding liability for the excise taxes payable in accrued expenses and other liabilities on the consolidated balance sheet. All dollar amounts presented exclude such excise taxes.

(2) In July 2023, the Company's Board of Directors authorized an additional common stock repurchase program for up to $200.0 million of the Company's outstanding common stock, of which $115.0 million is currently remaining.

(3) The shares were repurchased on May 22, 2024 by the Company in a privately negotiated transaction with AFF Services, Inc. AFF Services, Inc. is partially owned and 100% controlled by the Douglas R. Rippel Revocable Trust (the "Trust"). Douglas R. Rippel, a member of the Company's board of directors, is a co-trustee of the Trust and an indirect beneficial owner of the shares held by AFF Services, Inc. The $117.90 per share purchase price represented a discount to the average closing sale price of the Company's common stock for the three, five and ten days ended May 22, 2024.

Recent Sales of Unregistered Securities

On April 17, 2024, the Company issued 225,000 shares of its common stock as partial consideration for an acquisition of certain pawn stores. The Company issued these shares without registration under the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

None of the Company's directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement, as such terms are defined under Item 408(a) of Regulation S-K, during the second quarter of 2024.

ITEM 6. EXHIBITS

		Incorporated by Reference				
Exhibit No.	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of FirstCash Holdings, Inc., dated December 16, 2021	8-K12B	001-10960	3.1	12/16/2021	
3.2	Amended and Restated Bylaws of FirstCash Holdings, Inc., dated December 16, 2021	8-K12B	001-10960	3.2	12/16/2021	
4.1	Indenture, dated as of February 21, 2024, by and among FirstCash, Inc., the guarantors listed therein and BOKF, NA (including the form of Note attached as an exhibit thereto).	8-K	001-10960	4.1	02/21/2024	
10.1	Employment Agreement, dated April 2, 2024, between Daniel R. Feehan and FirstCash Holdings, Inc. *	10-Q	001-10960	10.1	04/29/2024	
31.1	Certification Pursuant to Exchange Act Section 13(a)-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act, provided by Rick L. Wessel, Chief Executive Officer					X
31.2	Certification Pursuant to Exchange Act Section 13(a)-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act, provided by R. Douglas Orr, Chief Financial Officer					X
32.1	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					X
32.2	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					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document contained in Exhibit 101)					X

* Indicates management contract or compensatory plan, contract or arrangement.

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: July 29, 2024	FIRSTCASH HOLDINGS, 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)

EXHIBIT 31.1

CERTIFICATION PURSUANT TO EXCHANGE ACT SECTION 13(a)-14(a)/15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Rick L. Wessel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FirstCash Holdings, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 29, 2024

/s/ Rick L. Wessel
Rick L. Wessel
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO EXCHANGE ACT SECTION 13(a)-14(a)/15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, R. Douglas Orr, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FirstCash Holdings, Inc. (the “Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 29, 2024

/s/ R. Douglas Orr
R. Douglas Orr
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of FirstCash Holdings, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rick L. Wessel, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 29, 2024

/s/ Rick L. Wessel
Rick L. Wessel
Chief Executive Officer

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of FirstCash Holdings, Inc. (the “Company”) on Form 10-Q for the quarterly period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, R. Douglas Orr, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 29, 2024

/s/ R. Douglas Orr
R. Douglas Orr
Chief Financial Officer