

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, 2018

OR

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

For the transition period from _____ to _____

Commission file number 001-10960



FIRSTCASH, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

1600 West 7th Street, Fort Worth, Texas

(Address of principal executive offices)

75-2237318

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

76102

(Zip Code)

(817) 335-1100

(Registrant's telephone number, including area code)

NONE

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

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

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

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

Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

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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. Yes No

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 25, 2018, there were 44,327,042 shares of common stock outstanding.

FIRSTCASH, INC.
FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2018

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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 and prospects of FirstCash, Inc. and its wholly owned subsidiaries (together, the “Company”). Forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, can be identified by the use of forward-looking terminology such as “believes,” “projects,” “expects,” “may,” “estimates,” “should,” “plans,” “targets,” “intends,” “could,” “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 and future plans. Forward-looking statements can also be identified by the fact these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends or results. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties.

These forward-looking statements are made to provide the public with management’s current assessment of the Company’s business. Although the Company believes the expectations reflected in forward-looking statements are reasonable, there can be no assurances such expectations will prove to be accurate. Security holders are cautioned such forward-looking statements involve risks and uncertainties. Certain factors may cause results to differ materially from those anticipated by the forward-looking statements made in this quarterly report. Such factors may include, without limitation, the risks, uncertainties and regulatory developments discussed and described in (i) the Company’s 2017 annual report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 20, 2018, including the risks described in Part 1, Item 1A, “Risk Factors” thereof, (ii) in this quarterly report on Form 10-Q, and (iii) 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, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited, in thousands)

	June 30,		December 31,
	2018	2017	2017
ASSETS			
Cash and cash equivalents	\$ 83,127	\$ 91,434	\$ 114,423
Fees and service charges receivable	42,920	42,810	42,736
Pawn loans	348,295	353,399	344,748
Consumer loans, net	17,256	24,192	23,522
Inventories	249,689	301,361	276,771
Income taxes receivable	486	23,866	19,761
Prepaid expenses and other current assets	19,913	19,667	20,236
Total current assets	<u>761,686</u>	<u>856,729</u>	<u>842,197</u>
Property and equipment, net	236,434	237,282	230,341
Goodwill	857,070	838,111	831,145
Intangible assets, net	89,962	98,664	93,819
Other assets	52,193	61,145	54,045
Deferred tax assets	12,295	12,388	11,237
Total assets	<u>\$ 2,009,640</u>	<u>\$ 2,104,319</u>	<u>\$ 2,062,784</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Accounts payable and accrued liabilities	\$ 79,961	\$ 85,684	\$ 84,331
Customer deposits	34,300	37,601	32,019
Income taxes payable	3,207	1,807	4,221
Total current liabilities	<u>117,468</u>	<u>125,092</u>	<u>120,571</u>
Revolving unsecured credit facility	221,500	97,000	107,000
Senior unsecured notes	295,560	294,804	295,243
Deferred tax liabilities	51,011	74,298	47,037
Other liabilities	14,057	21,693	17,600
Total liabilities	<u>699,596</u>	<u>612,887</u>	<u>587,451</u>
Stockholders' equity:			
Preferred stock	—	—	—
Common stock	493	493	493
Additional paid-in capital	1,221,572	1,218,822	1,220,356
Retained earnings	546,097	416,937	494,457
Accumulated other comprehensive loss	(114,668)	(83,464)	(111,877)
Common stock held in treasury, at cost	(343,450)	(61,356)	(128,096)
Total stockholders' equity	<u>1,310,044</u>	<u>1,491,432</u>	<u>1,475,333</u>
Total liabilities and stockholders' equity	<u>\$ 2,009,640</u>	<u>\$ 2,104,319</u>	<u>\$ 2,062,784</u>

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

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenue:				
Retail merchandise sales	\$ 255,742	\$ 243,822	\$ 525,583	\$ 503,816
Pawn loan fees	123,012	122,632	252,805	250,883
Wholesale scrap jewelry sales	27,475	31,646	62,200	69,757
Consumer loan and credit services fees	13,743	18,529	29,184	39,749
Total revenue	419,972	416,629	869,772	864,205
Cost of revenue:				
Cost of retail merchandise sold	163,574	156,473	338,071	322,108
Cost of wholesale scrap jewelry sold	24,076	30,590	56,571	65,539
Consumer loan and credit services loss provision	3,894	5,142	7,621	9,234
Total cost of revenue	191,544	192,205	402,263	396,881
Net revenue	228,428	224,424	467,509	467,324
Expenses and other income:				
Store operating expenses	137,583	137,070	276,144	273,814
Administrative expenses	29,720	30,305	57,722	63,543
Depreciation and amortization	10,952	14,689	22,235	28,932
Interest expense	6,529	5,585	12,727	11,698
Interest income	(740)	(393)	(1,721)	(720)
Merger and other acquisition expenses	2,113	1,606	2,352	2,253
Loss on extinguishment of debt	—	14,094	—	14,094
Total expenses and other income	186,157	202,956	369,459	393,614
Income before income taxes	42,271	21,468	98,050	73,710
Provision for income taxes	12,100	6,229	26,244	25,826
Net income	\$ 30,171	\$ 15,239	\$ 71,806	\$ 47,884
Net income per share:				
Basic	\$ 0.67	\$ 0.32	\$ 1.57	\$ 0.99
Diluted	\$ 0.67	\$ 0.32	\$ 1.57	\$ 0.99
Dividends declared per common share	\$ 0.22	\$ 0.19	\$ 0.44	\$ 0.38

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

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Net income	\$ 30,171	\$ 15,239	\$ 71,806	\$ 47,884
Other comprehensive income:				
Currency translation adjustment	(24,625)	13,337	(2,791)	36,342
Comprehensive income	<u>\$ 5,546</u>	<u>\$ 28,576</u>	<u>\$ 69,015</u>	<u>\$ 84,226</u>

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

FIRSTCASH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(unaudited, in thousands)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Common Stock Held in Treasury		Total Stockholders' Equity
	Shares	Amount	Shares	Amount				Shares	Amount	
	Balance at 12/31/2017	—	\$ —	49,276				\$ 493	\$ 1,220,356	
Shares issued under share-based compensation plan	—	—	—	—	(1,240)	—	—	(22)	1,240	—
Exercise of stock options	—	—	—	—	(294)	—	—	(10)	694	400
Share-based compensation expense	—	—	—	—	2,750	—	—	—	—	2,750
Net income	—	—	—	—	—	71,806	—	—	—	71,806
Dividends paid	—	—	—	—	—	(20,166)	—	—	—	(20,166)
Currency translation adjustment	—	—	—	—	—	—	(2,791)	—	—	(2,791)
Purchases of treasury stock	—	—	—	—	—	—	—	2,619	(217,288)	(217,288)
Balance at 6/30/2018	<u>—</u>	<u>\$ —</u>	<u>49,276</u>	<u>\$ 493</u>	<u>\$ 1,221,572</u>	<u>\$ 546,097</u>	<u>\$ (114,668)</u>	<u>4,949</u>	<u>\$ (343,450)</u>	<u>\$ 1,310,044</u>

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

FIRSTCASH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
CONTINUED
(unaudited, in thousands)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Common Stock Held in Treasury		Total Stockholders' Equity
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance at 12/31/2016	—	\$ —	49,276	\$ 493	\$ 1,217,969	\$ 387,401	\$ (119,806)	769	\$ (36,071)	\$ 1,449,986
Shares issued under share-based compensation plan	—	—	—	—	(440)	—	—	(10)	440	—
Exercise of stock options	—	—	—	—	(242)	—	—	(13)	549	307
Share-based compensation expense	—	—	—	—	1,535	—	—	—	—	1,535
Net income	—	—	—	—	—	47,884	—	—	—	47,884
Dividends paid	—	—	—	—	—	(18,348)	—	—	—	(18,348)
Currency translation adjustment	—	—	—	—	—	—	36,342	—	—	36,342
Purchases of treasury stock	—	—	—	—	—	—	—	518	(26,274)	(26,274)
Balance at 6/30/2017	—	\$ —	49,276	\$ 493	\$ 1,218,822	\$ 416,937	\$ (83,464)	1,264	\$ (61,356)	\$ 1,491,432

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

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

	Six Months Ended	
	June 30,	
	2018	2017
Cash flow from operating activities:		
Net income	\$ 71,806	\$ 47,884
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Non-cash portion of credit loss provision	4,291	5,973
Share-based compensation expense	2,750	1,535
Depreciation and amortization expense	22,235	28,932
Amortization of debt issuance costs	963	864
Amortization of favorable/(unfavorable) lease intangibles, net	(356)	(487)
Loss on extinguishment of debt	—	14,094
Deferred income taxes, net	2,801	11,886
Changes in operating assets and liabilities, net of business combinations:		
Fees and service charges receivable	553	(478)
Inventories	8,931	8,588
Prepaid expenses and other assets	(1,824)	12,379
Accounts payable, accrued liabilities and other liabilities	(10,327)	(30,959)
Income taxes	18,144	2,602
Net cash flow provided by operating activities	<u>119,967</u>	<u>102,813</u>
Cash flow from investing activities:		
Loan receivables, net of cash repayments	30,913	33,963
Purchases of property and equipment	(23,188)	(17,401)
Acquisitions of pawn stores, net of cash acquired	(36,171)	(1,115)
Net cash flow provided by (used in) investing activities	<u>(28,446)</u>	<u>15,447</u>
Cash flow from financing activities:		
Borrowings from revolving unsecured credit facility	220,000	120,000
Repayments of revolving unsecured credit facility	(105,500)	(283,000)
Issuance of senior unsecured notes	—	300,000
Repurchase/redemption of senior unsecured notes	—	(200,000)
Repurchase/redemption premiums paid on senior unsecured notes	—	(10,875)
Debt issuance costs paid	—	(4,718)
Purchases of treasury stock	(217,288)	(26,274)
Proceeds from exercise of share-based compensation awards	400	307
Dividends paid	(20,166)	(18,348)
Net cash flow used in financing activities	<u>(122,554)</u>	<u>(122,908)</u>
Effect of exchange rates on cash	(263)	6,127
Change in cash and cash equivalents	<u>(31,296)</u>	<u>1,479</u>
Cash and cash equivalents at beginning of the period	114,423	89,955
Cash and cash equivalents at end of the period	<u>\$ 83,127</u>	<u>\$ 91,434</u>

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

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

Note 1 - Significant Accounting Policies

Basis of Presentation

The accompanying condensed consolidated balance sheet at December 31, 2017, which is derived from audited financial statements, and the unaudited condensed consolidated financial statements, including the notes thereto, include the accounts of FirstCash, Inc. and its wholly-owned subsidiaries (together, the “Company”). The Company regularly makes acquisitions and the results of operations for the acquired stores have been consolidated since the acquisition dates. All significant intercompany accounts and transactions have been eliminated.

These unaudited consolidated financial statements are condensed and do not include all disclosures and footnotes required by generally accepted accounting principles in the United States of America for complete financial statements. These interim period financial statements should be read in conjunction with the Company’s consolidated financial statements, which are included in the Company’s annual report on Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission (the “SEC”) on February 20, 2018. The condensed consolidated financial statements as of June 30, 2018 and 2017, and for the three month and six month periods ended June 30, 2018 and 2017, 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, 2018 are not necessarily indicative of the results that may be expected for the full fiscal year.

The Company has significant operations in Latin America, where in Mexico, Guatemala and Colombia the functional currency is the Mexican peso, Guatemalan quetzal and Colombian peso, respectively. Accordingly, the assets and liabilities of these subsidiaries are translated into U.S. dollars at the exchange rate in effect at each balance sheet date, and the resulting adjustments are accumulated in other comprehensive income (loss) as a separate component of stockholders’ equity. Revenues and expenses are translated at the average exchange rates occurring during the three month and six month periods ended June 30, 2018 and 2017. The Company also has operations in El Salvador where the reporting and functional currency is the U.S. dollar.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”). ASU 2014-09 is a comprehensive revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In August 2015, the Financial Accounting Standards Board issued ASU No. 2015-14, “Revenue from Contracts with Customers (Topic 606),” which delayed the effective date of ASU 2014-09 by one year. In addition, between March 2016 and December 2016, the Financial Accounting Standards Board issued ASU No. 2016-08, “Revenue from Contracts with Customers - Principal versus Agent Considerations (Reporting revenue gross versus net)” (“ASU 2016-08”), ASU No. 2016-10, “Identifying Performance Obligations and Licensing” (“ASU 2016-10”), ASU No. 2016-12, “Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients” (“ASU 2016-12”), and ASU No. 2016-20, “Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers” (“ASU 2016-20”). ASU 2016-08, ASU 2016-10, ASU 2016-12 and ASU 2016-20 clarify certain aspects of ASU 2014-09 and provide additional implementation guidance. ASU 2014-09, ASU 2016-08, ASU 2016-10, ASU 2016-12 and ASU 2016-20 (collectively, “ASC 606”) became effective for annual reporting periods (including interim periods within those periods) beginning after December 15, 2017 for public companies. Entities are permitted to adopt ASC 606 using one of two methods: (a) full retrospective adoption, meaning the standard is applied to all periods presented, or (b) modified retrospective adoption, meaning the cumulative effect of applying the new standard is recognized as an adjustment to the opening retained earnings balance.

The Company adopted ASC 606 as of January 1, 2018 using the modified retrospective method. The adoption of ASC 606 did not impact the Company’s revenue recognition for pawn loan fees, consumer loan fees or credit services fees, as each of these revenue streams is outside the scope of ASC 606. Further, the Company has not identified any impacts to its consolidated financial statements that were material as a result of the adoption of ASC 606 for its retail merchandise sales or wholesale scrap jewelry sales revenue streams. The Company has not changed the presentation of its consolidated financial statements for assets, liabilities, or revenues from contracts with customers, nor has the Company recognized any cumulative effect adjustment as a result of the adoption of ASC 606.

In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, “Leases (Topic 842)” (“ASU 2016-02”). ASU 2016-02 requires a lessee to recognize, in the statement of financial position, a liability to make lease payments (the lease liability) and a right-to-use asset representing its right to use the underlying asset for the lease term. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the income statement. Lessor accounting remains largely unchanged. In July 2018, the Financial Accounting Standards Board issued ASU No. 2018-10, “Codification Improvements to Topic 842, Leases” (“ASU 2018-10”) which updates narrow aspects of the guidance issued in ASU 2016-02. ASU 2016-02 and ASU 2018-10 are effective for annual reporting periods beginning after December 15, 2018, and interim periods within those annual periods, with early adoption permitted. An entity will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Company is currently assessing the potential impact of ASU 2016-02 and ASU 2018-10 on its consolidated financial statements.

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

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

In January 2017, the Financial Accounting Standards Board issued ASU No. 2017-01, “Business Combinations (Topic 805) - Clarifying the Definition of a Business” (“ASU 2017-01”). ASU 2017-01 provides amendments to clarify the definition of a business and affects all companies and other reporting organizations that must determine whether they have acquired or sold a business. The amendments are intended to help companies and other organizations evaluate whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The guidance became effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years and should be applied prospectively as of the beginning of the period of adoption. The adoption of ASU 2017-01 did not have a material effect on the Company’s current financial position, results of operations or financial statement disclosures.

In January 2017, the Financial Accounting Standards Board issued ASU No. 2017-04, “Intangibles - Goodwill and Other (Topic 350) - Simplifying the Test for Goodwill Impairment” (“ASU 2017-04”). These amendments eliminate step 2 from the goodwill impairment test. The amendments also eliminate the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform step 2 of the goodwill impairment test. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The guidance is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017 and should be adopted on a prospective basis. The Company does not expect ASU 2017-04 to have a material effect on the Company’s current financial position, results of operations or financial statement disclosures.

In March 2018, the Financial Accounting Standards Board issued ASU No. 2018-05, “Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118” (“ASU 2018-05”), which became effective immediately. ASU 2018-05 adds various SEC paragraphs pursuant to the issuance of the December 2017 SEC Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act (“SAB 118”). See Note 6 for additional information regarding the adoption of ASU 2018-05.

In June 2018, the Financial Accounting Standards Board issued ASU No. 2018-07, “Compensation-Stock Compensation (Topic 718) - Improvements to Nonemployee Share-Based Payment Accounting” (“ASU 2018-07”). ASU 2018-07 simplifies the accounting for nonemployee share-based payment transactions. The amendments specify that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor’s own operations by issuing share-based payment awards. ASU 2018-07 is effective for public entities for fiscal years beginning after December 15, 2018, with early adoption permitted, but no earlier than a company’s adoption of ASC 606. The Company does not expect ASU 2018-07 to have a material effect on the Company’s current financial position, results of operations or financial statement disclosures.

In July 2018, the Financial Accounting Standards Board issued ASU No. 2018-09, “Codification Improvements” (“ASU 2018-09”). ASU 2018-09 does not prescribe any new accounting guidance, but instead makes minor improvements and clarifications of several different Financial Accounting Standards Board Accounting Standards Codification areas based on comments and suggestions made by various stakeholders. Certain updates are applicable immediately while others provide for a transition period to adopt in fiscal years beginning after December 15, 2018. The Company does not expect ASU 2018-09 to have a material effect on the Company’s current financial position, results of operations or financial statement disclosures.

Note 2 - Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share amounts):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Numerator:				
Net income	\$ 30,171	\$ 15,239	\$ 71,806	\$ 47,884
Denominator (in thousands):				
Weighted-average common shares for calculating basic earnings per share	44,942	48,261	45,680	48,324
Effect of dilutive securities:				
Stock options and nonvested common stock awards	101	28	77	21
Weighted-average common shares for calculating diluted earnings per share	45,043	48,289	45,757	48,345
Net income per share:				
Basic	\$ 0.67	\$ 0.32	\$ 1.57	\$ 0.99
Diluted	\$ 0.67	\$ 0.32	\$ 1.57	\$ 0.99

Note 3 - Acquisitions

Consistent with the Company’s strategy to continue its expansion of pawn stores in selected markets, during the six months ended June 30, 2018, the Company acquired 188 pawn stores in Mexico in two separate transactions and 18 pawn stores located in the U.S. in seven separate transactions. The all-cash aggregate purchase price for these acquisitions was \$44.0 million, net of cash acquired and subject to future post-closing adjustments. The purchases were composed of \$36.2 million in cash paid during the six months ended June 30, 2018 and remaining payables to the sellers of approximately \$7.8 million. The purchase price of each acquisition was allocated to assets and liabilities acquired based upon their estimated fair market values at the date of acquisition. The excess purchase price over the estimated fair market value of the net assets acquired and liabilities assumed 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.

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 price of the Company’s individually immaterial acquisitions during the six months ended June 30, 2018 is as follows:

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Pawn loans	\$	9,072
Pawn loan fees receivable		845
Inventory		6,483
Other current assets		306
Property and equipment		1,375
Goodwill ⁽¹⁾		26,355
Intangible assets ⁽²⁾		371
Other non-current assets		168
Current liabilities		(973)
Aggregate purchase price	\$	<u>44,002</u>

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

⁽²⁾ Intangible assets primarily consist of customer relationships, which are generally amortized over 5 years.

The results of operations for the acquired stores have been consolidated since the acquisition dates. During the six months ended June 30, 2018, revenue from the combined acquisitions since the acquisition dates was \$5.9 million and the net loss from the combined acquisitions since the acquisition dates (including transaction and integration costs) was approximately \$0.9 million. Combined transaction and integration costs related to the acquisitions during the six months ended June 30, 2018 were approximately \$1.3 million.

Note 4 - Long-Term Debt

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

	June 30,		December 31,
	2018	2017	2017
5.375% senior unsecured notes due 2024 ⁽¹⁾	\$ 295,560	\$ 294,804	\$ 295,243
Revolving unsecured credit facility, maturing 2022	221,500	97,000	107,000
Total long-term debt	\$ 517,060	\$ 391,804	\$ 402,243

⁽¹⁾ As of June 30, 2018, June 30, 2017 and December 31, 2017, deferred debt issuance costs of \$4.4 million, \$5.2 million and \$4.8 million, respectively, are included as a direct deduction from the carrying amount of the senior unsecured notes due 2024 in the accompanying condensed consolidated balance sheets.

Senior Unsecured Notes

On May 30, 2017, the Company issued \$300.0 million of 5.375% senior unsecured notes due on June 1, 2024 (the "Notes"), all of which are currently outstanding. Interest on the Notes is payable semi-annually in arrears on June 1 and December 1. The Notes are fully and unconditionally guaranteed on a senior unsecured basis jointly and severally by all of the Company's existing and future domestic subsidiaries that guarantee its primary revolving unsecured credit facility. The 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 ("Net Debt Ratio") is less than 2.25 to 1. The Net Debt Ratio is defined generally in the indenture governing the 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.

The Company used the proceeds from the offering of the Notes to repurchase, or otherwise redeem, its previously outstanding \$200.0 million, 6.75% senior unsecured notes due 2021 (the "2021 Notes"). As a result, during the six months ended June 30, 2017, the Company recognized a \$14.1 million loss on extinguishment of debt related to the repurchase or redemption of the 2021 Notes.

Revolving Unsecured Credit Facility

At June 30, 2018, the Company maintained an unsecured line of credit with a group of U.S. based commercial lenders (the “Credit Facility”) in the amount of \$400.0 million, which matures on September 2, 2022. At June 30, 2018, the Company had \$221.5 million in outstanding borrowings and \$5.1 million in outstanding letters of credit under the Credit Facility, leaving \$173.4 million available for future borrowings. The Credit Facility bears interest, at the Company’s option, at either (i) the prevailing London Interbank Offered Rate (“LIBOR”) (with interest periods of 1 week or 1, 2, 3 or 6 months at the Company’s option) plus a fixed spread of 2.5% or (ii) the prevailing prime or base rate plus a fixed spread of 1.5%. The agreement has a LIBOR floor of 0%. Additionally, the Company is required to pay an annual commitment fee of 0.50% on the average daily unused portion of the Credit Facility commitment. The weighted-average interest rate on amounts outstanding under the Credit Facility at June 30, 2018 was 4.50% based on 1 week LIBOR. 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 requirements and covenants of the Credit Facility as of June 30, 2018. During the six months ended June 30, 2018, the Company received net proceeds of \$114.5 million from borrowings pursuant to the Credit Facility.

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

As of June 30, 2018, 2017 and December 31, 2017, the Company did not have any financial assets or liabilities measured at fair value on a recurring basis.

Fair Value Measurements on a Nonrecurring Basis

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

Financial Assets and Liabilities Not Measured at Fair Value

The Company’s financial assets and liabilities as of June 30, 2018, 2017 and December 31, 2017 that are not measured at fair value in the condensed consolidated balance sheets are as follows (in thousands):

	Carrying Value June 30, 2018	June 30, 2018	Estimated Fair Value		
			Fair Value Measurements Using		
			Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	\$ 83,127	\$ 83,127	\$ 83,127	\$ —	\$ —
Pawn loans	348,295	348,295	—	—	348,295
Consumer loans, net	17,256	17,256	—	—	17,256
Fees and service charges receivable	42,920	42,920	—	—	42,920
	<u>\$ 491,598</u>	<u>\$ 491,598</u>	<u>\$ 83,127</u>	<u>\$ —</u>	<u>\$ 408,471</u>

Financial liabilities:

Revolving unsecured credit facility	\$ 221,500	\$ 221,500	\$ —	\$ 221,500	\$ —
Senior unsecured notes (outstanding principal)	300,000	300,000	—	300,000	—
	<u>\$ 521,500</u>	<u>\$ 521,500</u>	<u>\$ —</u>	<u>\$ 521,500</u>	<u>\$ —</u>

	Carrying Value June 30, 2017	June 30, 2017	Estimated Fair Value		
			Fair Value Measurements Using		
			Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	\$ 91,434	\$ 91,434	\$ 91,434	\$ —	\$ —
Pawn loans	353,399	353,399	—	—	353,399
Consumer loans, net	24,192	24,192	—	—	24,192
Fees and service charges receivable	42,810	42,810	—	—	42,810
	<u>\$ 511,835</u>	<u>\$ 511,835</u>	<u>\$ 91,434</u>	<u>\$ —</u>	<u>\$ 420,401</u>

Financial liabilities:

Revolving unsecured credit facility	\$ 97,000	\$ 97,000	\$ —	\$ 97,000	\$ —
Senior unsecured notes (outstanding principal)	300,000	312,000	—	312,000	—
	<u>\$ 397,000</u>	<u>\$ 409,000</u>	<u>\$ —</u>	<u>\$ 409,000</u>	<u>\$ —</u>

	Carrying Value December 31, 2017	December 31, 2017	Estimated Fair Value		
			Fair Value Measurements Using		
			Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	\$ 114,423	\$ 114,423	\$ 114,423	\$ —	\$ —
Pawn loans	344,748	344,748	—	—	344,748
Consumer loans, net	23,522	23,522	—	—	23,522
Fees and service charges receivable	42,736	42,736	—	—	42,736
	<u>\$ 525,429</u>	<u>\$ 525,429</u>	<u>\$ 114,423</u>	<u>\$ —</u>	<u>\$ 411,006</u>

Financial liabilities:

Revolving unsecured credit facility	\$ 107,000	\$ 107,000	\$ —	\$ 107,000	\$ —
Senior unsecured notes (outstanding principal)	300,000	314,000	—	314,000	—
	<u>\$ 407,000</u>	<u>\$ 421,000</u>	<u>\$ —</u>	<u>\$ 421,000</u>	<u>\$ —</u>

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

The carrying value of the Company's revolving unsecured credit facility approximates fair value as of June 30, 2018, 2017 and December 31, 2017. The fair value of the senior unsecured notes have been estimated based on a discounted cash flow analysis using a discount rate representing the Company's estimate of the rate that would be used by market participants. Changes in assumptions or estimation methodologies may have a material effect on these estimated fair values.

Note 6 - Income Taxes

On December 22, 2017, the Tax Cuts and Jobs Act ("Tax Act") was enacted into law. The Tax Act significantly changed U.S. corporate income tax law by, among other things, reducing the U.S. corporate income tax rate from 35% to 21% starting in 2018 and creating a territorial tax system with a one-time mandatory tax on previously deferred foreign earnings of U.S. corporations.

The Company's consolidated effective tax rate for the six months ended June 30, 2018 was 26.8% compared to 35.0%, for the six months ended June 30, 2017. The decrease in the effective tax rate for the six months ended June 30, 2018 reflects the reduced U.S. corporate income tax rate as a result of the passage of the Tax Act blended with the statutory tax rates of the Company's foreign subsidiaries which are generally 30%, 25%, 30% and 37% in Mexico, Guatemala, El Salvador and Colombia, respectively.

In December 2017, the SEC issued SAB 118 to address concerns about reporting entities' ability to timely comply with the accounting requirements to recognize all of the effects of the Tax Act in the period of enactment. SAB 118 allows disclosure that timely determination of some or all of the income tax effects from the Tax Act are incomplete by the due date of the financial statements and if possible to provide a reasonable estimate. As a result of the Tax Act, the Company recorded a provisional net income tax benefit of \$27.3 million in the fourth quarter of 2017. As of June 30, 2018, no adjustments to the estimates used to determine the provisional net tax benefit have been made. Any adjustments will be included in the provision for income taxes in the reporting period in which any such adjustments are determined, which will be no later than the fourth quarter of 2018. See Note 11 in the accompanying notes to the consolidated financial statements included in the Company's annual report on Form 10-K for the year ended December 31, 2017 for further information on the provisional income tax benefit.

Note 7 - Segment Information

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

- U.S. operations - Includes all pawn and consumer loan operations in the U.S.
- Latin America operations - Includes all pawn and consumer loan operations in Latin America, which currently includes operations in Mexico, Guatemala, El Salvador and Colombia

The following tables present reportable segment information for the three and six month periods ended June 30, 2018 and 2017 (in thousands):

	Three Months Ended June 30, 2018			
	U.S. Operations	Latin America Operations	Corporate	Consolidated
Revenue:				
Retail merchandise sales	\$ 166,441	\$ 89,301	\$ —	\$ 255,742
Pawn loan fees	87,825	35,187	—	123,012
Wholesale scrap jewelry sales	22,133	5,342	—	27,475
Consumer loan and credit services fees	13,401	342	—	13,743
Total revenue	<u>289,800</u>	<u>130,172</u>	<u>—</u>	<u>419,972</u>
Cost of revenue:				
Cost of retail merchandise sold	105,272	58,302	—	163,574
Cost of wholesale scrap jewelry sold	18,955	5,121	—	24,076
Consumer loan and credit services loss provision	3,810	84	—	3,894
Total cost of revenue	<u>128,037</u>	<u>63,507</u>	<u>—</u>	<u>191,544</u>
Net revenue	<u>161,763</u>	<u>66,665</u>	<u>—</u>	<u>228,428</u>
Expenses and other income:				
Store operating expenses	103,625	33,958	—	137,583
Administrative expenses	—	—	29,720	29,720
Depreciation and amortization	5,037	2,740	3,175	10,952
Interest expense	—	—	6,529	6,529
Interest income	—	—	(740)	(740)
Merger and other acquisition expenses	—	—	2,113	2,113
Total expenses and other income	<u>108,662</u>	<u>36,698</u>	<u>40,797</u>	<u>186,157</u>
Income (loss) before income taxes	<u>\$ 53,101</u>	<u>\$ 29,967</u>	<u>\$ (40,797)</u>	<u>\$ 42,271</u>

	Three Months Ended June 30, 2017			
	U.S. Operations	Latin America Operations	Corporate	Consolidated
Revenue:				
Retail merchandise sales	\$ 164,852	\$ 78,970	\$ —	\$ 243,822
Pawn loan fees	90,254	32,378	—	122,632
Wholesale scrap jewelry sales	26,136	5,510	—	31,646
Consumer loan and credit services fees	18,085	444	—	18,529
Total revenue	299,327	117,302	—	416,629
Cost of revenue:				
Cost of retail merchandise sold	106,731	49,742	—	156,473
Cost of wholesale scrap jewelry sold	25,400	5,190	—	30,590
Consumer loan and credit services loss provision	5,057	85	—	5,142
Total cost of revenue	137,188	55,017	—	192,205
Net revenue	162,139	62,285	—	224,424
Expenses and other income:				
Store operating expenses	105,521	31,549	—	137,070
Administrative expenses	—	—	30,305	30,305
Depreciation and amortization	6,421	2,622	5,646	14,689
Interest expense	—	—	5,585	5,585
Interest income	—	—	(393)	(393)
Merger and other acquisition expenses	—	—	1,606	1,606
Loss on extinguishment of debt	—	—	14,094	14,094
Total expenses and other income	111,942	34,171	56,843	202,956
Income (loss) before income taxes	\$ 50,197	\$ 28,114	\$ (56,843)	\$ 21,468

	Six Months Ended June 30, 2018			
	U.S. Operations	Latin America Operations	Corporate	Consolidated
Revenue:				
Retail merchandise sales	\$ 352,493	\$ 173,090	\$ —	\$ 525,583
Pawn loan fees	184,067	68,738	—	252,805
Wholesale scrap jewelry sales	51,590	10,610	—	62,200
Consumer loan and credit services fees	28,440	744	—	29,184
Total revenue	<u>616,590</u>	<u>253,182</u>	<u>—</u>	<u>869,772</u>
Cost of revenue:				
Cost of retail merchandise sold	225,888	112,183	—	338,071
Cost of wholesale scrap jewelry sold	46,608	9,963	—	56,571
Consumer loan and credit services loss provision	7,454	167	—	7,621
Total cost of revenue	<u>279,950</u>	<u>122,313</u>	<u>—</u>	<u>402,263</u>
Net revenue	<u>336,640</u>	<u>130,869</u>	<u>—</u>	<u>467,509</u>
Expenses and other income:				
Store operating expenses	208,008	68,136	—	276,144
Administrative expenses	—	—	57,722	57,722
Depreciation and amortization	10,592	5,449	6,194	22,235
Interest expense	—	—	12,727	12,727
Interest income	—	—	(1,721)	(1,721)
Merger and other acquisition expenses	—	—	2,352	2,352
Total expenses and other income	<u>218,600</u>	<u>73,585</u>	<u>77,274</u>	<u>369,459</u>
Income (loss) before income taxes	<u>\$ 118,040</u>	<u>\$ 57,284</u>	<u>\$ (77,274)</u>	<u>\$ 98,050</u>

	Six Months Ended June 30, 2017			
	U.S. Operations	Latin America Operations	Corporate	Consolidated
Revenue:				
Retail merchandise sales	\$ 358,518	\$ 145,298	\$ —	\$ 503,816
Pawn loan fees	192,072	58,811	—	250,883
Wholesale scrap jewelry sales	59,033	10,724	—	69,757
Consumer loan and credit services fees	38,900	849	—	39,749
Total revenue	648,523	215,682	—	864,205
Cost of revenue:				
Cost of retail merchandise sold	230,228	91,880	—	322,108
Cost of wholesale scrap jewelry sold	56,082	9,457	—	65,539
Consumer loan and credit services loss provision	9,047	187	—	9,234
Total cost of revenue	295,357	101,524	—	396,881
Net revenue	353,166	114,158	—	467,324
Expenses and other income:				
Store operating expenses	213,489	60,325	—	273,814
Administrative expenses	—	—	63,543	63,543
Depreciation and amortization	12,840	5,019	11,073	28,932
Interest expense	—	—	11,698	11,698
Interest income	—	—	(720)	(720)
Merger and other acquisition expenses	—	—	2,253	2,253
Loss on extinguishment of debt	—	—	14,094	14,094
Total expenses and other income	226,329	65,344	101,941	393,614
Income (loss) before income taxes	\$ 126,837	\$ 48,814	\$ (101,941)	\$ 73,710

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

The following discussion of financial condition, results of operations, liquidity and capital resources of FirstCash, Inc. and its wholly-owned subsidiaries (together, the "Company") should be read in conjunction with the Company's condensed consolidated financial statements and accompanying notes included under Part I, Item 1 of this quarterly report on Form 10-Q, as well as with the audited consolidated financial statements and accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's annual report on Form 10-K for the year ended December 31, 2017. References in this quarterly report on Form 10-Q to "year-to-date" refer to the six-month period from January 1, 2018 to June 30, 2018.

GENERAL

The Company is a leading operator of retail-based pawn stores with almost 2,300 store locations in the U.S. and Latin America. The Company's pawn stores generate significant retail sales primarily from the merchandise acquired through collateral forfeitures and over-the-counter purchases from customers. The stores also offer pawn loans to help customers meet small short-term cash needs. Personal property, such as consumer electronics, jewelry, power tools, household appliances, sporting goods and musical instruments, is pledged as collateral for the pawn loans and held by the Company over the term of the loan plus a stated grace period. In addition, some of the Company's pawn stores offer consumer loans or credit services products. The Company's strategy is to focus on growing its retail-based pawn operations in the U.S. and Latin America through new store openings and strategic acquisition opportunities as they arise. Pawn operations, which include retail merchandise sales, pawn loan fees and wholesale scrap jewelry sales, accounted for approximately 97% and 95% of the Company's consolidated revenue during the six month periods ended June 30, 2018 and 2017, respectively.

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

The Company recognizes pawn loan fee revenue on a constant-yield basis over the life of the pawn loan for all pawn loans of which the Company deems collection to be probable based on historical redemption statistics. If a pawn loan is not repaid prior to the expiration of the loan term, including any extension or grace period, if applicable, the property is forfeited to the Company and transferred to inventory at a value equal to the principal amount of the loan, exclusive of accrued pawn fee revenue. The Company records merchandise sales revenue at the time of the sale and presents merchandise sales net of any sales or value-added taxes collected. The Company does not provide direct financing to customers for the purchase of its merchandise, but does permit its customers to purchase merchandise on an interest-free layaway plan. Should the customer fail to make a required payment pursuant to a layaway plan, the previous payments are typically forfeited to the Company. Interim payments from customers on layaway sales are recorded as deferred revenue and subsequently recorded as income during the period in which final payment is received or when previous payments are forfeited to the Company. Some jewelry is processed at third-party facilities and the precious metal and diamond content is sold at either prevailing market commodity prices or a previously agreed upon price with a commodity buyer. The Company records revenue from these wholesale scrap jewelry transactions when a price has been agreed upon and the Company ships the commodity to the buyer.

The Company operates a small number of stand-alone consumer finance stores in the U.S. These stores provide consumer financial services products including credit services and consumer loans. In addition, 307 of the Company's pawn stores also offer credit services and/or consumer loans as an ancillary product, which products have been deemphasized by the Company in recent years due to regulatory constraints and increased internet based competition for such products. Beginning in fiscal 2018, the Company no longer offers fee-based check cashing services in its company-owned, non-franchised stores. In addition, effective June 30, 2018, the Company no longer offers an unsecured consumer loan product in Mexico. Consumer loan and credit services revenue accounted for approximately 3% and 5% of consolidated revenue during the six month periods ended June 30, 2018 and 2017, respectively.

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

Operating expenses consist of all items directly related to the operation of the Company's stores, including salaries and related payroll costs, rent, utilities, facilities maintenance, advertising, property taxes, licenses, supplies and security. Administrative expenses consist of items relating to the operation of the corporate offices, including the compensation and benefit costs of corporate management, area supervisors and other operations management personnel, collection operations and personnel, accounting and administrative costs, information technology costs, liability and casualty insurance, outside legal and accounting fees and stockholder-related expenses. Merger and other acquisition expenses 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 consolidation of technology systems and corporate facilities among others.

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

Stores included in the same-store calculations presented in this report are those stores that were opened or acquired prior to the beginning of the prior-year comparative period and remained open through the end of the reporting period. Also included are stores that were relocated during the applicable period within a specified distance serving the same market where there is not a significant change in store size and where there is not a significant overlap or gap in timing between the opening of the new store and the closing of the existing store.

OPERATIONS AND LOCATIONS

As of June 30, 2018, the Company had 2,289 store locations in 25 U.S. states (including the District of Columbia), 32 states in Mexico, Guatemala, El Salvador and Colombia, which represents a net store-count increase of 9% over the number of stores at June 30, 2017.

The following table details store count activity for the three months ended June 30, 2018:

	Pawn Locations ^{(1), (2)}	Consumer Loan Locations ⁽³⁾	Total Locations
U.S.:			
Total locations, beginning of period	1,064	41	1,105
Locations acquired	15	—	15
Locations closed or consolidated	(5)	(8)	(13)
Total locations, end of period	<u>1,074</u>	<u>33</u>	<u>1,107</u>
Latin America:			
Total locations, beginning of period	1,105	28	1,133
New locations opened	16	—	16
Locations acquired	62	—	62
Locations closed or consolidated	(1)	(28)	(29)
Total locations, end of period	<u>1,182</u>	<u>—</u>	<u>1,182</u>
Total:			
Total locations, beginning of period	2,169	69	2,238
New locations opened	16	—	16
Locations acquired	77	—	77
Locations closed or consolidated	(6)	(36)	(42)
Total locations, end of period	<u>2,256</u>	<u>33</u>	<u>2,289</u>

⁽¹⁾ At June 30, 2018, 307 of the U.S. pawn stores, primarily located in Texas and Ohio, also offered consumer loans and/or credit services as an ancillary product. Effective June 30, 2018, the Company no longer offers an unsecured consumer loan product in Latin America.

⁽²⁾ The Company closed six pawn stores, five in the U.S. and one in Latin America, during the second quarter of 2018, which were primarily smaller format stores emphasizing payday lending or underperforming locations which were consolidated into existing stores, an opportunity driven by merger and acquisition activity.

⁽³⁾ The Company's U.S. free-standing consumer loan locations offer consumer loans and/or credit services products and are located in Ohio and Texas.

The following table details store count activity for the six months ended June 30, 2018:

	Pawn Locations ^{(1), (2)}	Consumer Loan Locations ⁽³⁾	Total Locations
U.S.:			
Total locations, beginning of period	1,068	44	1,112
Locations acquired	18	—	18
Locations closed or consolidated	(12)	(11)	(23)
Total locations, end of period	<u>1,074</u>	<u>33</u>	<u>1,107</u>
Latin America:			
Total locations, beginning of period	971	28	999
New locations opened	27	—	27
Locations acquired	188	—	188
Locations closed or consolidated	(4)	(28)	(32)
Total locations, end of period	<u>1,182</u>	<u>—</u>	<u>1,182</u>
Total:			
Total locations, beginning of period	2,039	72	2,111
New locations opened	27	—	27
Locations acquired	206	—	206
Locations closed or consolidated	(16)	(39)	(55)
Total locations, end of period	<u>2,256</u>	<u>33</u>	<u>2,289</u>

⁽¹⁾ At June 30, 2018, 307 of the U.S. pawn stores, primarily located in Texas and Ohio, also offered consumer loans and/or credit services as an ancillary product. Effective June 30, 2018, the Company no longer offers an unsecured consumer loan product in Latin America.

⁽²⁾ The Company closed 16 pawn stores, 12 in the U.S. and four in Latin America, during the six months ended June 30, 2018, which were primarily smaller format stores emphasizing payday lending or underperforming locations which were consolidated into existing stores, an opportunity driven by merger and acquisition activity.

⁽³⁾ The Company's U.S. free-standing consumer loan locations offer consumer loans and/or credit services products and are located in Ohio and Texas.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, related revenue and expenses, and disclosure of gain and loss contingencies at the date of the financial statements. Such estimates, assumptions and judgments are subject to a number of risks and uncertainties, which may cause actual results to differ materially from the Company's estimates. The significant accounting policies that the Company believes are the most critical to aid in fully understanding and evaluating its reported financial results have been reported in the Company's 2017 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, 2018.

Recent Accounting Pronouncements

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

RESULTS OF OPERATIONS (unaudited)

Constant Currency Results

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

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

	June 30,		Favorable / (Unfavorable)
	2018	2017	
Mexican peso / U.S. dollar exchange rate:			
End-of-period	19.9	17.9	(11)%
Three months ended	19.4	18.6	(4)%
Six months ended	19.1	19.5	2 %
Guatemalan quetzal / U.S. dollar exchange rate:			
End-of-period	7.5	7.3	(3)%
Three months ended	7.4	7.3	(1)%
Six months ended	7.4	7.4	— %
Colombian peso / U.S. dollar exchange rate:			
End-of-period	2,931	3,038	4 %
Three months ended	2,839	2,920	3 %
Six months ended	2,849	2,920	2 %

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

Operating Results for the Three Months Ended June 30, 2018 Compared to the Three Months Ended June 30, 2017

U.S. Operations Segment

The following table details earning assets, which consist of pawn loans, inventories and consumer loans, net as well as other earning asset metrics of the U.S. operations segment as of June 30, 2018 as compared to June 30, 2017 (dollars in thousands, except as otherwise noted):

	Balance at June 30,		Increase /
	2018	2017	(Decrease)
U.S. Operations Segment			
Earning assets:			
Pawn loans	\$ 267,586	\$ 273,823	(2)%
Inventories	184,531	243,991	(24)%
Consumer loans, net ⁽¹⁾	17,109	23,801	(28)%
	<u>\$ 469,226</u>	<u>\$ 541,615</u>	(13)%
Average outstanding pawn loan amount (in ones)	\$ 160	\$ 148	8 %
Composition of pawn collateral:			
General merchandise	37%	38%	
Jewelry	63%	62%	
	<u>100%</u>	<u>100%</u>	
Composition of inventories:			
General merchandise	41%	44%	
Jewelry	59%	56%	
	<u>100%</u>	<u>100%</u>	
Percentage of inventory aged greater than one year	4%	12%	

⁽¹⁾ Does not include the off-balance sheet principal portion of active extensions of credit made by independent third-party lenders, which are guaranteed by the Company through its credit services organization programs. These amounts, net of the Company's estimated fair value of its liability for guaranteeing the extensions of credit, totaled \$7.5 million and \$9.1 million as of June 30, 2018 and 2017, respectively.

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The following table presents segment pre-tax operating income of the U.S. operations segment for the three months ended June 30, 2018 as compared to the three months ended June 30, 2017 (dollars in thousands). Store operating expenses include salary and benefit expense of store-level employees, occupancy costs, bank charges, security, insurance, utilities, supplies and other costs incurred by the stores.

	Three Months Ended		Increase / (Decrease)
	June 30,		
	2018	2017	
U.S. Operations Segment			
Revenue:			
Retail merchandise sales	\$ 166,441	\$ 164,852	1 %
Pawn loan fees	87,825	90,254	(3)%
Wholesale scrap jewelry sales	22,133	26,136	(15)%
Consumer loan and credit services fees	13,401	18,085	(26)%
Total revenue	<u>289,800</u>	<u>299,327</u>	(3)%
Cost of revenue:			
Cost of retail merchandise sold	105,272	106,731	(1)%
Cost of wholesale scrap jewelry sold	18,955	25,400	(25)%
Consumer loan and credit services loss provision	3,810	5,057	(25)%
Total cost of revenue	<u>128,037</u>	<u>137,188</u>	(7)%
Net revenue	<u>161,763</u>	<u>162,139</u>	— %
Segment expenses:			
Store operating expenses	103,625	105,521	(2)%
Depreciation and amortization	5,037	6,421	(22)%
Total segment expenses	<u>108,662</u>	<u>111,942</u>	(3)%
Segment pre-tax operating income	<u>\$ 53,101</u>	<u>\$ 50,197</u>	6 %

Retail Merchandise Sales Operations

U.S. retail merchandise sales increased 1% to \$166.4 million during the second quarter of 2018 compared to \$164.9 million for the second quarter of 2017. Same-store retail sales were consistent between the second quarter of 2018 and the second quarter of 2017. During the second quarter of 2018, the gross profit margin on retail merchandise sales in the U.S. was 37% compared to a margin of 35% during the second quarter of 2017. The improvements were driven primarily by the transition of the Cash America locations to the FirstPawn IT platform and compensation plans focused on improving key profitability metrics such as retail margins.

U.S. inventories decreased 24% from \$244.0 million at June 30, 2017 to \$184.5 million at June 30, 2018. The decrease was primarily a result of strategic reductions in inventory levels including targeted liquidation of aged inventories in the Cash America stores over the past several quarters. Inventories aged greater than one year in the U.S. at June 30, 2018 were 4% compared to 12% at June 30, 2017.

Pawn Lending Operations

U.S. pawn loan fees decreased 3% totaling \$87.8 million during the second quarter of 2018 compared to \$90.3 million for the second quarter of 2017. Same-store pawn fees decreased 3% in the second quarter of 2018 compared to the second quarter of 2017. Pawn loan receivables as of June 30, 2018 decreased 2% in total and 3% on a same-store basis compared to June 30, 2017. The decline in total and same-store pawn receivables and pawn loan fees relates primarily to the adoption of FirstCash's lending practices and the FirstPawn IT platform in the Cash America stores during 2017.

Wholesale Scrap Jewelry Operations

U.S. wholesale scrap jewelry revenue, consisting primarily of gold sales, decreased 15% to \$22.1 million during the second quarter of 2018 compared to \$26.1 million during the second quarter of 2017. The scrap jewelry gross profit margin in the U.S. was 14% compared to the prior-year margin of 3%. Scrap jewelry profits accounted for 2% of U.S. net revenue (gross profit) for the second quarter of 2018 and less than 1% for the second quarter of 2017 and is considered a non-core revenue stream of the Company.

Consumer Lending Operations

Service fees from U.S. consumer loans and credit services transactions (collectively, consumer lending operations) decreased 26% to \$13.4 million during the second quarter of 2018 compared to \$18.1 million for the second quarter of 2017. The Company continues to de-emphasize consumer lending operations in light of increasing regulatory constraints and internet-based competition and expects to continue to strategically close underperforming stand-alone consumer loan and credit services stores in 2018 and beyond. Revenues from consumer lending operations comprised 5% of U.S. revenue during the second quarter of 2018 compared to 6% of U.S. revenue during the second quarter of 2017 and is considered a non-core revenue stream of the Company.

In April 2018, the Company sold the remaining assets of its eight California consumer lending stores. As a result, the Company no longer has operations in California. The Company recorded an immaterial loss resulting from the sale and store closures, which includes the cost of terminating the remaining lease liabilities.

The Company is currently evaluating regulatory changes in the state of Ohio. A state bill, recently signed into law by the governor, will significantly reduce, if not eliminate entirely, the consumer lending and credit services products and related revenues in Ohio when it becomes effective on or about April 26, 2019. The Company currently operates 119 stores in Ohio, all of which offer consumer loan and credit services products, which will be negatively impacted by the legislation when it becomes effective. See “—Regulatory Developments” for further information about the legislation and the potential impact on the Company’s results of operations.

Segment Expenses and Segment Pre-Tax Operating Income

U.S. store operating expenses decreased 2% to \$103.6 million during the second quarter of 2018 compared to \$105.5 million during the second quarter of 2017, primarily due to continued efforts to optimize store operations in the Cash America stores. Same-store operating expenses decreased less than 1% compared with the prior-year period.

U.S. store depreciation and amortization decreased 22% to \$5.0 million during the second quarter of 2018 compared to \$6.4 million during the second quarter of 2017, primarily due to a reduction in capital spending in Cash America stores compared to pre-merger levels.

The U.S. segment pre-tax operating income for the second quarter of 2018 was \$53.1 million, which generated a pre-tax segment operating margin of 18% compared to \$50.2 million and 17% in the prior year, respectively. The increase in the segment pre-tax operating margin was primarily due to increased retail sales gross profits and reductions in store operating expenses and store depreciation and amortization, partially offset by expected and continued reductions in non-core consumer lending gross profits.

Latin America Operations Segment

Latin American results of operations for the three months ended June 30, 2018 compared to the three months ended June 30, 2017 were hindered by a 4% unfavorable 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, 2018 compared to June 30, 2017 also were hindered by an 11% unfavorable change in the end-of-period value of the Mexican peso compared to the U.S. dollar.

The following table details earning assets, which consist of pawn loans, inventories and consumer loans, net as well as other earning asset metrics of the Latin America operations segment as of June 30, 2018 as compared to June 30, 2017 (dollars in thousands, except as otherwise noted):

	Balance at June 30,		Increase / (Decrease)	Constant Currency Basis	
	2018	2017		Balance at June 30, 2018 (Non-GAAP)	Increase / (Decrease) (Non-GAAP)
Latin America Operations Segment					
Earning assets:					
Pawn loans	\$ 80,709	\$ 79,576	1 %	\$ 89,138	12 %
Inventories	65,158	57,370	14 %	72,046	26 %
Consumer loans, net	147	391	(62)%	163	(58)%
	<u>\$ 146,014</u>	<u>\$ 137,337</u>	6 %	<u>\$ 161,347</u>	17 %
Average outstanding pawn loan amount (in ones)					
	\$ 62	\$ 66	(6)%	\$ 69	5 %
Composition of pawn collateral:					
General merchandise	79%	81%			
Jewelry	21%	19%			
	<u>100%</u>	<u>100%</u>			
Composition of inventories:					
General merchandise	75%	74%			
Jewelry	25%	26%			
	<u>100%</u>	<u>100%</u>			
Percentage of inventory aged greater than one year					
	1%	1%			

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The following table presents segment pre-tax operating income of the Latin America operations segment for the three months ended June 30, 2018 as compared to the three months ended June 30, 2017 (dollars in thousands). Store operating expenses include salary and benefit expense of store-level employees, occupancy costs, bank charges, security, insurance, utilities, supplies and other costs incurred by the stores.

	Three Months Ended		Increase / (Decrease)	Constant Currency Basis	
	June 30,			Three Months	
	2018	2017		Ended June 30, 2018 (Non-GAAP)	Increase / (Decrease) (Non-GAAP)
Latin America Operations Segment					
Revenue:					
Retail merchandise sales	\$ 89,301	\$ 78,970	13 %	\$ 92,898	18 %
Pawn loan fees	35,187	32,378	9 %	36,591	13 %
Wholesale scrap jewelry sales	5,342	5,510	(3)%	5,342	(3)%
Consumer loan and credit services fees	342	444	(23)%	356	(20)%
Total revenue	<u>130,172</u>	<u>117,302</u>	11 %	<u>135,187</u>	15 %
Cost of revenue:					
Cost of retail merchandise sold	58,302	49,742	17 %	60,641	22 %
Cost of wholesale scrap jewelry sold	5,121	5,190	(1)%	5,324	3 %
Consumer loan and credit services loss provision	84	85	(1)%	88	4 %
Total cost of revenue	<u>63,507</u>	<u>55,017</u>	15 %	<u>66,053</u>	20 %
Net revenue	<u>66,665</u>	<u>62,285</u>	7 %	<u>69,134</u>	11 %
Segment expenses:					
Store operating expenses	33,958	31,549	8 %	35,185	12 %
Depreciation and amortization	2,740	2,622	5 %	2,840	8 %
Total segment expenses	<u>36,698</u>	<u>34,171</u>	7 %	<u>38,025</u>	11 %
Segment pre-tax operating income	<u>\$ 29,967</u>	<u>\$ 28,114</u>	7 %	<u>\$ 31,109</u>	11 %

Retail Merchandise Sales Operations

Latin America retail merchandise sales increased 13% (18% on a constant currency basis) to \$89.3 million during the second quarter of 2018 compared to \$79.0 million for the second quarter of 2017. The increase was primarily due to a 9% increase (13% on a constant currency basis) in same-store retail sales driven by strong retail demand trends, revenue contributions from recent acquisition activity and new store openings. The gross profit margin on retail merchandise sales was 35% during the second quarter of 2018 compared to 37% during the second quarter of 2017. The decrease in retail margins was in large part the result of recent acquisitions of smaller format stores that have historically had lower retail margins. The Company expects retail margins to increase over time from current levels as these acquired smaller format stores utilize the FirstPawn IT platform and store associates are trained in Company best practices that focus on general merchandise lending and retail operations.

Inventories in Latin America increased 14% (26% on a constant currency basis) from \$57.4 million at June 30, 2017 to \$65.2 million at June 30, 2018. The increase was primarily due to the acquisition of 188 smaller format stores in Mexico over the previous two quarters, new store openings and the maturation of existing stores. Inventories aged greater than one year in Latin America were 1% at June 30, 2018 and 2017.

Pawn Lending Operations

Pawn loan fees in Latin America increased 9% (13% on a constant currency basis) totaling \$35.2 million during the second quarter of 2018 compared to \$32.4 million for the second quarter of 2017, primarily as a result of the 1% (12% on a constant currency basis) increase in pawn loan receivables as of June 30, 2018 compared to June 30, 2017. The increase in pawn loan receivables was primarily driven by pawn loans acquired in the recent acquisitions and new store additions, partially offset by a same-store pawn receivable decrease of 8% (2% increase on a constant currency basis).

Wholesale Scrap Jewelry Operations

Latin America wholesale scrap jewelry revenue, consisting primarily of gold sales, decreased 3% to \$5.3 million during the second quarter of 2018 compared to \$5.5 million during the second quarter of 2017. The scrap jewelry gross profit margin in Latin America was 4% (less than 1% on a constant currency basis) compared to the prior-year margin of 6%. Scrap jewelry profits accounted for less than 1% of net revenue (gross profit) for the second quarter of 2018 compared to 1% in the second quarter of 2017 and is considered a non-core revenue stream of the Company.

Consumer Lending Operations

The Company continues to strategically focus on its core pawn business and reduce its exposure to non-core unsecured lending products. Effective June 30, 2018, the Company ceased offering its unsecured consumer loan products in Mexico and the 28 consumer loan stores were closed. As a result, the Company no longer offers an unsecured consumer loan product in Latin America.

Segment Expenses and Segment Pre-Tax Operating Income

Store operating expenses increased 8% (12% on a constant currency basis) to \$34.0 million during the second quarter of 2018 compared to \$31.5 million during the second quarter of 2017 and same-store operating expenses decreased less than 1% (increased 3% on a constant currency basis) compared to the prior-year period. Total store operating expenses increased primarily due to the 8% increase in the weighted-average store count.

The segment pre-tax operating income for the second quarter of 2018 was \$30.0 million, which generated a pre-tax segment operating margin of 23% compared to \$28.1 million and 24% in the prior year, respectively.

Consolidated Results of Operations

The following table reconciles pre-tax operating income of the Company's U.S. operations segment and Latin America operations segment discussed above to consolidated net income for the three months ended June 30, 2018 as compared to the three months ended June 30, 2017 (dollars in thousands):

	Three Months Ended		Increase / (Decrease)
	June 30,		
	2018	2017	
Consolidated Results of Operations			
Segment pre-tax operating income:			
U.S. operations segment pre-tax operating income	\$ 53,101	\$ 50,197	6 %
Latin America operations segment pre-tax operating income	29,967	28,114	7 %
Consolidated segment pre-tax operating income	<u>83,068</u>	<u>78,311</u>	6 %
Corporate expenses and other income:			
Administrative expenses	29,720	30,305	(2)%
Depreciation and amortization	3,175	5,646	(44)%
Interest expense	6,529	5,585	17 %
Interest income	(740)	(393)	88 %
Merger and other acquisition expenses	2,113	1,606	32 %
Loss on extinguishment of debt	—	14,094	(100)%
Total corporate expenses and other income	<u>40,797</u>	<u>56,843</u>	(28)%
Income before income taxes	42,271	21,468	97 %
Provision for income taxes	<u>12,100</u>	<u>6,229</u>	94 %
Net income	<u>\$ 30,171</u>	<u>\$ 15,239</u>	98 %

Corporate Expenses and Taxes

Administrative expenses decreased 2% to \$29.7 million during the second quarter of 2018 compared to \$30.3 million during the second quarter of 2017, primarily due to administrative synergies realized from the Cash America merger partially offset by an 8% increase in the weighted-average store count resulting in additional management and supervisory compensation and other support expenses required for such growth. In addition, there was a 4% unfavorable change in the average value of the Mexican peso for the three months ended June 30, 2018 compared to the three months ended June 30, 2017, which reduced comparative administrative expenses in Mexico. As a percentage of revenue, administrative expenses were 7% during the second quarter of both 2018 and 2017.

Corporate depreciation and amortization decreased to \$3.2 million during the second quarter of 2018 compared to \$5.6 million during the second quarter of 2017, primarily due to the realization of depreciation and amortization merger synergies and a reduction in capital spending compared to pre-merger levels.

Interest expense increased to \$6.5 million in the second quarter of 2018 compared to \$5.6 million for the second quarter of 2017. See “—Liquidity and Capital Resources.”

Merger and other acquisition expenses increased to \$2.1 million during the second quarter of 2018 compared to \$1.6 million during the second quarter of 2017, reflecting timing in acquisition and integration costs associated with the Cash America merger and the recent Latin America acquisitions. See “—Non-GAAP Financial Information” for additional details of merger and other acquisition expenses.

During the second quarter of 2017, the Company repurchased through a tender offer, or otherwise redeemed, its previously outstanding \$200 million, 6.75% senior unsecured notes due 2021, incurring a loss on extinguishment of debt of \$14.1 million.

For the second quarter of 2018 and 2017, the Company’s consolidated effective income tax rates were 28.6% and 29.0%, respectively. The effective tax rate for the second quarter of 2018 was impacted primarily as a result of the passage of the Tax Cuts and Jobs Act (“Tax Act”) on December 22, 2017, which reduced the U.S. corporate income tax rate from 35% in 2017 to 21% in 2018. The 28.6% effective income tax rate for the second quarter of 2018 was negatively impacted by the refinement of certain 2018 U.S. tax estimates during the quarter. The Company expects its blended effective income tax rate, including corporate income taxes on Latin American operations, to be between 26% and 27% for fiscal 2018 as a result of the Tax Act.

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

The following table sets forth revenue, net revenue, net income, net income per share, adjusted net income and adjusted net income per share for the second quarter of 2018 compared to the second quarter of 2017 (in thousands, except per share amounts):

	Three Months Ended June 30,			
	2018		2017	
	As Reported (GAAP)	Adjusted (Non-GAAP)	As Reported (GAAP)	Adjusted (Non-GAAP)
Revenue	\$ 419,972	\$ 419,972	\$ 416,629	\$ 416,629
Net revenue	\$ 228,428	\$ 228,428	\$ 224,424	\$ 224,424
Net income	\$ 30,171	\$ 31,683	\$ 15,239	\$ 25,130
Diluted earnings per share	\$ 0.67	\$ 0.70	\$ 0.32	\$ 0.52
Weighted average diluted shares	45,043	45,043	48,289	48,289

Adjusted net income removes certain items from GAAP net income that the Company does not consider to be representative of its actual operating performance, such as merger and other acquisition expenses and debt extinguishment costs, but does not adjust for the effects of foreign currency rate fluctuations. See “—Non-GAAP Financial Information—Adjusted Net Income and Adjusted Net Income Per Share” below.

Operating Results for the Six Months Ended June 30, 2018 Compared to the Six Months Ended June 30, 2017
U.S. Operations Segment

The following table presents segment pre-tax operating income of the U.S. operations segment for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017 (dollars in thousands). Store operating expenses include salary and benefit expense of store-level employees, occupancy costs, bank charges, security, insurance, utilities, supplies and other costs incurred by the stores.

	Six Months Ended		Decrease
	June 30,		
	<u>2018</u>	<u>2017</u>	
U.S. Operations Segment			
Revenue:			
Retail merchandise sales	\$ 352,493	\$ 358,518	(2)%
Pawn loan fees	184,067	192,072	(4)%
Wholesale scrap jewelry sales	51,590	59,033	(13)%
Consumer loan and credit services fees	28,440	38,900	(27)%
Total revenue	<u>616,590</u>	<u>648,523</u>	(5)%
Cost of revenue:			
Cost of retail merchandise sold	225,888	230,228	(2)%
Cost of wholesale scrap jewelry sold	46,608	56,082	(17)%
Consumer loan and credit services loss provision	7,454	9,047	(18)%
Total cost of revenue	<u>279,950</u>	<u>295,357</u>	(5)%
Net revenue	<u>336,640</u>	<u>353,166</u>	(5)%
Segment expenses:			
Store operating expenses	208,008	213,489	(3)%
Depreciation and amortization	10,592	12,840	(18)%
Total segment expenses	<u>218,600</u>	<u>226,329</u>	(3)%
Segment pre-tax operating income	<u>\$ 118,040</u>	<u>\$ 126,837</u>	(7)%

Retail Merchandise Sales Operations

U.S. retail merchandise sales decreased 2% to \$352.5 million during the six months ended June 30, 2018 compared to \$358.5 million for the six months ended June 30, 2017. Same-store retail sales also decreased 2% during the six months ended June 30, 2018 compared to the six months ended June 30, 2017. During the six months ended June 30, 2018, the gross profit margin on retail merchandise sales in the U.S. was 36% which equaled the gross profit margin during the six months ended June 30, 2017. The decline in retail sales was primarily due to strategic reductions in inventory levels in the Cash America stores.

Pawn Lending Operations

U.S. pawn loan fees decreased 4% totaling \$184.1 million during the six months ended June 30, 2018 compared to \$192.1 million for the six months ended June 30, 2017. Same-store pawn fees also decreased 4% during the six months ended June 30, 2018 compared to the six months ended June 30, 2017. Pawn loan receivables as of June 30, 2018 decreased 2% in total and 3% on a same-store basis compared to June 30, 2017. The decline in same-store pawn receivables and pawn loan fees relates primarily to the adoption of FirstCash's lending practices and the FirstPawn IT platform during 2017.

Wholesale Scrap Jewelry Operations

U.S. wholesale scrap jewelry revenue, consisting primarily of gold sales, decreased 13% to \$51.6 million during the six months ended June 30, 2018 compared to \$59.0 million during the six months ended June 30, 2017. The scrap jewelry gross profit margin in the U.S. was 10% compared to the prior-year margin of 5%. Scrap jewelry profits accounted for 1% of U.S. net revenue (gross profit) for both the six months ended June 30, 2018 and 2017 and is considered a non-core revenue stream of the Company.

Consumer Lending Operations

Service fees from U.S. consumer loans and credit services transactions (collectively, consumer lending operations) decreased 27% to \$28.4 million during the six months ended June 30, 2018 compared to \$38.9 million for the six months ended June 30, 2017. The Company continues to de-emphasize consumer lending operations in light of increasing regulatory constraints and internet-based competition and expects to continue to strategically close underperforming stand-alone consumer loan and credit services stores in 2018 and beyond. Revenues from consumer lending operations comprised 5% of U.S. revenue during the six months ended June 30, 2018 compared to 6% of U.S. revenue during the six months ended June 30, 2017 and is considered a non-core revenue stream of the Company.

In April 2018, the Company sold the remaining assets of its eight California consumer lending stores. As a result, the Company no longer has operations in California. The Company recorded an immaterial loss resulting from the sale and store closures, which includes the cost of terminating the remaining lease liabilities.

The Company is currently evaluating regulatory changes in the state of Ohio. A state bill, recently signed into law by the governor, will significantly reduce, if not eliminate entirely, the consumer lending and credit services products and related revenues in Ohio when it becomes effective on or about April 26, 2019. The Company currently operates 119 stores in Ohio, all of which offer consumer loan and credit services products, which will be negatively impacted by the legislation when it becomes effective. See “—Regulatory Developments” for further information about the legislation and the potential impact on the Company’s results of operations.

Segment Expenses and Segment Pre-Tax Operating Income

U.S. store operating expenses decreased 3% to \$208.0 million during the six months ended June 30, 2018 compared to \$213.5 million during the six months ended June 30, 2017, primarily due to continued efforts to optimize store operations in the Cash America stores. Same-store operating expenses decreased 1% compared with the prior-year period.

U.S. store depreciation and amortization decreased 18% to \$10.6 million during the six months ended June 30, 2018 compared to \$12.8 million during the six months ended June 30, 2017, primarily due to a reduction in capital spending in Cash America stores compared to pre-merger levels.

The U.S. segment pre-tax operating income for the six months ended June 30, 2018 was \$118.0 million, which generated a pre-tax segment operating margin of 19% compared to \$126.8 million and 20% in the prior year, respectively. The decline in the segment pre-tax operating margin was due to net revenue pressure during the six months ended June 30, 2018 primarily a result of declines in non-core consumer lending gross profits and Cash America store integration efforts, partially offset by a reduction in store operating expenses and store depreciation and amortization.

Latin America Operations Segment

Latin American results of operations for the six months ended June 30, 2018 compared to the six months ended June 30, 2017 benefited from a 2% 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 of the Latin America operations segment for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017 (dollars in thousands). Store operating expenses include salary and benefit expense of store-level employees, occupancy costs, bank charges, security, insurance, utilities, supplies and other costs incurred by the stores.

	Six Months Ended		Increase / (Decrease)	Constant Currency Basis	
	June 30,			Six Months Ended June 30, 2018 (Non-GAAP)	Increase / (Decrease) (Non-GAAP)
	2018	2017			
Latin America Operations Segment					
Revenue:					
Retail merchandise sales	\$ 173,090	\$ 145,298	19 %	\$ 169,483	17 %
Pawn loan fees	68,738	58,811	17 %	67,324	14 %
Wholesale scrap jewelry sales	10,610	10,724	(1)%	10,610	(1)%
Consumer loan and credit services fees	744	849	(12)%	728	(14)%
Total revenue	<u>253,182</u>	<u>215,682</u>	17 %	<u>248,145</u>	15 %
Cost of revenue:					
Cost of retail merchandise sold	112,183	91,880	22 %	109,857	20 %
Cost of wholesale scrap jewelry sold	9,963	9,457	5 %	9,752	3 %
Consumer loan and credit services loss provision	167	187	(11)%	163	(13)%
Total cost of revenue	<u>122,313</u>	<u>101,524</u>	20 %	<u>119,772</u>	18 %
Net revenue	<u>130,869</u>	<u>114,158</u>	15 %	<u>128,373</u>	12 %
Segment expenses:					
Store operating expenses	68,136	60,325	13 %	66,856	11 %
Depreciation and amortization	5,449	5,019	9 %	5,347	7 %
Total segment expenses	<u>73,585</u>	<u>65,344</u>	13 %	<u>72,203</u>	10 %
Segment pre-tax operating income	<u>\$ 57,284</u>	<u>\$ 48,814</u>	17 %	<u>\$ 56,170</u>	15 %

Retail Merchandise Sales Operations

Latin America retail merchandise sales increased 19% (17% on a constant currency basis) to \$173.1 million during the six months ended June 30, 2018 compared to \$145.3 million for the six months ended June 30, 2017. The increase was primarily due to a 15% increase (13% on a constant currency basis) in same-store retail sales driven by strong retail demand trends, revenue contributions from recent acquisition activity and new store openings. The gross profit margin on retail merchandise sales was 35% during the six months ended June 30, 2018 compared to 37% during the six months ended June 30, 2017. The decrease in retail margins was in large part the result of recent acquisitions of smaller format stores that have historically had lower retail margins. The Company expects retail margins to increase over time from current levels as these acquired smaller format stores utilize the FirstPawn IT platform and store associates are trained in Company best practices that focus on general merchandise lending and retail operations.

Pawn Lending Operations

Pawn loan fees in Latin America increased 17% (14% on a constant currency basis) totaling \$68.7 million during the six months ended June 30, 2018 compared to \$58.8 million for the six months ended June 30, 2017, primarily as a result of the 1% (12% on a constant currency basis) increase in pawn loan receivables as of June 30, 2018 compared to June 30, 2017. The increase in pawn receivables was primarily driven by pawn loans acquired in the recent acquisitions and new store additions, partially offset by a same-store pawn receivable decrease of 8% (2% increase on a constant currency basis).

Wholesale Scrap Jewelry Operations

Latin America wholesale scrap jewelry revenue, consisting primarily of gold sales, decreased 1% to \$10.6 million during the six months ended June 30, 2018 compared to \$10.7 million during the six months ended June 30, 2017. The scrap jewelry gross profit margin in Latin America was 6% (8% on a constant currency basis) compared to the prior-year margin of 12%. Scrap jewelry profits accounted for less than 1% of Latin America net revenue (gross profit) for the six months ended June 30, 2018 compared to 1% for the six months ended June 30, 2017 and is considered a non-core revenue stream of the Company.

Consumer Lending Operations

The Company continues to strategically focus on its core pawn business and reduce its exposure to non-core unsecured lending products. Effective June 30, 2018, the Company ceased offering its unsecured consumer loan products in Mexico and the 28 consumer loan stores were closed. As a result, the Company no longer offers an unsecured consumer loan product in Latin America.

Segment Expenses and Segment Pre-Tax Operating Income

Store operating expenses increased 13% (11% on a constant currency basis) to \$68.1 million during the six months ended June 30, 2018 compared to \$60.3 million during the six months ended June 30, 2017 and same-store operating expenses increased 7% (5% on a constant currency basis) compared to the prior-year period. The increase in both total and same-store operating expenses was partially due to increased compensation expense related to wage inflation beginning during the second quarter of 2017. Additionally, total store operating expenses increased due to the 7% increase in the weighted-average store count.

The segment pre-tax operating income for the six months ended June 30, 2018 was \$57.3 million, which generated a pre-tax segment operating margin of 23% compared to \$48.8 million and 23% in the prior year, respectively.

Consolidated Results of Operations

The following table reconciles pre-tax operating income of the Company's U.S. operations segment and Latin America operations segment discussed above to consolidated net income for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017 (dollars in thousands):

	Six Months Ended		Increase / (Decrease)
	June 30,		
	2018	2017	
Consolidated Results of Operations			
Segment pre-tax operating income:			
U.S. operations segment pre-tax operating income	\$ 118,040	\$ 126,837	(7)%
Latin America operations segment pre-tax operating income	57,284	48,814	17 %
Consolidated segment pre-tax operating income	<u>175,324</u>	<u>175,651</u>	— %
Corporate expenses and other income:			
Administrative expenses	57,722	63,543	(9)%
Depreciation and amortization	6,194	11,073	(44)%
Interest expense	12,727	11,698	9 %
Interest income	(1,721)	(720)	139 %
Merger and other acquisition expenses	2,352	2,253	4 %
Loss on extinguishment of debt	—	14,094	(100)%
Total corporate expenses and other income	<u>77,274</u>	<u>101,941</u>	(24)%
Income before income taxes	<u>98,050</u>	73,710	33 %
Provision for income taxes	<u>26,244</u>	25,826	2 %
Net income	<u>\$ 71,806</u>	<u>\$ 47,884</u>	50 %

Corporate Expenses and Taxes

Administrative expenses decreased 9% to \$57.7 million during the six months ended June 30, 2018 compared to \$63.5 million during the six months ended June 30, 2017, primarily due to administrative synergies realized from the Cash America merger, partially offset by a 7% increase in the weighted-average store count resulting in additional management and supervisory compensation and other support expenses required for such growth and a 2% favorable change in the average value of the Mexican peso, which increased comparative administrative expenses in Mexico. As a percentage of revenue, administrative expenses were 7% during both the six months ended June 30, 2018 and 2017.

Corporate depreciation and amortization decreased to \$6.2 million during the six months ended June 30, 2018 compared to \$11.1 million during the six months ended June 30, 2017, primarily due to the realization of depreciation and amortization merger synergies and a reduction in capital spending compared to pre-merger levels.

Interest expense increased to \$12.7 million during the six months ended June 30, 2018 compared to \$11.7 million for the six months ended June 30, 2017. See “—Liquidity and Capital Resources.”

Merger and other acquisition expenses increased to \$2.4 million during the six months ended June 30, 2018 compared to \$2.3 million for the six months ended June 30, 2017, reflecting timing in acquisition and integration costs associated with the Cash America merger and the recent Latin America acquisitions. See “—Non-GAAP Financial Information” for additional details of merger and other acquisition expenses.

During the six months ended June 30, 2017, the Company repurchased through a tender offer, or otherwise redeemed, its previously outstanding \$200 million, 6.75% senior unsecured notes due 2021, incurring a loss on extinguishment of debt of \$14.1 million.

For the six months ended June 30, 2018 and 2017, the Company’s consolidated effective income tax rates were 26.8% and 35.0%, respectively. The effective tax rate for the six months ended June 30, 2018 was impacted primarily as a result of the passage of the Tax Act on December 22, 2017, which reduced the U.S. corporate income tax rate from 35% in 2017 to 21% in 2018. The Company expects its blended effective income tax rate, including corporate income taxes on Latin American operations, to be between 26% and 27% for fiscal 2018 as a result of the Tax Act.

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

The following table sets forth revenue, net revenue, net income, net income per share, adjusted net income and adjusted net income per share for the six months ended June 30, 2018 compared to the six months ended June 30, 2017 (in thousands, except per share amounts):

	Six Months Ended June 30,			
	2018		2017	
	As Reported (GAAP)	Adjusted (Non-GAAP)	As Reported (GAAP)	Adjusted (Non-GAAP)
Revenue	\$ 869,772	\$ 869,772	\$ 864,205	\$ 864,205
Net revenue	\$ 467,509	\$ 467,509	\$ 467,324	\$ 467,324
Net income	\$ 71,806	\$ 73,502	\$ 47,884	\$ 58,183
Diluted earnings per share	\$ 1.57	\$ 1.61	\$ 0.99	\$ 1.20
Weighted average diluted shares	45,757	45,757	48,345	48,345

Adjusted net income removes certain items from GAAP net income that the Company does not consider to be representative of its actual operating performance, such as merger and other acquisition expenses and debt extinguishment costs, but does not adjust for the effects of foreign currency rate fluctuations. See “—Non-GAAP Financial Information—Adjusted Net Income and Adjusted Net Income Per Share” below.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2018, the Company’s primary sources of liquidity were \$83.1 million in cash and cash equivalents, \$173.4 million of available and unused funds under the Company’s revolving credit facility, \$408.5 million in customer loans and fees and service charges receivable and \$249.7 million in inventories. As of June 30, 2018, the amount of cash associated with indefinitely reinvested foreign earnings was \$49.5 million, which is primarily held in Mexican pesos. The Company had working capital of \$644.2 million as of June 30, 2018 and total equity exceeded liabilities by a ratio of 1.9 to 1.

On May 30, 2017, the Company issued \$300.0 million of 5.375% senior unsecured notes due on June 1, 2024 (the “Notes”), all of which are currently outstanding. Interest on the Notes is payable semi-annually in arrears on June 1 and December 1. The Notes are fully and unconditionally guaranteed on a senior unsecured basis jointly and severally by all of the Company’s existing and future domestic subsidiaries that guarantee its primary revolving unsecured credit facility. The 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 (“Net Debt Ratio”) is less than 2.25 to 1. The Net Debt Ratio is defined generally in the indenture governing the Notes (the “Indenture”) as the ratio of (1) the total consolidated debt of the Company minus cash and cash equivalents of the Company to (2) the Company’s consolidated trailing twelve months EBITDA, as adjusted to exclude certain non-recurring expenses and giving pro forma effect to operations acquired during the measurement period. As of June 30, 2018, the Net Debt Ratio was 1.6 to 1. See “—Non-GAAP Financial Information” for additional information on the calculation of the Net Debt Ratio.

The Company used the proceeds from the offering of the Notes to repurchase, or otherwise redeem, its previously outstanding \$200.0 million, 6.75% senior unsecured notes due 2021 (the “2021 Notes”). As a result, during the six months ended June 30, 2017, the Company recognized a \$14.1 million loss on extinguishment of debt related to the repurchase or redemption of the 2021 Notes.

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At June 30, 2018, the Company maintained an unsecured line of credit with a group of U.S. based commercial lenders (the “Credit Facility”) in the amount of \$400.0 million which matures on September 2, 2022. At June 30, 2018, the Company had \$221.5 million in outstanding borrowings and \$5.1 million in outstanding letters of credit under the Credit Facility, leaving \$173.4 million available for future borrowings. The Credit Facility bears interest, at the Company’s option, at either (i) the prevailing London Interbank Offered Rate (“LIBOR”) (with interest periods of 1 week or 1, 2, 3 or 6 months at the Company’s option) plus a fixed spread of 2.5% or (ii) the prevailing prime or base rate plus a fixed spread of 1.5%. The agreement has a LIBOR floor of 0%. Additionally, the Company is required to pay an annual commitment fee of 0.50% on the average daily unused portion of the Credit Facility commitment. The weighted-average interest rate on amounts outstanding under the Credit Facility at June 30, 2018 was 4.50% based on 1 week LIBOR. 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 requirements and covenants of the Credit Facility as of June 30, 2018, and believes it has the capacity to borrow a substantial portion of the amount available under the Credit Facility under the most restrictive covenant. During the six months ended June 30, 2018, the Company received net proceeds of \$114.5 million from borrowings pursuant to the Credit Facility.

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

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

The following tables set forth certain historical information with respect to the Company’s sources and uses of cash and other key indicators of liquidity (dollars in thousands):

	Six Months Ended	
	June 30,	
	2018	2017
Cash flow provided by operating activities	\$ 119,967	\$ 102,813
Cash flow provided by (used in) investing activities	\$ (28,446)	\$ 15,447
Cash flow used in financing activities	\$ (122,554)	\$ (122,908)

	Balance at June 30,	
	2018	2017
Working capital	\$ 644,218	\$ 731,637
Current ratio	6.5:1	6.8:1
Liabilities to equity ratio	0.5:1	0.4:1
Net Debt Ratio ⁽¹⁾	1.6:1	1.2:1

⁽¹⁾ Adjusted EBITDA, a component of the Net Debt Ratio, is a non-GAAP financial measure. See “—Non-GAAP Financial Information” for a calculation of the Net Debt Ratio.

Net cash provided by operating activities increased \$17.2 million, or 17%, from \$102.8 million for the six months ended June 30, 2017 to \$120.0 million for the six months ended June 30, 2018, due to an increase in net income of \$23.9 million and net changes in certain non-cash adjustments to reconcile net income to operating cash flow and net changes in operating assets and liabilities (as detailed in the condensed consolidated statements of cash flows).

Net cash provided by investing activities decreased \$43.9 million, or 284%, from \$15.4 million for the six months ended June 30, 2017 to net cash used in investing activities of \$28.4 million for the six months ended June 30, 2018. Cash flows from investing activities are utilized primarily to fund pawn store acquisitions and purchases of property and equipment. In addition, net cash flows related to fundings/repayments of pawn and consumer loans are included in investing activities. The Company paid \$36.2 million in cash related to acquisitions and \$23.2 million for property and equipment during the six months ended June 30, 2018 compared to \$1.1 million and \$17.4 million in the prior-year period, respectively. The Company received funds from a net decrease in pawn and consumer loans of \$30.9 million during the six months ended June 30, 2018 compared to \$34.0 million during the six months ended June 30, 2017.

Net cash used in financing activities decreased \$0.4 million, or 0%, from \$122.9 million for the six months ended June 30, 2017 to \$122.6 million for the six months ended June 30, 2018. Net borrowings on the Company's credit facility were \$114.5 million during the six months ended June 30, 2018 compared to net payments of \$163.0 million during the six months ended June 30, 2017. During the six months ended June 30, 2017, the Company received \$300.0 million in proceeds from the private offering of the Notes and paid \$4.7 million in debt issuance costs related to the Notes and the Credit Facility. Using part of the proceeds from the Notes, the Company repurchased, or otherwise redeemed, the 2021 Notes and paid tender or redemption premiums over the face value of the 2021 Notes and other reacquisition costs of \$10.9 million during the six months ended June 30, 2017. The Company funded \$217.3 million worth of common stock share repurchases and paid dividends of \$20.2 million during the six months ended June 30, 2018, compared to funding \$26.3 million worth of share repurchases and dividends paid of \$18.3 million during the six months ended June 30, 2017.

During the six months ended June 30, 2018, the Company opened 27 new pawn stores in Latin America, acquired 188 pawn stores in Latin America and acquired 18 pawn stores in the U.S. The cumulative all-cash purchase price of the 2018 acquisitions was \$44.0 million, net of cash acquired and subject to future post-closing adjustments. The purchases were composed of \$36.2 million in cash paid during the six months ended June 30, 2018 and \$7.8 million of deferred purchase price payable in cash to the sellers in 2018 and 2019. The Company funded \$23.2 million in capital expenditures during the six months ended June 30, 2018, primarily for maintenance capital expenditures, new store additions and corporate assets, but also included \$8.7 million related to the purchase of real estate primarily at existing stores.

The Company intends to continue expansion primarily through acquisitions and new store openings. For fiscal 2018, the Company expects to add 265 to 270 locations, which includes the 188 smaller format stores acquired in Mexico and the 45 large format stores acquired or opened during the first half of the year. The Company anticipates opening an additional 32 to 37 large format stores over the remainder of the year. Additionally, as opportunities arise at attractive prices, the Company intends to continue purchasing the real estate from its landlords at existing stores. Excluding these real estate purchases, the Company expects total capital expenditures for 2018, including expenditures for new and remodeled stores and other corporate assets, will total approximately \$27.5 million to \$32.5 million. Management believes cash on hand, the amounts available to be drawn under the credit facility and cash generated from operations will be sufficient to accommodate the Company's current operations and store expansion plans for the remainder of 2018.

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

In May 2017, the Company's Board of Directors authorized a common stock repurchase program to repurchase up to \$100.0 million of the Company's outstanding common stock. During January 2018, the Company completed the May 2017 stock repurchase program after repurchasing approximately 239,000 shares of its common stock at an aggregate cost of \$17.3 million. In October 2017, the Company's Board of Directors authorized an additional \$100.0 million share repurchase plan that became effective on January 31, 2018, following the completion of the May 2017 share repurchase plan. The Company completed the October 2017 share repurchase program in April 2018 after repurchasing 1,282,000 shares of its common stock at an aggregate cost of \$100.0 million and an average cost per share of \$78.01. In April 2018, the Company's Board of Directors authorized an additional common stock repurchase program to repurchase up to \$100.0 million of the Company's outstanding common stock, which became effective

on April 25, 2018. The Company completed the April 2018 share repurchase program in June 2018 after repurchasing 1,098,000 shares of its common stock at an aggregate cost of \$100.0 million and an average cost per share of \$91.06.

In July 2018, the Company's Board of Directors authorized a new common stock repurchase program to repurchase up to \$100.0 million of the Company's outstanding common stock, which became effective on July 25, 2018. The Company intends to continue repurchases under the July 2018 repurchase program through open market transactions under trading plans in accordance with Rule 10b5-1 and Rule 10b-18 under the Exchange Act of 1934, as amended, subject to a variety of factors, including, but not limited to, the level of cash balances, credit availability, debt covenant restrictions, general business conditions, regulatory requirements, the market price of the Company's stock, dividend policy and the availability of alternative investment opportunities.

Total cash dividends paid during the six months ended June 30, 2018 and 2017 were \$20.2 million and \$18.3 million, respectively. In January 2018, the Company's Board of Directors approved a plan to increase the annual dividend to \$0.88 per share, or \$0.22 per share quarterly, beginning in the first quarter of 2018. The declared \$0.22 per share third quarter cash dividend on common shares outstanding, or an aggregate of \$9.8 million based on June 30, 2018 share counts, will be paid on August 31, 2018 to stockholders of record as of August 15, 2018. The declaration and payment of cash dividends in the future (quarterly or otherwise) will be made by the Board of Directors, from time to time, subject to the Company's financial condition, results of operations, business requirements, compliance with legal requirements and debt covenant restrictions.

NON-GAAP FINANCIAL INFORMATION

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

The Company has adjusted the applicable financial measures to exclude, among other expenses and benefits, merger and other acquisition expenses because it generally would not incur such costs and expenses as part of its continuing operations. Merger and other 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 consolidation of technology systems and corporate facilities among others.

Adjusted Net Income and Adjusted Net Income Per Share

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

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018		2017		2018		2017	
	In Thousands	Per Share	In Thousands	Per Share	In Thousands	Per Share	In Thousands	Per Share
Net income, as reported	\$ 30,171	\$ 0.67	\$ 15,239	\$ 0.32	\$ 71,806	\$ 1.57	\$ 47,884	\$ 0.99
Adjustments, net of tax:								
Merger and other acquisition expenses:								
Transaction	1,344	0.03	—	—	1,344	0.03	—	—
Severance and retention	1	—	447	0.01	43	—	801	0.02
Other	167	—	565	0.01	309	0.01	619	0.01
Total merger and other acquisition expenses	1,512	0.03	1,012	0.02	1,696	0.04	1,420	0.03
Loss on extinguishment of debt	—	—	8,879	0.18	—	—	8,879	0.18
Adjusted net income	\$ 31,683	\$ 0.70	\$ 25,130	\$ 0.52	\$ 73,502	\$ 1.61	\$ 58,183	\$ 1.20

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

	Three Months Ended June 30,					
	2018			2017		
	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax
Merger and other acquisition expenses	\$ 2,113	\$ 601	\$ 1,512	\$ 1,606	\$ 594	\$ 1,012
Loss on extinguishment of debt	—	—	—	14,094	5,215	8,879
Total adjustments	\$ 2,113	\$ 601	\$ 1,512	\$ 15,700	\$ 5,809	\$ 9,891

	Six Months Ended June 30,					
	2018			2017		
	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax
Merger and other acquisition expenses	\$ 2,352	\$ 656	\$ 1,696	\$ 2,253	\$ 833	\$ 1,420
Loss on extinguishment of debt	—	—	—	14,094	5,215	8,879
Total adjustments	\$ 2,352	\$ 656	\$ 1,696	\$ 16,347	\$ 6,048	\$ 10,299

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

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

	Three Months Ended		Six Months Ended		Trailing Twelve	
	June 30,		June 30,		Months Ended	
	2018	2017	2018	2017	2018	2017
Net income	\$ 30,171	\$ 15,239	\$ 71,806	\$ 47,884	\$ 167,814	\$ 83,164
Income taxes	12,100	6,229	26,244	25,826	28,838	47,086
Depreciation and amortization	10,952	14,689	22,235	28,932	48,536	50,913
Interest expense	6,529	5,585	12,727	11,698	25,064	23,232
Interest income	(740)	(393)	(1,721)	(720)	(2,598)	(973)
EBITDA	59,012	41,349	131,291	113,620	267,654	203,422
Adjustments:						
Merger and other acquisition expenses	2,113	1,606	2,352	2,253	9,161	34,444
Loss on extinguishment of debt	—	14,094	—	14,094	20	14,094
Net gain on sale of common stock of Enova	—	—	—	—	—	(1,299)
Adjusted EBITDA	\$ 61,125	\$ 57,049	\$ 133,643	\$ 129,967	\$ 276,835	\$ 250,661
Net Debt Ratio calculated as follows:						
Total debt (outstanding principal)					\$ 521,500	\$ 397,000
Less: cash and cash equivalents					(83,127)	(91,434)
Net debt					\$ 438,373	\$ 305,566
Adjusted EBITDA					\$ 276,835	\$ 250,661
Net Debt Ratio					1.6:1	1.2:1

Free Cash Flow and Adjusted Free Cash Flow

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

	Three Months Ended		Six Months Ended		Trailing Twelve Months Ended	
	June 30,		June 30,		June 30,	
	2018	2017	2018	2017	2018	2017
Cash flow from operating activities	\$ 28,651	\$ 38,948	\$ 119,967	\$ 102,813	\$ 237,511	\$ 160,094
Cash flow from investing activities:						
Loan receivables, net of cash repayments	(25,307)	(33,226)	30,913	33,963	37,685	27,357
Purchases of property and equipment ⁽¹⁾	(14,351)	(9,325)	(23,188)	(17,401)	(42,922)	(34,191)
Free cash flow	(11,007)	(3,603)	127,692	119,375	232,274	153,260
Merger and other acquisition expenses paid, net of tax benefit	1,531	1,743	3,099	3,545	6,213	22,929
Adjusted free cash flow	\$ (9,476)	\$ (1,860)	\$ 130,791	\$ 122,920	\$ 238,487	\$ 176,189

⁽¹⁾ Includes \$5.3 million and \$2.7 million of real estate expenditures, primarily at existing stores, for the three months ended June 30, 2018 and 2017, respectively, \$8.7 million and \$4.6 million for the six months ended June 30, 2018 and 2017, respectively, and \$15.2 million and \$8.8 million for the trailing twelve months ended June 30, 2018 and 2017, respectively.

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 primarily transacted in local currencies.

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

REGULATORY DEVELOPMENTS

The Company is subject to significant regulation of its pawn, consumer loan and general business operations in all of the jurisdictions in which it operates. Existing regulations and regulatory developments are further and more completely described under “Governmental Regulation” in Part I, Item 1 of the Company’s 2017 annual report on Form 10-K filed with the SEC on February 20, 2018. There have been no material changes in regulatory developments affecting the Company since December 31, 2017, except as explained below.

Beginning on January 1, 2018, the Company ceased offering fee-based check cashing services in its non-franchise stores and no longer considers itself a money services business as defined under U.S. federal law. As a result, the Company is no longer subject to anti-money laundering requirements under U.S. federal laws pertaining to money services businesses.

On July 30, 2018, the governor of Ohio signed into law the Ohio Fairness in Lending Act (the “Act”). The Act will significantly impact the consumer loan industry in Ohio. The Act effectively caps a consumer loan amount at \$1,000, substantially limits consumer loans with maturities of less than 90 days by capping monthly payments as a percentage of the borrower’s gross income, creates a maximum loan term of one year, caps interest rates at 28% per annum and caps the total cost of a consumer loan (including fees) at 60% of the original principal. There are also other provisions such as disclosure requirements, maximum borrowing levels and collections restrictions. In addition, the Act essentially eliminates the use of credit service organizations (each a “CSO”) by prohibiting a CSO from brokering loans that meet any of the following conditions: (i) the loan amount is less than \$5,000, (ii) the term of the loan is less than one year, and (iii) the APR exceeds 28%. The provisions of the Act become effective on or about April 26, 2019.

The Company currently operates 113 Cashland-branded stores in Ohio that primarily offer consumer loan and credit services products and six Cash America-branded pawn stores in Ohio that offer consumer loan and credit services as ancillary products, all of which will be negatively impacted by the Act. It is not expected that the regulatory changes will materially affect the Company’s Ohio-based consumer lending and credit services revenues in 2018, which the Company estimates to be approximately \$40 million, representing less than 2.5% of consolidated revenue. The Company will continue to analyze the viability of its Cashland operations in Ohio in 2019, which is when the provisions of the law become effective. Most of the Cashland stores currently offer pawn loans and pawn retailing as ancillary products. While many of the Cashland stores will likely be closed, a significant number may continue operating as pawn stores.

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 2017 annual report on Form 10-K. The impact of current-year fluctuations in gold prices and foreign currency exchange rates, in particular, are further discussed in Part I, Item 2 herein. The Company does not engage in speculative or leveraged transactions, nor does it hold or issue financial instruments for trading purposes. There have been no material changes to the Company’s exposure to market risks since December 31, 2017.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) under the Securities Exchange Act of 1934) (the "Exchange Act") as of June 30, 2018 (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, 2018 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

There have been no material changes in the status of legal proceedings previously reported in the Company’s 2017 annual report on Form 10-K.

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 2017 annual report on Form 10-K. These factors are supplemented by those discussed under “Management’s Discussion And Analysis Of Financial Condition And Results Of Operations” and “Regulatory Developments” in Part I, Item 2 of this quarterly report and in “Governmental Regulation” in Part I, Item 1 of the Company’s 2017 annual report on Form 10-K.

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

In May 2017, the Company’s Board of Directors authorized a common stock repurchase program to repurchase up to \$100.0 million of the Company’s outstanding common stock. During January 2018, the Company completed the May 2017 stock repurchase program after repurchasing approximately 239,000 shares of its common stock at an aggregate cost of \$17.3 million. In October 2017, the Company’s Board of Directors authorized an additional \$100.0 million share repurchase plan that became effective on January 31, 2018, following the completion of the May 2017 share repurchase plan. The Company completed the October 2017 share repurchase program in April 2018 after repurchasing 1,282,000 shares of its common stock at an aggregate cost of \$100.0 million and an average cost per share of \$78.01. In April 2018, the Company’s Board of Directors authorized an additional common stock repurchase program to repurchase up to \$100.0 million of the Company’s outstanding common stock, which became effective on April 25, 2018. The Company completed the April 2018 share repurchase program in June 2018 after repurchasing 1,098,000 shares of its common stock at an aggregate cost of \$100.0 million and an average cost per share of \$91.06.

The following table provides the information with respect to purchases made by the Company of shares of its common stock during each month the programs were in effect during the six months ended June 30, 2018 (in thousands, except per share amounts):

	Total Number Of Shares Purchased	Average Price Paid Per Share	Total Number Of Shares Purchased As Part Of Publicly Announced Plans	Approximate Dollar Value Of Shares That May Yet Be Purchased Under The Plans
January 1 through January 31, 2018	239,000	\$ 72.29	239,000	\$ 100,000
February 1 through February 28, 2018	405,000	74.15	405,000	\$ 69,971
March 1 through March 31, 2018	734,000	79.43	734,000	\$ 11,645
April 1 through April 30, 2018	178,000	82.73	178,000	\$ 96,955
May 1 through May 31, 2018	770,000	90.23	770,000	\$ 27,478
June 1 through June 30, 2018	293,000	93.71	293,000	—
Total	2,619,000	\$ 82.96	2,619,000	

In July 2018, the Company’s Board of Directors authorized a new common stock repurchase program to repurchase up to \$100.0 million of the Company’s outstanding common stock, which became effective on July 25, 2018. The Company intends to continue repurchases under the July 2018 repurchase program through open market transactions under trading plans in accordance with Rule 10b5-1 and Rule 10b-18 under the Exchange Act of 1934, as amended, subject to a variety of factors, including, but not limited to, the level of cash balances, credit availability, debt covenant restrictions, general business conditions, regulatory requirements, the market price of the Company’s stock, dividend policy and the availability of alternative investment opportunities.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

On July 30, 2018, the Company entered into new employment agreements with Raul R. Ramos, the Company's SVP Latin American Operations and Anna M. Alvarado, the Company's General Counsel, which were approved by the Compensation Committee (the "Committee") of the Board of Directors of the Company on July 25, 2018. The employment agreements became effective upon signing and terms of the employment agreements run through December 31, 2021, subject to automatic one-year extensions thereafter, unless either the Company or the executive gives at least 90 days' written notice to the other party that the employment agreement shall not be extended.

The employment agreements provide for annual base salaries of \$420,000 for Mr. Ramos and \$500,000 for Ms. Alvarado, in each case subject to annual review and increases in the discretion of the Committee. The executives will also be eligible to earn an annual bonus based on satisfaction of performance criteria established by the Committee for each fiscal year during the term of the agreement, with a target bonus opportunity equal to not less than 50% of the executive's then current base salary. In addition, the executives will be eligible to participate in any of the Company's incentive, savings, retirement and welfare benefit plans available to other senior officers of the Company.

The employment agreements provide that if an executive's employment with the Company is terminated during the term by the Company without "cause" or by the executive for "good reason" (as such terms are defined in the employment agreements), the executive would be entitled to a lump sum cash severance payment equal to 75% (or 150%, if such termination occurs within twelve months following a change in control of the Company) of the sum of (i) the executive's base salary in effect as of the termination, and (ii) the average of the annual bonuses earned by the executive for each of the three fiscal years immediately preceding the year in which the termination occurs. The executive would also be entitled to continue to participate in the Company's health and welfare benefit plans at active employee rates for a period of twelve months (the "COBRA subsidy"). In addition, if such termination occurs within twelve months following a change in control of the Company, the executive would be entitled to a pro rata annual bonus for the year in which the termination occurs, and accelerated vesting and full payout under of all outstanding time-vesting and performance-based equity incentive awards (based on an assumed achievement of all relevant performance goals at "target" level, or based on a higher actual or deemed level of achievement of performance goals, in the sole discretion of the Committee). Furthermore, if such termination occurs within twelve months following a change in control of the Company, the Company will pay to the executive, in lieu of the COBRA subsidy described above, a lump sum in cash in an amount equal to the full monthly cost of the executive's health and welfare benefit coverage multiplied by 18.

The employment agreements prohibit the executives from competing with the Company during the employment term and for a period of 24 months following termination of employment. The executives would also be prohibited from soliciting Company customers and recruiting Company employees during this period.

The employment agreements of Mr. Ramos and Ms. Alvarado are filed as Exhibits 10.1 and 10.2, respectively, to this Quarterly Report on Form 10-Q and each is incorporated herein by reference and the foregoing descriptions of these employment agreement are qualified in their entirety by these exhibits.

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation	DEF 14A	0-19133	B	04/29/2004	
3.2	Amendment to Amended and Restated Certificate of Incorporation	8-K	001-10960	3.1	09/02/2016	
3.3	Amended and Restated Bylaws	8-K	001-10960	3.2	09/02/2016	
10.1	Employment agreement between Raul Ramos and FirstCash, Inc., dated July 30, 2018 **					X
10.2	Employment agreement between Anna M. Alvarado and FirstCash, Inc., dated July 30, 2018 **					X
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act provided by Rick L. Wessel, Chief Executive Officer					X
31.2	Certification 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 ⁽¹⁾	The following financial information from the Company's Quarterly Report on Form 10-Q for the second quarter of fiscal 2018, filed with the SEC on August 1, 2018, is formatted in Extensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets at June 30, 2018, June 30, 2017 and December 31, 2017, (ii) Condensed Consolidated Statements of Income for the three and six months ended June 30, 2018 and June 30, 2017, (iii) Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2018 and June 30, 2017, (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity for the six months ended June 30, 2018 and June 30, 2017, (v) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2018 and June 30, 2017 and (vi) Notes to Condensed Consolidated Financial Statements.					X

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

⁽¹⁾ The XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

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: August 1, 2018

FIRSTCASH, INC.

(Registrant)

/s/ RICK L. WESSEL

Rick L. Wessel

Chief Executive Officer

(On behalf of the Registrant)

/s/ R. DOUGLAS ORR

R. Douglas Orr

Executive Vice President and Chief Financial Officer

(As Principal Financial and Accounting Officer)

EMPLOYMENT AGREEMENT

BETWEEN

RAUL RAMOS

AND

FIRSTCASH, INC.

EMPLOYMENT AGREEMENT

1. Employment

2. Term

3. Extent of Service

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- (a) Base Salary
- (b) Incentive, Savings and Retirement Plans
- (c) Welfare Benefit Plans
- (e) Vacation
- (f) Expenses

5. Change in Control

6. Termination of Employment

- (a) Death
- (b) Disability
- (c) Termination by the Company
- (d) Termination by Executive
- (e) Notice of Termination
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- (a) Termination by the Company Other Than for Cause or Disability; Termination by Executive for Good Reason
- (b) Death or Disability
- (c) Termination by the Company for Cause; Executive's Resignation without Good Reason
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9. Agreement Not to Disparage

10. Non-exclusivity of Rights

11. Full Settlement; No Mitigation

12. Mandatory Reduction of Payments in Certain Events

13. Arbitration

14. Successors

15. Cooperation

16. Code Section 409A

17. Miscellaneous

- (a) Governing Law; Forum Selection; Consent to Jurisdiction
- (b) Captions
- (c) Amendments
- (d) Notices
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- (f) Withholding
- (g) Waivers
- (h) Entire Agreement
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- (j) Counterparts

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into this 30th day of July 2018 (the “Effective Date”) by and between FirstCash, Inc., a Delaware corporation (the “Company”) and Raul Ramos (the “Executive”), to be effective as of the Effective Date. This Agreement supersedes and replaces that certain Employment Agreement between the Company and the Executive dated as of November 28, 2011, as amended (the “Original Employment Agreement”).

BACKGROUND

WHEREAS, the Company currently employs Executive as its Senior Vice President, Latin American Operations under the terms and conditions as set forth in the Original Employment Agreement; and

WHEREAS, the Company and the Executive desire to hereby amend and restate the Original Employment Agreement, and agree that the Original Employment Agreement shall have no further force or effect as of the Effective Date of this Agreement.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Employment. The Executive is hereby employed on the Effective Date as the Senior Vice President, Latin American Operations of the Company. In this capacity, the Executive shall have the duties, responsibilities and authority commensurate with such position as shall be assigned by the Chief Executive Officer (“CEO”) of the Company or the Board of Directors of the Company (the “Board”). In the Executive’s capacity as Senior Vice President, Latin American Operations of the Company, the Executive will report directly to the Chief Executive Officer of the Company.

2. Term. Unless earlier terminated herein in accordance with Section 6 hereof, the Executive’s employment with the Company shall be governed by the terms and conditions of this Agreement for a period beginning on the Effective Date and ending on December 31, 2021 (the “Term”). Commencing on December 31, 2021, and on each subsequent December 31 thereafter, the Term shall automatically be extended for one (1) additional year unless, not later than ninety days (90) prior to any such extension date, either party hereto shall have notified the other party hereto in writing that such extension shall not take effect.

3. Extent of Service. During the Term, the Executive agrees to devote all of Executive’s professional and business-related time to the business and affairs of the Company and its affiliates and to use best efforts to perform faithfully and efficiently the job responsibilities. Nothing in this Agreement shall prohibit Executive from (i) serving on the boards of directors of trade associations or charitable/non-profit organizations; (ii) engaging in charitable activities and community affairs; (iii) serving on the boards of directors of other public and/or private companies with the prior written approval of the Board, which shall not be unreasonably withheld (provided that, for avoidance of doubt, such service does not violate any of the restrictive covenants in Section 8 of this Agreement); or (iv) managing personal investments and affairs, provided that the activities described in the preceding clauses (i) through (iv) do not materially interfere with the proper performance of job duties and responsibilities hereunder.

4. Compensation and Benefits.

(a) Base Salary. During the Term, the Company will pay to the Executive base salary at the rate of U.S. Four Hundred Twenty Thousand dollars (\$420,000.00) per year (“Base Salary”), less

normal withholdings, payable in approximately equal bi-weekly or other installments as are or become customary under the Company's payroll practices for its employees from time to time. The Compensation Committee of the Board (the "Compensation Committee") shall review the Executive's Base Salary annually and may increase the Executive's Base Salary from year to year. Such adjusted salary then shall become the Executive's Base Salary for purposes of this Agreement. The annual review of the Executive's salary by the Compensation Committee will consider, among other things, the Executive's own performance and the Company's performance.

(b) Incentive, Savings and Retirement Plans. During the Term, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs available to the other senior officers of the Company. Without limiting the foregoing, following shall apply:

(i) During the Term, the Executive shall have an opportunity to receive an annual bonus under the Company's Annual Performance Incentive Plan, based upon the achievement of performance goals established from year to year by the Compensation Committee (the "Annual Bonus"). Unless and until changed by the Compensation Committee, the Executive's target for the Annual Bonus shall be no less than 50% of Base Salary (the "Target Bonus").

(ii) During the Term, the Executive will be eligible for grants of stock-based awards under the Company's long-term incentive plan or plans. Nothing herein requires the Company to make grants of stock-based awards in any year.

(c) Welfare Benefit Plans. The Executive and eligible dependents shall be eligible for participation in the welfare benefit plans, practices, policies and programs provided by the Company, if any, to the extent available to other senior officers and subject to eligibility requirements and terms and conditions of each such plan; provided, however, that nothing herein shall limit the ability of the Company to amend, modify or terminate any such benefit plans, policies or programs at any time and from time to time.

(d) Vacation. Executive shall be entitled to three (3) weeks paid vacation each year during the Term. Any vacation or personal business days not used in any year shall be forfeited.

(e) Expenses. During the Term, the Executive shall be entitled to receive prompt reimbursement from the Company for all reasonable and customary expenses incurred by the Executive in the course of performing the duties and responsibilities under this Agreement, in accordance with the policies, practices and procedures of the Company with respect to travel, entertainment and other business expenses ("Business Expenses").

Notwithstanding the foregoing, (i) the reimbursements for Business Expenses provided in any one calendar year shall not affect the amount of such reimbursements provided in any other calendar year; (ii) the reimbursement of an eligible Business Expense shall be made within thirty (30) days following the Executive's submission of evidence, satisfactory to the Company, of the incurrence of such Business Expense, but in no event later than December 31 of the year following the year in which the expense was incurred; (iii) the Executive's rights pursuant to this Section 4(f) shall not be subject to liquidation or exchange for another benefit; and (iv) the reimbursements for Business Expenses shall be provided in accordance with the policies, practices and procedures of the Company.

5. Change in Control. For purposes of this Agreement, "Change in Control" shall mean the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or a subsidiary of the Company (a "Reorganization"), or the sale or other disposition of all or substantially all of the Company's assets (a "Sale") or the acquisition of

assets or stock of another corporation or other entity (an “Acquisition”), unless immediately following such Reorganization, Sale or Acquisition: (A) all or substantially all of the individuals and entities who were the beneficial owners (as defined in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934 Act, as amended (“Beneficial Owners”)), respectively, of the outstanding Company Stock and the Company’s then outstanding securities eligible to vote for the election of directors (“Company Voting Securities”) immediately prior to such Reorganization, Sale or Acquisition beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from or surviving such Reorganization, Sale or Acquisition (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company’s assets or stock either directly or through one or more subsidiaries, the “Surviving Entity”) in substantially the same proportions as their ownership, immediately prior to such Reorganization, Sale or Acquisition, of the outstanding Company Stock and the outstanding Company Voting Securities, as the case may be, and (B) no person (other than (x) the Company or any subsidiary of the Company, (y) the Surviving Entity or its ultimate parent entity, or (z) any employee benefit plan (or related trust) sponsored or maintained by any of the foregoing) is the Beneficial Owner, directly or indirectly, of 50% or more of the total common stock or 50% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Surviving Entity. A Change in Control shall not include a public offering of any class or series of the Company’s equity securities pursuant to a registration statement filed by the Company under the Securities and Exchange Act of 1933, as amended.

6. Termination of Employment.

(a) Death. The Executive’s employment shall terminate automatically upon the Executive’s death during the Term.

(b) Disability. If the Company determines in good faith that the Executive has become Disabled (as defined below) during the Term, then it may give to the Executive written notice of its intention to terminate the Executive’s employment. In such event, the Executive’s employment with the Company shall terminate effective on the thirtieth (30th) day after receipt of such written notice by the Executive (the “Disability Effective Date”), provided that, within the thirty (30) days after such receipt, the Executive shall not have returned to full-time performance of the Executive’s duties. For purposes of this Agreement, “Disability” shall mean the inability of the Executive, as reasonably determined by the Company, to perform the essential functions of Executive’s regular duties and responsibilities, with or without reasonable accommodation, due to a medically determinable physical or mental illness which has lasted (or can reasonably be expected to last) for a period of six (6) consecutive months. At the request of the Executive or Executive’s personal representative, the Company’s determination that the Disability of Executive has occurred shall be certified by a physician mutually agreed upon by the Executive, or Executive’s personal representative, and the Company.

(c) Termination by the Company. The Company may terminate the Executive’s employment during the Term with or without Cause. For purposes of this Agreement, a termination shall be considered to be for “Cause” if it occurs in conjunction with a good faith determination by the Board that any of the following have occurred:

(i) the Executive’s material or habitual failure to meet performance standards agreed to upon by the Executive and the Board, or to follow the reasonable and lawful directions of the Board, or perform duties with the Company (other than any such failure resulting from the Executive’s Disability) which failure is not cured within ten (10) days after a written demand for performance is delivered

to the Executive by the Company which specifically identifies the manner in which the Company believes that the Executive has materially or habitually failed to perform the Executive's duties;

(ii) the Executive's engaging in any illegal conduct, gross misconduct or gross negligence in connection with the performance of duties hereunder, which is, or is likely to be, injurious to the Company, its financial condition, or its reputation, with the understanding that, without limiting the generality of the foregoing, any circumstances with respect to the Executive that, in the discretion of the Board or the FDIC, are deemed to be violation of Section 19 of the Federal Deposit Insurance Act (12 U.S.C. § 1829(a)) shall constitute illegal conduct in connection with the performance of duties hereunder that is injurious to the Company, its financial condition, or its reputation;

(iii) the Executive's commission of or engagement in any act of fraud, misappropriation, dishonesty or embezzlement, whether or not such act was committed in connection with the business of the Company;

(iv) the Executive's breach of fiduciary duty, breach of any of the covenants set forth in Section 8 or 9 of this Agreement, or material breach of any other provisions of this Agreement;

(v) the Executive's conviction of, pleading guilty to, or confession to a felony or any crime involving moral turpitude (including pleading guilty or nolo contendere to a felony or lesser charge which results from plea bargaining), whether or not such felony, crime or lesser offense is connected with the business of the Company;

(vi) the Executive's indictment or conviction of, pleading guilty to, or confession to a felony or any crime (including pleading guilty or nolo contendere to a felony or lesser charge which results from plea bargaining), which felony, crime or lesser offense is connected with the business of the Company; or

(vii) the Executive's violation of the Company's policy against harassment or its equal employment opportunity policy or a material violation of any other policy or procedure of the Company (including, but not limited to, the Company's code of business conduct).

(d) Termination by the Executive. The Executive's employment may be terminated by the Executive for any reason or for Good Reason by providing thirty (30) days prior written notice to the Company. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, without the Executive's consent:

(i) a material diminution in the Executive's Base Salary or Annual Bonus opportunity;

(ii) a material diminution in the Executive's authority, duties, or responsibilities;

(iii) the relocation of the Executive's principal office to a facility or location more than fifty (50) miles away from the Executive's principal place of work immediately prior to the relocation; provided, however, that Good Reason shall not include (A) any relocation of the Executive's principal office which is proposed or initiated by the Executive; or (B) any relocation that results in the Executive's principal place office being closer to the Executive's then-principal residence;

(iv) any material breach by the Company of this Agreement;

The Executive's termination for Good Reason must occur within a period of ninety (90) days after the occurrence of an event of Good Reason. A termination by the Executive shall not constitute termination for Good Reason unless the Executive shall first have delivered to the Company written notice setting forth with specificity the occurrence deemed to give rise to a right to terminate for Good Reason (which notice must be given no later than thirty (30) days after the initial occurrence of such event), and there shall have passed a reasonable time (not less than thirty (30) days) within which the Company may take action to correct, rescind or otherwise substantially reverse the occurrence supporting termination for Good Reason as identified by the Executive. Good Reason shall not include the Executive's death or Disability. The parties intend, believe and take the position that a resignation by the Executive for Good Reason as defined above effectively constitutes an involuntary separation from service within the meaning of Section 409A of the Code and Treas. Reg. Section 1.409A-1(n)(2).

(e) Notice of Termination. Any termination by the Company or the Executive shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 17(d) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(f) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated other than by reason of death or Disability, the date of receipt of the Notice of Termination or, subject to any cure period, any later date specified therein within sixty (60) days after receipt of the Notice of Termination, as the case may be, or (ii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

7. Obligations of the Company upon Termination.

(a) Termination by the Company Other Than for Cause or Disability; Termination by Executive for Good Reason. If, during the Term, (A) the Company shall terminate the Executive's employment other than for Cause or Disability, or (B) the Executive shall terminate employment for Good Reason, then, and with respect to the payments and benefits described in clauses (ii) and (iii) below, only if within sixty (60) days after the Date of Termination the Executive shall have executed a separation agreement containing a full general release of claims and covenant not to sue in a form satisfactory to the Company (the "Release") and such Release shall not have been revoked within the time period specified therein:

(i) the Company shall pay to the Executive in a lump sum in cash within sixty (60) days after the Date of Termination, the exact payment date to be determined by the Company, the sum of (1) the Executive's Base Salary through the Date of Termination to the extent not theretofore paid, and (2) any accrued vacation pay to the extent not theretofore paid (the sum of the amounts described in clauses (1) and (2) shall be hereinafter referred to as the "Accrued Obligations"); and

(ii) the Company shall pay to the Executive in a lump sum in cash within sixty (60) days after the Date of Termination, the exact payment date to be determined by the Company, a severance

payment equal to 0.75 times (or 1.5 times, if such termination occurs within twelve (12) months following a Change in Control) the sum of (1) the Executive's Base Salary in effect as of the Date of Termination, and (2) the average of the Annual Bonuses earned by Executive for each of the three fiscal years immediately preceding the year in which the Date of Termination occurs (the "Three-Year Average Annual Bonus"); and

(iii) if such termination occurs within twelve (12) months following a Change in Control, the Company shall pay to the Executive in a lump sum in cash within sixty (60) days after the Date of Termination, the exact payment date to be determined by the Company, a pro rata Annual Bonus equal to the product of (x) the Target Bonus for the year in which the termination occurs (or, in the sole discretion of the Compensation Committee, a larger amount not to exceed the maximum payout opportunity for the Annual Bonus for the year in which the termination occurs), and (y) a fraction, the numerator of which is the number of days in the calendar year through the Date of Termination, and the denominator of which is 365 (if such termination does not occur within twelve (12) months following a Change in Control, any pro rata Annual Bonus will be payable at the discretion of the Compensation Committee); and

(iv) if such termination occurs within twelve (12) months following a Change in Control, (A) all stock options, restricted stock, restricted stock units and other time-vesting equity awards held by the Executive as of the Termination Date shall immediately become fully vested and exercisable, and all time-based vesting restrictions on outstanding awards shall lapse, and (B) all performance-based equity awards shall be deemed to have been fully earned as of the Date of Termination based upon an assumed achievement of all relevant performance goals at "target" levels (or, in the sole discretion of the Compensation Committee, based upon actual or deemed achievement of all relevant performance goals above "target" levels, up to the maximum possible achievement levels), and there shall be a full (non-prorated) payout to the Executive within sixty (60) days following the Date of Termination, unless a later date is required by Section 16 hereof (if such termination does not occur within twelve (12) months following a Change in Control, then the outstanding equity awards held by the Executive as of the Date of Termination shall be governed by the plans under which they were granted and the agreements evidencing such awards); and

(v) if the Executive elects to continue participation in any group medical, dental, vision and/or prescription drug plan benefits to which the Executive and/or the Executive's eligible dependents would be entitled under Section 4980B of the Code (COBRA), then for a period of twelve (12) months following Executive's termination of employment (the "Welfare Benefits Continuation Period"), the Company shall pay the excess of (1) the COBRA cost of such coverage over (2) the amount that the Executive would have had to pay for such coverage if Executive had remained employed during the Welfare Benefits Continuation Period and paid the active employee rate for such coverage (the "COBRA Subsidy"); provided, however, that (A) that if the Executive becomes eligible to receive group health benefits under a program of a subsequent employer or otherwise (including coverage available to the Executive's spouse), the Company's obligation to pay any portion of the cost of health coverage as described herein shall cease, except as otherwise provided by law; and (B) the Welfare Benefits Continuation Period shall run concurrently with any period for which the Executive is eligible to elect health coverage under COBRA; provided, however, that if such termination occurs within twelve (12) months following a Change in Control, then, in lieu of the COBRA Subsidy described above, Company shall pay to the Executive in a lump sum in cash within sixty (60) days after the Date of Termination, the exact payment date to be determined by the Company, an amount equal to the full monthly COBRA cost of the coverage multiplied by eighteen (18); and

(vi) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

For the avoidance of doubt, the parties acknowledge that, in the event that the Executive terminates employment for Good Reason as a result of a decrease in Base Salary as contemplated in Section 6(d)(i) hereof, then the Base Salary used for purposes of the calculation of the Accrued Obligations and severance payment under subsection (ii) above, shall be the Base Salary in effect immediately prior to such reduction.

(b) Death or Disability. If the Executive's employment is terminated by reason of the Executive's death or Disability during the Term, this Agreement shall terminate without further obligations to the Executive or the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid by the Company to the Executive or the Executive's estate or beneficiary, as applicable, in a lump sum in cash within thirty (30) days after the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as used in this Section 7(b) shall include without limitation, and the Executive or the Executive's estate and/or beneficiaries shall be entitled to receive, benefits under such plans, programs, practices and policies relating to death or disability benefits, if any, as are applicable to the Executive on the Date of Termination.

(c) Termination by the Company for Cause; Executive's Resignation without Good Reason. If, during the Term, the Company shall terminate Executive's employment for Cause or the Executive shall resign for any reason other than for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid by the Company to the Executive in a lump sum in cash within thirty (30) days after the Date of Termination.

(d) Resignations. Termination of the Executive's employment for any reason whatsoever shall constitute the Executive's resignation as an officer of the Company, its subsidiaries and affiliates.

8. Restrictive Covenants.

(a) Acknowledgments.

(i) Condition of Employment and Other Consideration. The Executive acknowledges and agrees that Executive has received good and valuable consideration for entering into this Agreement and further acknowledges that the Company would not continue to employ the Executive in the absence of Executive's execution of and compliance with this Section 8.

(ii) Access to Confidential Information, Relationships, and Goodwill. The Executive acknowledges and agrees that Executive is being provided and entrusted with Confidential Information (as that term is defined in Section 8(b) hereof), including highly confidential customer information that is subject to extensive measures to maintain its secrecy within the Company, is not known in the trade or disclosed to the public, and would materially harm the Company's legitimate business interests if it was disclosed or used in violation of this Agreement. The Executive also acknowledges and agrees that Executive is being provided and entrusted with access to the Company's customer and employee relationships and goodwill. The Executive further acknowledges and agrees that the Company would not provide access to the Confidential Information, customer and employee relationships, and goodwill in the absence of the Executive's execution of and compliance with this Agreement. The Executive further acknowledges and agrees that the Company's Confidential Information, customer and employee relationships, and goodwill are valuable assets of the Company and are legitimate business interests that are properly subject to protection through the covenants contained in this Agreement.

(iii) Potential Unfair Competition. The Executive acknowledges and agrees that as a result of Executive's employment with the Company, Executive's knowledge of and access to Confidential Information, and Executive's relationships with the Company's customers and employees, the Executive would have an unfair competitive advantage if the Executive were to engage in activities in violation of this Section 8.

(iv) No Undue Hardship. The Executive acknowledges and agrees that, in the event that Executive's employment with the Company terminates, the Executive possesses marketable skills and abilities that will enable Executive to find suitable employment without violating the covenants set forth in this Section 8.

(v) Voluntary Execution. Executive acknowledges and affirms that Executive is executing this Agreement voluntarily, that Executive has read this Agreement carefully and had a full and reasonable opportunity to consider this Agreement (including an opportunity to consult with legal counsel), and that Executive has not been pressured or in any way coerced, threatened or intimidated into signing this Agreement.

(vi) Geographic Scope of Service. Executive acknowledges and agrees that, by virtue of Executive's [executive] status with the Company and Executive substantial access to Confidential Information, customer and employee relationships, and goodwill described above, the Executive will engage in business on behalf of the Company throughout the entire geographic area in which the Company conducts business, including but not limited to the Restricted Territory (as that term is defined in Section 8(b) hereof).

(b) Definitions. The following capitalized terms used in this Section 8 shall have the meanings assigned to them below, which definitions shall apply to both the singular and the plural forms of such terms:

(i) "Competitive Services" means owning and/or operating retail-based pawn stores or retail-based short-term consumer loan stores, as well as the business of providing any other activities, products, or services of the type conducted, authorized, offered, or provided by the Company and comprising more than 5% of the Company's total revenues as of the Executive's Termination Date, or during the two (2) years immediately prior to the Executive's Termination Date.

(ii) "Confidential Information" means any and all data and information relating to the Company, its activities, business, or clients that (A) is or has been disclosed to the Executive or of which the Executive becomes or has become aware as a consequence of Executive's employment with the Company; (B) has value to the Company; and (C) is not generally known outside of the Company. "Confidential Information" shall include, but is not limited to the following types of information regarding, related to, or concerning the Company: trade secrets (as defined by O.C.G.A. § 10-1-761); financial plans and data; management planning information; business plans; operational methods; market studies; marketing plans or strategies; pricing information; product development techniques or plans; customer lists; customer files, data and financial information; details of customer contracts; current and anticipated customer requirements; identifying and other information pertaining to business referral sources; past, current and planned research and development; computer aided systems, software, strategies and programs; business acquisition plans; management organization and related information (including, without limitation, data and other information concerning the compensation and benefits paid to officers, directors, employees and management); personnel and compensation policies; new personnel acquisition plans; and other similar information. "Confidential Information" also includes combinations of information or materials which individually may be generally known outside of the Company, but for which the nature, method, or procedure

for combining such information or materials is not generally known outside of the Company. In addition to data and information relating to the Company, “Confidential Information” also includes any and all data and information relating to or concerning a third party that otherwise meets the definition set forth above, that was provided or made available to the Company by such third party, and that the Company has a duty or obligation to keep confidential. This definition shall not limit any definition of “confidential information” or any equivalent term under state or federal law. “Confidential Information” shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of the Company.

(iii) “Material Contact” means contact between the Executive and a customer or potential customer of the Company (A) with whom or which the Executive has or had dealings on behalf of the Company; (B) whose dealings with the Company are or were coordinated or supervised by the Executive; (C) about whom the Executive obtains Confidential Information in the ordinary course of business as a result of Executive’s employment with the Company; or (D) who receives products or services of the Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for Executive within the two (2) years prior to the Executive’s Termination Date.

(iv) “Person” means any individual or any corporation, partnership, joint venture, limited liability company, association or other entity or enterprise.

(v) “Principal or Representative” means a principal, owner, partner, shareholder, joint venturer, investor, member, trustee, director, officer, manager, employee, agent, representative or consultant.

(vi) “Protected Customer” means any Person to whom the Company has sold its products or services or actively solicited to sell its products or services, and with whom the Executive has had Material Contact on behalf of the Company during Executive’s employment with the Company.

(vii) “Protected Work” means any and all ideas, inventions, formulas, Confidential Information, source codes, object codes, techniques, processes, concepts, systems, programs, software, software integration techniques, hardware systems, schematics, flow charts, computer data bases, client lists, trademarks, service marks, brand names, trade names, compilations, documents, data, notes, designs, drawings, technical data and/or training materials, including improvements thereto or derivatives therefrom, whether or not patentable, and whether or not subject to copyright or trademark or trade secret protection, conceived, developed or produced by the Executive, or by others working with the Executive or under Executive’s direction, during the period of Executive’s employment or service, or conceived, produced or used or intended for use by or on behalf of the Company or its customers.

(viii) “Restricted Period” means any time during the Executive’s employment with the Company, and if the Executive’s employment is terminated for any reason during the Term, the Restricted Period shall mean during the Executive’s employment plus twenty-four (24) months following the Termination Date.

(ix) “Restricted Territory” means the U.S. states and foreign countries in which the Company maintains one or more retail pawn stores or is actively planning to open one or more stores at the time of the conduct in question (if the conduct occurs while the Executive is still employed by the Company) or the Termination Date (if the conduct occurs after the Executive’s Termination), as applicable.

(x) “Restrictive Covenants” means the restrictive covenants contained in subsections (c) through (h) of this Section 8.

(xi) “Termination” means the termination of the Executive’s employment with the Company, for any reason, whether with or without cause, upon the initiative of either party.

(xii) “Termination Date” means the date of the Executive’s Termination.

(c) Restriction on Disclosure and Use of Confidential Information. The Executive agrees that the Executive shall not, directly or indirectly, use any Confidential Information on the Executive’s own behalf or on behalf of any Person other than Company, or reveal, divulge, or disclose any Confidential Information to any Person not expressly authorized by the Company to receive such Confidential Information. This obligation shall remain in effect for as long as the information or materials in question retain their status as Confidential Information. The Executive further agrees that Executive shall fully cooperate with the Company in maintaining the Confidential Information to the extent permitted by law. The parties acknowledge and agree that this Agreement is not intended to, and does not, alter either the Company’s rights or the Executive’s obligations under any state or federal statutory or common law regarding trade secrets and unfair trade practices. Anything herein to the contrary notwithstanding, the Executive shall not be restricted from disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, the Executive shall provide the Company with prompt notice of such requirement so that the Company may seek an appropriate protective order prior to any such required disclosure by the Executive.

(d) Non-Competition. The Executive agrees that during the Restricted Period, the Executive will not, without prior written consent of the Company, directly or indirectly (i) carry on or engage in Competitive Services within the Restricted Territory on Executive’s own or on behalf of any Person or any Principal or Representative of any Person, or (ii) own, manage, operate, join, control or participate in the ownership, management, operation or control, of any business, whether in corporate, proprietorship or partnership form or otherwise where such business is engaged in the provision of Competitive Services within the Restricted Territory. The Executive acknowledges that the Restricted Territory is reasonable. Notwithstanding the foregoing, the Executive may maintain or undertake purely passive investments on behalf of himself, Executive’s immediate family or any trust on behalf of Executive or Executive’s immediate family in companies engaged in a Competitive Services so long as the aggregate interest represented by such investments does not exceed 1% of any class of the outstanding publicly traded debt or equity securities of any company engaged in a Competitive Services.

(e) Non-Solicitation of Protected Customers. The Executive agrees that during the Restricted Period, Executive shall not, without the prior written consent of the Company, directly or indirectly, on Executive’s own behalf or as a Principal or Representative of any Person, solicit, divert, take away, or attempt to solicit, divert, or take away a Protected Customer for the purpose of engaging in, providing, or selling Competitive Services.

(f) Non-Recruitment of Employees. The Executive agrees that during the Restricted Period, Executive shall not, directly or indirectly, whether on Executive’s own behalf or as a Principal or Representative of any Person, solicit or induce or attempt to solicit or induce any employee of the Company to terminate his or her employment relationship with the Company or to enter into employment with the Executive or any other Person.

(g) Proprietary Rights.

(i) Ownership and Assignment of Protected Works. The Executive agrees that any and all Confidential Information and Protected Works are the sole property of the Company, and that

no compensation in addition to the Executive's base salary is due to the Executive for development or transfer of such Protected Works. The Executive agrees that Executive shall promptly disclose in writing to the Company the existence of any Protected Works. The Executive hereby assigns all of Executive's rights, title and interest in any and all Protected Works, including all patents or patent applications, and all copyrights therein, to the Company. The Executive shall not be entitled to use Protected Works for Executive's own benefit or the benefit of anyone except the Company without written permission from the Company and then only subject to the terms of such permission. The Executive further agrees that Executive will communicate to the Company any facts known to Executive and testify in any legal proceedings, sign all lawful papers, make all rightful oaths, execute all divisionals, continuations, continuations-in-part, foreign counterparts, or reissue applications, all assignments, all registration applications, and all other instruments or papers to carry into full force and effect the assignment, transfer, and conveyance hereby made or to be made and generally do everything possible for title to the Protected Works and all patents or copyrights or trademarks or service marks therein to be clearly and exclusively held by the Company. The Executive agrees that Executive will not oppose or object in any way to applications for registration of Protected Works by the Company or others designated by the Company. The Executive agrees to exercise reasonable care to avoid making Protected Works available to any third party and shall be liable to the Company for all damages and expenses, including reasonable attorneys' fees, if Protected Works are made available to third parties by Executive without the express written consent of the Company.

Anything herein to the contrary notwithstanding, the Executive will not be obligated to assign to the Company any Protected Work for which no equipment, supplies, facilities, or Confidential Information of the Company was used and which was developed entirely on the Executive's own time, unless (a) the invention relates (i) directly to the business of the Company, or (ii) to the Company's actual or demonstrably anticipated research or development; or (b) the invention results from any work performed by the Executive for the Company. The Executive likewise will not be obligated to assign to the Company any Protected Work that is conceived by the Executive after the Executive leaves the employ or service of the Company, except that the Executive is so obligated if the same relates to or is based on Confidential Information to which the Executive had access by virtue of employment with the Company. Similarly, the Executive will not be obligated to assign any Protected Work to the Company that was conceived and reduced to practice prior to Executive's employment, regardless of whether such Protected Work relates to or would be useful in the business of the Company. The Executive acknowledges and agrees that there are no Protected Works conceived and reduced to practice by Executive prior to Executive's employment with the Company.

(ii) No Other Duties. The Executive acknowledges and agrees that there is no other contract or duty on Executive's part now in existence to assign Protected Works to anyone other than the Company.

(iii) Works Made for Hire. The Company and the Executive acknowledge that in the course of employment with the Company, the Executive may from time to time create for the Company copyrightable works. Such works may consist of manuals, pamphlets, instructional materials, computer programs, software, software integration techniques, software codes, and data, technical data, photographs, drawings, logos, designs, artwork or other copyrightable material, or portions thereof, and may be created within or without the Company's facilities and before, during or after normal business hours. All such works related to or useful in the business of the Company are specifically intended to be works made for hire by the Executive, and the Executive shall cooperate with the Company in the protection of the Company's copyrights in such works and, to the extent deemed desirable by the Company, the registration of such copyrights.

(h) Return of Materials. The Executive agrees that Executive will not retain or destroy (except as set forth below), and will immediately return to the Company on or prior to the Termination Date,

or at any other time the Company requests such return, any and all property of the Company that is in Executive's possession or subject to Executive's control, including, but not limited to, keys, credit and identification cards, personal items or equipment, customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, keys, access cards, credit cards, identification cards, computers, mobile devices, other electronic media, all other files and documents relating to the Company and its business (regardless of form, but specifically including all electronic files and data of the Company), together with all Protected Works and Confidential Information belonging to the Company or that the Executive received from or through employment or service with the Company. The Executive will not make, distribute, or retain copies of any such information or property. To the extent that the Executive has electronic files or information in Executive's possession or control that belong to the Company, contain Confidential Information, or constitute Protected Works (specifically including but not limited to electronic files or information stored on personal computers, mobile devices, electronic media, or in cloud storage), on or prior to the Termination Date, or at any other time the Company requests, the Executive shall (A) provide the Company with an electronic copy of all of such files or information (in an electronic format that readily accessible by the Company); (B) after doing so, delete all such files and information, including all copies and derivatives thereof, from all non-Company-owned computers, mobile devices, electronic media, cloud storage, or other media, devices, or equipment, such that such files and information are permanently deleted and irretrievable; and (C) provide a written certification to the Company that the required deletions have been completed and specifying the files and information deleted and the media source from which they were deleted. The Executive agrees to reimburse the Company for all of its costs, including reasonable attorneys' fees, of recovering the above materials and otherwise enforcing compliance with this provision if Executive does not return the materials to the Company or take the required steps with respect to electronic information or files on or prior to the Termination Date or at any other time the materials and/or electronic file actions are requested by the Company or if the Executive otherwise fails to comply with this provision.

(i) Enforcement of Restrictive Covenants.

(i) Rights and Remedies Upon Breach. The parties specifically acknowledge and agree that the remedy at law for any breach of the Restrictive Covenants will be inadequate, and that in the event the Executive breaches, or threatens to breach, any of the Restrictive Covenants, the Company shall have the right and remedy, without the necessity of proving actual damage or posting any bond, to enjoin, preliminarily and permanently, the Executive from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. The Executive understands and agrees that if Executive violates any of the obligations set forth in the Restrictive Covenants, the period of restriction applicable to each obligation violated shall cease to run during the pendency of any litigation over such violation, provided that such litigation was initiated during the period of restriction. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity. The Executive understands and agrees that, if the Parties become involved in legal action regarding the enforcement of the Restrictive Covenants and if the Company prevails in such legal action, the Company will be entitled, in addition to any other remedy, to recover from the Executive its reasonable costs and attorneys' fees incurred in enforcing such covenants. The Company's ability to enforce its rights under the Restrictive Covenants or applicable law against the Executive shall not be impaired in any way by the existence of a claim or cause of action on the part of the Executive based on, or arising out of, this Agreement or any other event or transaction.

(ii) Severability and Modification of Covenants. The Executive acknowledges and agrees that each of the Restrictive Covenants is reasonable and valid in time and scope and in all other

respects. The parties agree that it is their intention that the Restrictive Covenants be enforced in accordance with their terms to the maximum extent permitted by law. Each of the Restrictive Covenants shall be considered and construed as a separate and independent covenant. Should any part or provision of any of the Restrictive Covenants be held invalid, void, or unenforceable, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Agreement or such Restrictive Covenant. If any of the provisions of the Restrictive Covenants should ever be held by a court of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court may deem just and proper for the reasonable protection of the Company's legitimate business interests and may be enforced by the Company to that extent in the manner described above and all other provisions of this Agreement shall be valid and enforceable.

(j) Disclosure of Agreement. The Executive acknowledges and agrees that, during Restricted Period, Executive will disclose the existence and terms of this Agreement to any prospective employer, business partner, investor or lender prior to entering into an employment, partnership or other business relationship with such prospective employer, business partner, investor or lender. The Executive further agrees that the Company shall have the right to make any such prospective employer, business partner, investor or lender of the Executive aware of the existence and terms of this Agreement.

9. Agreement Not to Disparage. The Executive hereby agrees that at all times after the date hereof Executive will not make any statement, whether verbally or in written form, or otherwise take any action that may reasonably be considered to disparage or impugn the Company or any of its subsidiaries or affiliates; the management, practices, services, or reputation of the Company or any of its subsidiaries or affiliates; or any of the Company's or any of its subsidiaries' or affiliates' employees, officers, directors, agents, or affiliates. Notwithstanding the foregoing, this Section 9 shall not limit the rights of the Executive to provide truthful testimony or make truthful statements which are compelled by a court of competent jurisdiction, arbitrator, regulatory agency or other tribunal or investigative body in accordance with any applicable statute, rule or regulation.

10. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any employee benefit plan, program, policy or practice provided by the Company or its affiliated companies and for which the Executive may qualify, except as specifically provided herein. Amounts that are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program except as explicitly modified by this Agreement.

11. Full Settlement; No Mitigation. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment.

12. Mandatory Reduction of Payments in Certain Events.

(a) Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (such benefits, payments or distributions are hereinafter referred to as "Payments") would, if paid, be subject to

the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then, prior to the making of any Payments to Executive, a calculation shall be made comparing (i) the net after-tax benefit to Executive of the Payments after payment by Executive of the Excise Tax, to (ii) the net after-tax benefit to Executive if the Payments had been limited to the extent necessary to avoid being subject to the Excise Tax. If the amount calculated under (i) above is less than the amount calculated under (ii) above, then the Payments shall be limited to the extent necessary to avoid being subject to the Excise Tax (the "Reduced Amount"). The reduction of the Payments due hereunder, if applicable, shall be made by first reducing cash Payments and then, to the extent necessary, reducing those Payments having the next highest ratio of Parachute Value to actual present value of such Payments as of the date of the Change in Control, as determined by the Determination Firm (as defined in Section 9(b) below). For purposes of this Section 12, present value shall be determined in accordance with Section 280G(d)(4) of the Code. For purposes of this Section 12, the "Parachute Value" of a Payment means the present value as of the date of the Change in Control of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined by the Determination Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(b) All determinations required to be made under this Section 12, including whether an Excise Tax would otherwise be imposed, whether the Payments shall be reduced, the amount of the Reduced Amount, and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized accounting firm or compensation consulting firm mutually acceptable to the Company and Executive (the "Determination Firm") which shall provide detailed supporting calculations to the Company and Executive within 15 business days after the receipt of notice from Executive that a Payment is due to be made, or such earlier time as is requested by the Company. All fees and expenses of the Determination Firm shall be borne solely by the Company. Any determination by the Determination Firm shall be binding upon the Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Determination Firm hereunder, it is possible that Payments which Executive was entitled to, but did not receive pursuant to Section 12(a), could have been made without the imposition of the Excise Tax ("Underpayment"), consistent with the calculations required to be made hereunder. In such event, the Determination Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of Executive but no later than March 15 of the year after the year in which the Underpayment is determined to exist, which is when the legally binding right to such Underpayment arises.

(c) In the event that the provisions of Code Section 280G and 4999 or any successor provisions are repealed without succession, this Section 12 shall be of no further force or effect.

13. Arbitration. Any claim or dispute arising under or relating to this Agreement or the breach, termination, or validity of any term of this Agreement shall be subject to arbitration, and prior to commencing any court action, the parties agree that they shall arbitrate all controversies; provided, however, that nothing in this Section 13 shall prohibit the Company from exercising its right under Section 8 to pursue injunctive remedies with respect to a breach or threatened breach of the Restrictive Covenants. The arbitration shall be conducted in Tarrant County, Texas, in accordance with the Employment Dispute Rules of the American Arbitration Association and the Federal Arbitration Act, 9 U.S.C. §1, *et. seq.* The arbitrator(s) shall be authorized to award both liquidated and actual damages, in addition to injunctive relief, but no punitive damages. The arbitrator(s) may also award attorney's fees and costs, without regard to any restriction on the amount of such award under Texas or other applicable law. Such an award shall be binding and conclusive upon the parties hereto, subject to 9 U.S.C. §10. Each party shall have the right to have the award made the judgment of a court of competent jurisdiction.

14. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. Notwithstanding the foregoing, the Company may, without the Executive's consent, assign, whether by assignment agreement, merger, operation of law or otherwise, this Agreement to the Company or to any successor or affiliate of the Company, subject to such assignee's express assumption of all obligations of the Company hereunder. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

15. Cooperation. The Executive shall provide the Executive's reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during the Executive's employment hereunder. This provision shall survive any termination of this Agreement. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations under this Section 15 at the request of the Company. If the Executive is entitled to be paid or reimbursed for any expenses under this Section 15, the amount reimbursable in any one calendar year shall not affect the amount reimbursable in any other calendar year, and the reimbursement of an eligible expense must be made no later than December 31 of the year after the year in which the expense was incurred. The Executive's obligations under this Section 15, and the Executive's rights to payment or reimbursement of expenses pursuant to this Section 15, shall expire at the end of ten (10) years after the Date of Termination and such rights shall not be subject to liquidation or exchange for another benefit.

16. Code Section 409A.

(a) General. This Agreement shall be interpreted and administered in a manner so that any amount or benefit payable hereunder shall be paid or provided in a manner that is either exempt from or compliant with the requirements Section 409A of the Code and applicable Internal Revenue Service guidance and Treasury Regulations issued thereunder (and any applicable transition relief under Section 409A of the Code). Nevertheless, the tax treatment of the benefits provided under the Agreement is not warranted or guaranteed. Neither the Company nor its directors, officers, employees or advisers shall be held liable for any taxes, interest, penalties or other monetary amounts owed by the Executive as a result of the application of Section 409A of the Code.

(b) Definitional Restrictions. Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code ("Non-Exempt Deferred Compensation") would otherwise be payable or distributable hereunder by reason of the Executive's termination of employment, such Non-Exempt Deferred Compensation will not be payable or distributable to the Executive by reason of such circumstance unless the circumstances giving rise to such termination of employment meet any description

or definition of “separation from service” in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition). This provision does not prohibit the *vesting* of any Non-Exempt Deferred Compensation upon a termination of employment, however defined. If this provision prevents the payment or distribution of any Non-Exempt Deferred Compensation, such payment or distribution shall be made on the date, if any, on which an event occurs that constitutes a Section 409A-compliant “separation from service.”

(c) Timing of Release of Claims. Whenever in this Agreement a payment or benefit is conditioned on Executive’s execution of a release of claims, such release must be executed and all revocation periods shall have expired within sixty (60) days after the Date of Termination; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes Non-Exempt Deferred Compensation, then such payment or benefit (including any installment payments) that would have otherwise been payable during such 60-day period shall be accumulated and paid on the 60th day after the Date of Termination provided such release shall have been executed and such revocation periods shall have expired. If such payment or benefit is exempt from Section 409A of the Code, the Company may elect to make or commence payment at any time during such period.

(d) Permitted Acceleration. The Company shall have the sole authority to make any accelerated distribution permissible under Treas. Reg. Section 1.409A-3(j)(4) to the Executive of deferred amounts, provided that such distribution meets the requirements of Treas. Reg. Section 1.409A-3(j)(4).

17. Miscellaneous.

(a) Governing Law; Forum Selection; Consent to Jurisdiction. The Company and the Executive agree that this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Texas without giving effect to its conflicts of law principles. The Executive agrees that the exclusive forum for any action to enforce this Agreement, as well as any action relating to or arising out of this Agreement, shall be the state or federal court of the State of Texas. With respect to any such court action, the Executive hereby (a) irrevocably submits to the personal jurisdiction of such courts; (b) consents to service of process; (c) consents to venue; and (d) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction, service of process, or venue. Both parties hereto further agree that such courts are convenient forums for any dispute that may arise herefrom and that neither party shall raise as a defense that such courts are not convenient forums.

(b) Captions. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(c) Amendments. This Agreement may not be amended or modified otherwise than-by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(d) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: Raul Ramos
Address on file with the Company

If to the Company: FirstCash, Inc.
1600 West 7th Street
Fort Worth, Texas 76102
Attention: CEO

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(e) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) Withholding. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) Waivers. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) Entire Agreement. Except as provided herein, this Agreement contains the entire agreement between the Company and the Executive with respect to the subject matter hereof and, from and after the Effective Date, this Agreement shall supersede any other agreement (including the Original Employment Agreement) between the parties with respect to the subject matter hereof.

(i) Construction. The Company and the Executive understand and agree that because they both have been given the opportunity to have counsel review and revise this Agreement, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. Instead, the language of all parts of this Agreement shall be construed as a whole, and according to its fair meaning, and not strictly for or against either of the parties.

(j) Counterparts. This Agreement may be executed in two or more counterparts, and it shall not be necessary that the signatures of the parties hereto be contained on any one counterpart hereof. Each counterpart shall be deemed an original but all counterparts together shall constitute one and the same instrument. Any signature page of any such counterpart, or any electronic facsimile thereof, may be attached or appended to any other counterpart to complete a fully executed counterpart of this Agreement, and any telecopy or other electronic transmission of any signature shall be deemed an original and shall bind such party.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

EXECUTIVE

Raul Ramos

FirstCash, Inc.

By: _____
Rick L. Wessel
Chief Executive Officer

EMPLOYMENT AGREEMENT

BETWEEN

ANNA M. ALVARADO

AND

FIRSTCASH, INC.

EMPLOYMENT AGREEMENT

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EMPLOYMENT AGREEMENT

This EMPLOYMENT Agreement (this “Agreement”) is made and entered into this 30th day of July 2018 (the “Effective Date”) by and between FirstCash, Inc., a Delaware corporation (the “Company”) and Anna M. Alvarado (the “Executive”), to be effective as of the Effective Date.

BACKGROUND

WHEREAS, the Company currently employs Executive as its General Counsel; and

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Employment. The Executive is hereby employed on the Effective Date as the General Counsel of the Company. In this capacity, the Executive shall have the duties, responsibilities and authority commensurate with such position as shall be assigned by the Chief Executive Officer (“CEO”) of the Company or the Board of Directors of the Company (the “Board”). In the Executive’s capacity as General Counsel of the Company, the Executive will report directly to the Chief Executive Officer of the Company.

2. Term. Unless earlier terminated herein in accordance with Section 6 hereof, the Executive’s employment with the Company shall be governed by the terms and conditions of this Agreement for a period beginning on the Effective Date and ending on December 31, 2021 (the “Term”). Commencing on December 31, 2021, and on each subsequent December 31 thereafter, the Term shall automatically be extended for one (1) additional year unless, not later than ninety days (90) prior to any such extension date, either party hereto shall have notified the other party hereto in writing that such extension shall not take effect.

3. Extent of Service. During the Term, the Executive agrees to devote all of Executive’s professional and business-related time to the business and affairs of the Company and its affiliates and to use best efforts to perform faithfully and efficiently the job responsibilities. Nothing in this Agreement shall prohibit Executive from (i) serving on the boards of directors of trade associations or charitable/non-profit organizations; (ii) engaging in charitable activities and community affairs; (iii) serving on the boards of directors of other public and/or private companies with the prior written approval of the Board, which shall not be unreasonably withheld (provided that, for avoidance of doubt, such service does not violate any of the restrictive covenants in Section 8 of this Agreement); or (iv) managing personal investments and affairs, provided that the activities described in the preceding clauses (i) through (iv) do not materially interfere with the proper performance of job duties and responsibilities hereunder.

4. Compensation and Benefits.

(a) Base Salary. During the Term, the Company will pay to the Executive base salary at the rate of U.S. Five Hundred Thousand dollars (\$500,000.00) per year (“Base Salary”), less normal withholdings, payable in approximately equal bi-weekly or other installments as are or become customary under the Company’s payroll practices for its employees from time to time. The Compensation Committee of the Board (the “Compensation Committee”) shall review the Executive’s Base Salary annually and may increase the Executive’s Base Salary from year to year. Such adjusted salary then shall become the Executive’s Base Salary for purposes of this Agreement. The annual review of the Executive’s salary by the Compensation

Committee will consider, among other things, the Executive's own performance and the Company's performance.

(b) Incentive, Savings and Retirement Plans. During the Term, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs available to the other senior officers of the Company. Without limiting the foregoing, following shall apply:

(i) During the Term, the Executive shall have an opportunity to receive an annual bonus under the Company's Annual Performance Incentive Plan, based upon the achievement of performance goals established from year to year by the Compensation Committee (the "Annual Bonus"). Unless and until changed by the Compensation Committee, the Executive's target for the Annual Bonus shall be no less than 50% of Base Salary (the "Target Bonus").

(ii) During the Term, the Executive will be eligible for grants of stock-based awards under the Company's long-term incentive plan or plans. Nothing herein requires the Company to make grants of stock-based awards in any year.

(c) Welfare Benefit Plans. The Executive and eligible dependents shall be eligible for participation in the welfare benefit plans, practices, policies and programs provided by the Company, if any, to the extent available to other senior officers and subject to eligibility requirements and terms and conditions of each such plan; provided, however, that nothing herein shall limit the ability of the Company to amend, modify or terminate any such benefit plans, policies or programs at any time and from time to time.

(d) Vacation. Executive shall be entitled to three (3) weeks paid vacation each year during the Term. Any vacation or personal business days not used in any year shall be forfeited.

(e) Expenses. During the Term, the Executive shall be entitled to receive prompt reimbursement from the Company for all reasonable and customary expenses incurred by the Executive in the course of performing the duties and responsibilities under this Agreement, in accordance with the policies, practices and procedures of the Company with respect to travel, entertainment and other business expenses ("Business Expenses").

Notwithstanding the foregoing, (i) the reimbursements for Business Expenses provided in any one calendar year shall not affect the amount of such reimbursements provided in any other calendar year; (ii) the reimbursement of an eligible Business Expense shall be made within thirty (30) days following the Executive's submission of evidence, satisfactory to the Company, of the incurrence of such Business Expense, but in no event later than December 31 of the year following the year in which the expense was incurred; (iii) the Executive's rights pursuant to this Section 4(f) shall not be subject to liquidation or exchange for another benefit; and (iv) the reimbursements for Business Expenses shall be provided in accordance with the policies, practices and procedures of the Company.

5. Change in Control. For purposes of this Agreement, "Change in Control" shall mean the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or a subsidiary of the Company (a "Reorganization"), or the sale or other disposition of all or substantially all of the Company's assets (a "Sale") or the acquisition of assets or stock of another corporation or other entity (an "Acquisition"), unless immediately following such Reorganization, Sale or Acquisition: (A) all or substantially all of the individuals and entities who were the beneficial owners (as defined in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934 Act, as amended ("Beneficial Owners")), respectively, of the outstanding Company

Stock and the Company's then outstanding securities eligible to vote for the election of directors ("Company Voting Securities") immediately prior to such Reorganization, Sale or Acquisition beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from or surviving such Reorganization, Sale or Acquisition (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets or stock either directly or through one or more subsidiaries, the "Surviving Entity") in substantially the same proportions as their ownership, immediately prior to such Reorganization, Sale or Acquisition, of the outstanding Company Stock and the outstanding Company Voting Securities, as the case may be, and (B) no person (other than (x) the Company or any subsidiary of the Company, (y) the Surviving Entity or its ultimate parent entity, or (z) any employee benefit plan (or related trust) sponsored or maintained by any of the foregoing) is the Beneficial Owner, directly or indirectly, of 50% or more of the total common stock or 50% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Surviving Entity. A Change in Control shall not include a public offering of any class or series of the Company's equity securities pursuant to a registration statement filed by the Company under the Securities and Exchange Act of 1933, as amended.

6. Termination of Employment.

(a) Death. The Executive's employment shall terminate automatically upon the Executive's death during the Term.

(b) Disability. If the Company determines in good faith that the Executive has become Disabled (as defined below) during the Term, then it may give to the Executive written notice of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the thirtieth (30th) day after receipt of such written notice by the Executive (the "Disability Effective Date"), provided that, within the thirty (30) days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the inability of the Executive, as reasonably determined by the Company, to perform the essential functions of Executive's regular duties and responsibilities, with or without reasonable accommodation, due to a medically determinable physical or mental illness which has lasted (or can reasonably be expected to last) for a period of six (6) consecutive months. At the request of the Executive or Executive's personal representative, the Company's determination that the Disability of Executive has occurred shall be certified by a physician mutually agreed upon by the Executive, or Executive's personal representative, and the Company.

(c) Termination by the Company. The Company may terminate the Executive's employment during the Term with or without Cause. For purposes of this Agreement, a termination shall be considered to be for "Cause" if it occurs in conjunction with a good faith determination by the Board that any of the following have occurred:

(i) the Executive's material or habitual failure to meet performance standards agreed to upon by the Executive and the Board, or to follow the reasonable and lawful directions of the Board, or perform duties with the Company (other than any such failure resulting from the Executive's Disability) which failure is not cured within ten (10) days after a written demand for performance is delivered to the Executive by the Company which specifically identifies the manner in which the Company believes that the Executive has materially or habitually failed to perform the Executive's duties;

(ii) the Executive's engaging in any illegal conduct, gross misconduct or gross negligence in connection with the performance of duties hereunder, which is, or is likely to be, injurious to the Company, its financial condition, or its reputation, with the understanding that, without limiting the generality of the foregoing, any circumstances with respect to the Executive that, in the discretion of the Board or the FDIC, are deemed to be violation of Section 19 of the Federal Deposit Insurance Act (12 U.S.C. § 1829(a)) shall constitute illegal conduct in connection with the performance of duties hereunder that is injurious to the Company, its financial condition, or its reputation;

(iii) the Executive's commission of or engagement in any act of fraud, misappropriation, dishonesty or embezzlement, whether or not such act was committed in connection with the business of the Company;

(iv) the Executive's breach of fiduciary duty, breach of any of the covenants set forth in Section 8 or 9 of this Agreement, or material breach of any other provisions of this Agreement;

(v) the Executive's conviction of, pleading guilty to, or confession to a felony or any crime involving moral turpitude (including pleading guilty or nolo contendere to a felony or lesser charge which results from plea bargaining), whether or not such felony, crime or lesser offense is connected with the business of the Company;

(vi) the Executive's indictment or conviction of, pleading guilty to, or confession to a felony or any crime (including pleading guilty or nolo contendere to a felony or lesser charge which results from plea bargaining), which felony, crime or lesser offense is connected with the business of the Company; or

(vii) the Executive's violation of the Company's policy against harassment or its equal employment opportunity policy or a material violation of any other policy or procedure of the Company (including, but not limited to, the Company's code of business conduct).

(d) Termination by the Executive. The Executive's employment may be terminated by the Executive for any reason or for Good Reason by providing thirty (30) days prior written notice to the Company. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, without the Executive's consent:

(i) a material diminution in the Executive's Base Salary or Annual Bonus opportunity;

(ii) a material diminution in the Executive's authority, duties, or responsibilities;

(iii) the relocation of the Executive's principal office to a facility or location more than fifty (50) miles away from the Executive's principal place of work immediately prior to the relocation; provided, however, that Good Reason shall not include (A) any relocation of the Executive's principal office which is proposed or initiated by the Executive; or (B) any relocation that results in the Executive's principal place office being closer to the Executive's then-principal residence;

(iv) any material breach by the Company of this Agreement;

The Executive's termination for Good Reason must occur within a period of ninety (90) days after the occurrence of an event of Good Reason. A termination by the Executive shall not constitute termination for Good Reason unless the Executive shall first have delivered to the Company written notice setting forth with specificity the occurrence deemed to give rise to a right to terminate for Good Reason (which notice must be given no later than thirty (30) days after the initial occurrence of such event), and there shall have passed a reasonable time (not less than thirty (30) days) within which the Company may take action to correct, rescind or otherwise substantially reverse the occurrence supporting termination for Good Reason as identified by the Executive. Good Reason shall not include the Executive's death or Disability. The parties intend, believe and take the position that a resignation by the Executive for Good Reason as defined above effectively constitutes an involuntary separation from service within the meaning of Section 409A of the Code and Treas. Reg. Section 1.409A-1(n)(2).

(e) Notice of Termination. Any termination by the Company or the Executive shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 17(d) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(f) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated other than by reason of death or Disability, the date of receipt of the Notice of Termination or, subject to any cure period, any later date specified therein within sixty (60) days after receipt of the Notice of Termination, as the case may be, or (ii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

7. Obligations of the Company upon Termination.

(a) Termination by the Company Other Than for Cause or Disability; Termination by Executive for Good Reason. If, during the Term, (A) the Company shall terminate the Executive's employment other than for Cause or Disability, or (B) the Executive shall terminate employment for Good Reason, then, and with respect to the payments and benefits described in clauses (ii) and (iii) below, only if within sixty (60) days after the Date of Termination the Executive shall have executed a separation agreement containing a full general release of claims and covenant not to sue in a form satisfactory to the Company (the "Release") and such Release shall not have been revoked within the time period specified therein:

(i) the Company shall pay to the Executive in a lump sum in cash within sixty (60) days after the Date of Termination, the exact payment date to be determined by the Company, the sum of (1) the Executive's Base Salary through the Date of Termination to the extent not theretofore paid, and (2) any accrued vacation pay to the extent not theretofore paid (the sum of the amounts described in clauses (1) and (2) shall be hereinafter referred to as the "Accrued Obligations"); and

(ii) the Company shall pay to the Executive in a lump sum in cash within sixty (60) days after the Date of Termination, the exact payment date to be determined by the Company, a severance

payment equal to 0.75 times (or 1.5 times, if such termination occurs within twelve (12) months following a Change in Control) the sum of (1) the Executive's Base Salary in effect as of the Date of Termination, and (2) the average of the Annual Bonuses earned by Executive for each of the three fiscal years immediately preceding the year in which the Date of Termination occurs (the "Three-Year Average Annual Bonus"); and

(iii) if such termination occurs within twelve (12) months following a Change in Control, the Company shall pay to the Executive in a lump sum in cash within sixty (60) days after the Date of Termination, the exact payment date to be determined by the Company, a pro rata Annual Bonus equal to the product of (x) the Target Bonus for the year in which the termination occurs (or, in the sole discretion of the Compensation Committee, a larger amount not to exceed the maximum payout opportunity for the Annual Bonus for the year in which the termination occurs), and (y) a fraction, the numerator of which is the number of days in the calendar year through the Date of Termination, and the denominator of which is 365 (if such termination does not occur within twelve (12) months following a Change in Control, any pro rata Annual Bonus will be payable at the discretion of the Compensation Committee); and

(iv) if such termination occurs within twelve (12) months following a Change in Control, (A) all stock options, restricted stock, restricted stock units and other time-vesting equity awards held by the Executive as of the Termination Date shall immediately become fully vested and exercisable, and all time-based vesting restrictions on outstanding awards shall lapse, and (B) all performance-based equity awards shall be deemed to have been fully earned as of the Date of Termination based upon an assumed achievement of all relevant performance goals at "target" levels (or, in the sole discretion of the Compensation Committee, based upon actual or deemed achievement of all relevant performance goals above "target" levels, up to the maximum possible achievement levels), and there shall be a full (non-prorated) payout to the Executive within sixty (60) days following the Date of Termination, unless a later date is required by Section 16 hereof (if such termination does not occur within twelve (12) months following a Change in Control, then the outstanding equity awards held by the Executive as of the Date of Termination shall be governed by the plans under which they were granted and the agreements evidencing such awards); and

(v) if the Executive elects to continue participation in any group medical, dental, vision and/or prescription drug plan benefits to which the Executive and/or the Executive's eligible dependents would be entitled under Section 4980B of the Code (COBRA), then for a period of twelve (12) months following Executive's termination of employment (the "Welfare Benefits Continuation Period"), the Company shall pay the excess of (1) the COBRA cost of such coverage over (2) the amount that the Executive would have had to pay for such coverage if Executive had remained employed during the Welfare Benefits Continuation Period and paid the active employee rate for such coverage (the "COBRA Subsidy"); provided, however, that (A) that if the Executive becomes eligible to receive group health benefits under a program of a subsequent employer or otherwise (including coverage available to the Executive's spouse), the Company's obligation to pay any portion of the cost of health coverage as described herein shall cease, except as otherwise provided by law; and (B) the Welfare Benefits Continuation Period shall run concurrently with any period for which the Executive is eligible to elect health coverage under COBRA; provided, however, that if such termination occurs within twelve (12) months following a Change in Control, then, in lieu of the COBRA Subsidy described above, Company shall pay to the Executive in a lump sum in cash within sixty (60) days after the Date of Termination, the exact payment date to be determined by the Company, an amount equal to the full monthly COBRA cost of the coverage multiplied by eighteen (18); and

(vi) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the

Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the “Other Benefits”).

For the avoidance of doubt, the parties acknowledge that, in the event that the Executive terminates employment for Good Reason as a result of a decrease in Base Salary as contemplated in Section 6(d)(i) hereof, then the Base Salary used for purposes of the calculation of the Accrued Obligations and severance payment under subsection (ii) above, shall be the Base Salary in effect immediately prior to such reduction.

(b) Death or Disability. If the Executive’s employment is terminated by reason of the Executive’s death or Disability during the Term, this Agreement shall terminate without further obligations to the Executive or the Executive’s legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid by the Company to the Executive or the Executive’s estate or beneficiary, as applicable, in a lump sum in cash within thirty (30) days after the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as used in this Section 7(b) shall include without limitation, and the Executive or the Executive’s estate and/or beneficiaries shall be entitled to receive, benefits under such plans, programs, practices and policies relating to death or disability benefits, if any, as are applicable to the Executive on the Date of Termination.

(c) Termination by the Company for Cause; Executive’s Resignation without Good Reason. If, during the Term, the Company shall terminate Executive’s employment for Cause or the Executive shall resign for any reason other than for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid by the Company to the Executive in a lump sum in cash within thirty (30) days after the Date of Termination.

(d) Resignations. Termination of the Executive’s employment for any reason whatsoever shall constitute the Executive’s resignation as an officer of the Company, its subsidiaries and affiliates.

8. Restrictive Covenants.

(a) Acknowledgments.

(i) Condition of Employment and Other Consideration. The Executive acknowledges and agrees that Executive has received good and valuable consideration for entering into this Agreement and further acknowledges that the Company would not continue to employ the Executive in the absence of Executive’s execution of and compliance with this Section 8.

(ii) Access to Confidential Information, Relationships, and Goodwill. The Executive acknowledges and agrees that Executive is being provided and entrusted with Confidential Information (as that term is defined in Section 8(b) hereof), including highly confidential customer information that is subject to extensive measures to maintain its secrecy within the Company, is not known in the trade or disclosed to the public, and would materially harm the Company’s legitimate business interests if it was disclosed or used in violation of this Agreement. The Executive also acknowledges and agrees that Executive is being provided and entrusted with access to the Company’s customer and employee relationships and goodwill. The Executive further acknowledges and agrees that the Company would not provide access to the Confidential Information, customer and employee relationships, and goodwill in the absence of the Executive’s execution of and compliance with this Agreement. The Executive further acknowledges and

agrees that the Company's Confidential Information, customer and employee relationships, and goodwill are valuable assets of the Company and are legitimate business interests that are properly subject to protection through the covenants contained in this Agreement.

(iii) Potential Unfair Competition. The Executive acknowledges and agrees that as a result of Executive's employment with the Company, Executive's knowledge of and access to Confidential Information, and Executive's relationships with the Company's customers and employees, the Executive would have an unfair competitive advantage if the Executive were to engage in activities in violation of this Section 8.

(iv) No Undue Hardship. The Executive acknowledges and agrees that, in the event that Executive's employment with the Company terminates, the Executive possesses marketable skills and abilities that will enable Executive to find suitable employment without violating the covenants set forth in this Section 8.

(v) Voluntary Execution. Executive acknowledges and affirms that Executive is executing this Agreement voluntarily, that Executive has read this Agreement carefully and had a full and reasonable opportunity to consider this Agreement (including an opportunity to consult with legal counsel), and that Executive has not been pressured or in any way coerced, threatened or intimidated into signing this Agreement.

(vi) Geographic Scope of Service. Executive acknowledges and agrees that, by virtue of Executive's [executive] status with the Company and Executive substantial access to Confidential Information, customer and employee relationships, and goodwill described above, the Executive will engage in business on behalf of the Company throughout the entire geographic area in which the Company conducts business, including but not limited to the Restricted Territory (as that term is defined in Section 8(b) hereof).

(b) Definitions. The following capitalized terms used in this Section 8 shall have the meanings assigned to them below, which definitions shall apply to both the singular and the plural forms of such terms:

(i) "Competitive Services" means owning and/or operating retail-based pawn stores or retail-based short-term consumer loan stores, as well as the business of providing any other activities, products, or services of the type conducted, authorized, offered, or provided by the Company and comprising more than 5% of the Company's total revenues as of the Executive's Termination Date, or during the two (2) years immediately prior to the Executive's Termination Date.

(ii) "Confidential Information" means any and all data and information relating to the Company, its activities, business, or clients that (A) is or has been disclosed to the Executive or of which the Executive becomes or has become aware as a consequence of Executive's employment with the Company; (B) has value to the Company; and (C) is not generally known outside of the Company. "Confidential Information" shall include, but is not limited to the following types of information regarding, related to, or concerning the Company: trade secrets (as defined by O.C.G.A. § 10-1-761); financial plans and data; management planning information; business plans; operational methods; market studies; marketing plans or strategies; pricing information; product development techniques or plans; customer lists; customer files, data and financial information; details of customer contracts; current and anticipated customer requirements; identifying and other information pertaining to business referral sources; past, current and planned research and development; computer aided systems, software, strategies and programs; business acquisition plans; management organization and related information (including, without limitation, data and

other information concerning the compensation and benefits paid to officers, directors, employees and management); personnel and compensation policies; new personnel acquisition plans; and other similar information. “Confidential Information” also includes combinations of information or materials which individually may be generally known outside of the Company, but for which the nature, method, or procedure for combining such information or materials is not generally known outside of the Company. In addition to data and information relating to the Company, “Confidential Information” also includes any and all data and information relating to or concerning a third party that otherwise meets the definition set forth above, that was provided or made available to the Company by such third party, and that the Company has a duty or obligation to keep confidential. This definition shall not limit any definition of “confidential information” or any equivalent term under state or federal law. “Confidential Information” shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of the Company.

(iii) “Material Contact” means contact between the Executive and a customer or potential customer of the Company (A) with whom or which the Executive has or had dealings on behalf of the Company; (B) whose dealings with the Company are or were coordinated or supervised by the Executive; (C) about whom the Executive obtains Confidential Information in the ordinary course of business as a result of Executive’s employment with the Company; or (D) who receives products or services of the Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for Executive within the two (2) years prior to the Executive’s Termination Date.

(iv) “Person” means any individual or any corporation, partnership, joint venture, limited liability company, association or other entity or enterprise.

(v) “Principal or Representative” means a principal, owner, partner, shareholder, joint venturer, investor, member, trustee, director, officer, manager, employee, agent, representative or consultant.

(vi) “Protected Customer” means any Person to whom the Company has sold its products or services or actively solicited to sell its products or services, and with whom the Executive has had Material Contact on behalf of the Company during Executive’s employment with the Company.

(vii) “Protected Work” means any and all ideas, inventions, formulas, Confidential Information, source codes, object codes, techniques, processes, concepts, systems, programs, software, software integration techniques, hardware systems, schematics, flow charts, computer data bases, client lists, trademarks, service marks, brand names, trade names, compilations, documents, data, notes, designs, drawings, technical data and/or training materials, including improvements thereto or derivatives therefrom, whether or not patentable, and whether or not subject to copyright or trademark or trade secret protection, conceived, developed or produced by the Executive, or by others working with the Executive or under Executive’s direction, during the period of Executive’s employment or service, or conceived, produced or used or intended for use by or on behalf of the Company or its customers.

(viii) “Restricted Period” means any time during the Executive’s employment with the Company, and if the Executive’s employment is terminated for any reason during the Term, the Restricted Period shall mean during the Executive’s employment plus twenty-four (24) months following the Termination Date.

(ix) “Restricted Territory” means the U.S. states and foreign countries in which the Company maintains one or more retail pawn stores or is actively planning to open one or more stores at

the time of the conduct in question (if the conduct occurs while the Executive is still employed by the Company) or the Termination Date (if the conduct occurs after the Executive's Termination), as applicable.

(x) "Restrictive Covenants" means the restrictive covenants contained in subsections (c) through (h) of this Section 8.

(xi) "Termination" means the termination of the Executive's employment with the Company, for any reason, whether with or without cause, upon the initiative of either party.

(xii) "Termination Date" means the date of the Executive's Termination.

(c) Restriction on Disclosure and Use of Confidential Information. The Executive agrees that the Executive shall not, directly or indirectly, use any Confidential Information on the Executive's own behalf or on behalf of any Person other than Company, or reveal, divulge, or disclose any Confidential Information to any Person not expressly authorized by the Company to receive such Confidential Information. This obligation shall remain in effect for as long as the information or materials in question retain their status as Confidential Information. The Executive further agrees that Executive shall fully cooperate with the Company in maintaining the Confidential Information to the extent permitted by law. The parties acknowledge and agree that this Agreement is not intended to, and does not, alter either the Company's rights or the Executive's obligations under any state or federal statutory or common law regarding trade secrets and unfair trade practices. Anything herein to the contrary notwithstanding, the Executive shall not be restricted from disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, the Executive shall provide the Company with prompt notice of such requirement so that the Company may seek an appropriate protective order prior to any such required disclosure by the Executive.

(d) Non-Competition. The Executive agrees that during the Restricted Period, the Executive will not, without prior written consent of the Company, directly or indirectly (i) carry on or engage in Competitive Services within the Restricted Territory on Executive's own or on behalf of any Person or any Principal or Representative of any Person, or (ii) own, manage, operate, join, control or participate in the ownership, management, operation or control, of any business, whether in corporate, proprietorship or partnership form or otherwise where such business is engaged in the provision of Competitive Services within the Restricted Territory. The Executive acknowledges that the Restricted Territory is reasonable. Notwithstanding the foregoing, the Executive may maintain or undertake purely passive investments on behalf of himself, Executive's immediate family or any trust on behalf of Executive or Executive's immediate family in companies engaged in a Competitive Services so long as the aggregate interest represented by such investments does not exceed 1% of any class of the outstanding publicly traded debt or equity securities of any company engaged in a Competitive Services.

(e) Non-Solicitation of Protected Customers. The Executive agrees that during the Restricted Period, Executive shall not, without the prior written consent of the Company, directly or indirectly, on Executive's own behalf or as a Principal or Representative of any Person, solicit, divert, take away, or attempt to solicit, divert, or take away a Protected Customer for the purpose of engaging in, providing, or selling Competitive Services.

(f) Non-Recruitment of Employees. The Executive agrees that during the Restricted Period, Executive shall not, directly or indirectly, whether on Executive's own behalf or as a Principal or Representative of any Person, solicit or induce or attempt to solicit or induce any employee of the Company

to terminate his or her employment relationship with the Company or to enter into employment with the Executive or any other Person.

(g) Proprietary Rights.

(i) Ownership and Assignment of Protected Works. The Executive agrees that any and all Confidential Information and Protected Works are the sole property of the Company, and that no compensation in addition to the Executive's base salary is due to the Executive for development or transfer of such Protected Works. The Executive agrees that Executive shall promptly disclose in writing to the Company the existence of any Protected Works. The Executive hereby assigns all of Executive's rights, title and interest in any and all Protected Works, including all patents or patent applications, and all copyrights therein, to the Company. The Executive shall not be entitled to use Protected Works for Executive's own benefit or the benefit of anyone except the Company without written permission from the Company and then only subject to the terms of such permission. The Executive further agrees that Executive will communicate to the Company any facts known to Executive and testify in any legal proceedings, sign all lawful papers, make all rightful oaths, execute all divisionals, continuations, continuations-in-part, foreign counterparts, or reissue applications, all assignments, all registration applications, and all other instruments or papers to carry into full force and effect the assignment, transfer, and conveyance hereby made or to be made and generally do everything possible for title to the Protected Works and all patents or copyrights or trademarks or service marks therein to be clearly and exclusively held by the Company. The Executive agrees that Executive will not oppose or object in any way to applications for registration of Protected Works by the Company or others designated by the Company. The Executive agrees to exercise reasonable care to avoid making Protected Works available to any third party and shall be liable to the Company for all damages and expenses, including reasonable attorneys' fees, if Protected Works are made available to third parties by Executive without the express written consent of the Company.

Anything herein to the contrary notwithstanding, the Executive will not be obligated to assign to the Company any Protected Work for which no equipment, supplies, facilities, or Confidential Information of the Company was used and which was developed entirely on the Executive's own time, unless (a) the invention relates (i) directly to the business of the Company, or (ii) to the Company's actual or demonstrably anticipated research or development; or (b) the invention results from any work performed by the Executive for the Company. The Executive likewise will not be obligated to assign to the Company any Protected Work that is conceived by the Executive after the Executive leaves the employ or service of the Company, except that the Executive is so obligated if the same relates to or is based on Confidential Information to which the Executive had access by virtue of employment with the Company. Similarly, the Executive will not be obligated to assign any Protected Work to the Company that was conceived and reduced to practice prior to Executive's employment, regardless of whether such Protected Work relates to or would be useful in the business of the Company. The Executive acknowledges and agrees that there are no Protected Works conceived and reduced to practice by Executive prior to Executive's employment with the Company.

(ii) No Other Duties. The Executive acknowledges and agrees that there is no other contract or duty on Executive's part now in existence to assign Protected Works to anyone other than the Company.

(iii) Works Made for Hire. The Company and the Executive acknowledge that in the course of employment with the Company, the Executive may from time to time create for the Company copyrightable works. Such works may consist of manuals, pamphlets, instructional materials, computer programs, software, software integration techniques, software codes, and data, technical data, photographs, drawings, logos, designs, artwork or other copyrightable material, or portions thereof, and may be created

within or without the Company's facilities and before, during or after normal business hours. All such works related to or useful in the business of the Company are specifically intended to be works made for hire by the Executive, and the Executive shall cooperate with the Company in the protection of the Company's copyrights in such works and, to the extent deemed desirable by the Company, the registration of such copyrights.

(h) Return of Materials. The Executive agrees that Executive will not retain or destroy (except as set forth below), and will immediately return to the Company on or prior to the Termination Date, or at any other time the Company requests such return, any and all property of the Company that is in Executive's possession or subject to Executive's control, including, but not limited to, keys, credit and identification cards, personal items or equipment, customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, keys, access cards, credit cards, identification cards, computers, mobile devices, other electronic media, all other files and documents relating to the Company and its business (regardless of form, but specifically including all electronic files and data of the Company), together with all Protected Works and Confidential Information belonging to the Company or that the Executive received from or through employment or service with the Company. The Executive will not make, distribute, or retain copies of any such information or property. To the extent that the Executive has electronic files or information in Executive's possession or control that belong to the Company, contain Confidential Information, or constitute Protected Works (specifically including but not limited to electronic files or information stored on personal computers, mobile devices, electronic media, or in cloud storage), on or prior to the Termination Date, or at any other time the Company requests, the Executive shall (A) provide the Company with an electronic copy of all of such files or information (in an electronic format that readily accessible by the Company); (B) after doing so, delete all such files and information, including all copies and derivatives thereof, from all non-Company-owned computers, mobile devices, electronic media, cloud storage, or other media, devices, or equipment, such that such files and information are permanently deleted and irretrievable; and (C) provide a written certification to the Company that the required deletions have been completed and specifying the files and information deleted and the media source from which they were deleted. The Executive agrees to reimburse the Company for all of its costs, including reasonable attorneys' fees, of recovering the above materials and otherwise enforcing compliance with this provision if Executive does not return the materials to the Company or take the required steps with respect to electronic information or files on or prior to the Termination Date or at any other time the materials and/or electronic file actions are requested by the Company or if the Executive otherwise fails to comply with this provision.

(i) Enforcement of Restrictive Covenants.

(i) Rights and Remedies Upon Breach. The parties specifically acknowledge and agree that the remedy at law for any breach of the Restrictive Covenants will be inadequate, and that in the event the Executive breaches, or threatens to breach, any of the Restrictive Covenants, the Company shall have the right and remedy, without the necessity of proving actual damage or posting any bond, to enjoin, preliminarily and permanently, the Executive from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. The Executive understands and agrees that if Executive violates any of the obligations set forth in the Restrictive Covenants, the period of restriction applicable to each obligation violated shall cease to run during the pendency of any litigation over such violation, provided that such litigation was initiated during the period of restriction. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity. The Executive understands and agrees that, if

the Parties become involved in legal action regarding the enforcement of the Restrictive Covenants and if the Company prevails in such legal action, the Company will be entitled, in addition to any other remedy, to recover from the Executive its reasonable costs and attorneys' fees incurred in enforcing such covenants. The Company's ability to enforce its rights under the Restrictive Covenants or applicable law against the Executive shall not be impaired in any way by the existence of a claim or cause of action on the part of the Executive based on, or arising out of, this Agreement or any other event or transaction.

(ii) Severability and Modification of Covenants. The Executive acknowledges and agrees that each of the Restrictive Covenants is reasonable and valid in time and scope and in all other respects. The parties agree that it is their intention that the Restrictive Covenants be enforced in accordance with their terms to the maximum extent permitted by law. Each of the Restrictive Covenants shall be considered and construed as a separate and independent covenant. Should any part or provision of any of the Restrictive Covenants be held invalid, void, or unenforceable, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Agreement or such Restrictive Covenant. If any of the provisions of the Restrictive Covenants should ever be held by a court of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court may deem just and proper for the reasonable protection of the Company's legitimate business interests and may be enforced by the Company to that extent in the manner described above and all other provisions of this Agreement shall be valid and enforceable.

(j) Disclosure of Agreement. The Executive acknowledges and agrees that, during Restricted Period, Executive will disclose the existence and terms of this Agreement to any prospective employer, business partner, investor or lender prior to entering into an employment, partnership or other business relationship with such prospective employer, business partner, investor or lender. The Executive further agrees that the Company shall have the right to make any such prospective employer, business partner, investor or lender of the Executive aware of the existence and terms of this Agreement.

9. Agreement Not to Disparage. The Executive hereby agrees that at all times after the date hereof Executive will not make any statement, whether verbally or in written form, or otherwise take any action that may reasonably be considered to disparage or impugn the Company or any of its subsidiaries or affiliates; the management, practices, services, or reputation of the Company or any of its subsidiaries or affiliates; or any of the Company's or any of its subsidiaries' or affiliates' employees, officers, directors, agents, or affiliates. Notwithstanding the foregoing, this Section 9 shall not limit the rights of the Executive to provide truthful testimony or make truthful statements which are compelled by a court of competent jurisdiction, arbitrator, regulatory agency or other tribunal or investigative body in accordance with any applicable statute, rule or regulation.

10. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any employee benefit plan, program, policy or practice provided by the Company or its affiliated companies and for which the Executive may qualify, except as specifically provided herein. Amounts that are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program except as explicitly modified by this Agreement.

11. Full Settlement; No Mitigation. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against

the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment.

12. Mandatory Reduction of Payments in Certain Events.

(a) Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (such benefits, payments or distributions are hereinafter referred to as “Payments”) would, if paid, be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then, prior to the making of any Payments to Executive, a calculation shall be made comparing (i) the net after-tax benefit to Executive of the Payments after payment by Executive of the Excise Tax, to (ii) the net after-tax benefit to Executive if the Payments had been limited to the extent necessary to avoid being subject to the Excise Tax. If the amount calculated under (i) above is less than the amount calculated under (ii) above, then the Payments shall be limited to the extent necessary to avoid being subject to the Excise Tax (the “Reduced Amount”). The reduction of the Payments due hereunder, if applicable, shall be made by first reducing cash Payments and then, to the extent necessary, reducing those Payments having the next highest ratio of Parachute Value to actual present value of such Payments as of the date of the Change in Control, as determined by the Determination Firm (as defined in Section 9(b) below). For purposes of this Section 12, present value shall be determined in accordance with Section 280G(d)(4) of the Code. For purposes of this Section 12, the “Parachute Value” of a Payment means the present value as of the date of the Change in Control of the portion of such Payment that constitutes a “parachute payment” under Section 280G(b)(2) of the Code, as determined by the Determination Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(b) All determinations required to be made under this Section 12, including whether an Excise Tax would otherwise be imposed, whether the Payments shall be reduced, the amount of the Reduced Amount, and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized accounting firm or compensation consulting firm mutually acceptable to the Company and Executive (the “Determination Firm”) which shall provide detailed supporting calculations to the Company and Executive within 15 business days after the receipt of notice from Executive that a Payment is due to be made, or such earlier time as is requested by the Company. All fees and expenses of the Determination Firm shall be borne solely by the Company. Any determination by the Determination Firm shall be binding upon the Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Determination Firm hereunder, it is possible that Payments which Executive was entitled to, but did not receive pursuant to Section 12(a), could have been made without the imposition of the Excise Tax (“Underpayment”), consistent with the calculations required to be made hereunder. In such event, the Determination Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of Executive but no later than March 15 of the year after the year in which the Underpayment is determined to exist, which is when the legally binding right to such Underpayment arises.

(c) In the event that the provisions of Code Section 280G and 4999 or any successor provisions are repealed without succession, this Section 12 shall be of no further force or effect.

13. Arbitration. Any claim or dispute arising under or relating to this Agreement or the breach, termination, or validity of any term of this Agreement shall be subject to arbitration, and prior to commencing any court action, the parties agree that they shall arbitrate all controversies; provided, however, that nothing

in this Section 13 shall prohibit the Company from exercising its right under Section 8 to pursue injunctive remedies with respect to a breach or threatened breach of the Restrictive Covenants. The arbitration shall be conducted in Tarrant County, Texas, in accordance with the Employment Dispute Rules of the American Arbitration Association and the Federal Arbitration Act, 9 U.S.C. §1, *et. seq.* The arbitrator(s) shall be authorized to award both liquidated and actual damages, in addition to injunctive relief, but no punitive damages. The arbitrator(s) may also award attorney's fees and costs, without regard to any restriction on the amount of such award under Texas or other applicable law. Such an award shall be binding and conclusive upon the parties hereto, subject to 9 U.S.C. §10. Each party shall have the right to have the award made the judgment of a court of competent jurisdiction.

14. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. Notwithstanding the foregoing, the Company may, without the Executive's consent, assign, whether by assignment agreement, merger, operation of law or otherwise, this Agreement to the Company or to any successor or affiliate of the Company, subject to such assignee's express assumption of all obligations of the Company hereunder. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

15. Cooperation. The Executive shall provide the Executive's reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during the Executive's employment hereunder. This provision shall survive any termination of this Agreement. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations under this Section 15 at the request of the Company. If the Executive is entitled to be paid or reimbursed for any expenses under this Section 15, the amount reimbursable in any one calendar year shall not affect the amount reimbursable in any other calendar year, and the reimbursement of an eligible expense must be made no later than December 31 of the year after the year in which the expense was incurred. The Executive's obligations under this Section 15, and the Executive's rights to payment or reimbursement of expenses pursuant to this Section 15, shall expire at the end of ten (10) years after the Date of Termination and such rights shall not be subject to liquidation or exchange for another benefit.

16. Code Section 409A.

(a) General. This Agreement shall be interpreted and administered in a manner so that any amount or benefit payable hereunder shall be paid or provided in a manner that is either exempt from or compliant with the requirements Section 409A of the Code and applicable Internal Revenue Service guidance and Treasury Regulations issued thereunder (and any applicable transition relief under Section

409A of the Code). Nevertheless, the tax treatment of the benefits provided under the Agreement is not warranted or guaranteed. Neither the Company nor its directors, officers, employees or advisers shall be held liable for any taxes, interest, penalties or other monetary amounts owed by the Executive as a result of the application of Section 409A of the Code.

(b) Definitional Restrictions. Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt “deferred compensation” for purposes of Section 409A of the Code (“Non-Exempt Deferred Compensation”) would otherwise be payable or distributable hereunder by reason of the Executive’s termination of employment, such Non-Exempt Deferred Compensation will not be payable or distributable to the Executive by reason of such circumstance unless the circumstances giving rise to such termination of employment meet any description or definition of “separation from service” in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition). This provision does not prohibit the *vesting* of any Non-Exempt Deferred Compensation upon a termination of employment, however defined. If this provision prevents the payment or distribution of any Non-Exempt Deferred Compensation, such payment or distribution shall be made on the date, if any, on which an event occurs that constitutes a Section 409A-compliant “separation from service.”

(c) Timing of Release of Claims. Whenever in this Agreement a payment or benefit is conditioned on Executive’s execution of a release of claims, such release must be executed and all revocation periods shall have expired within sixty (60) days after the Date of Termination; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes Non-Exempt Deferred Compensation, then such payment or benefit (including any installment payments) that would have otherwise been payable during such 60-day period shall be accumulated and paid on the 60th day after the Date of Termination provided such release shall have been executed and such revocation periods shall have expired. If such payment or benefit is exempt from Section 409A of the Code, the Company may elect to make or commence payment at any time during such period.

(d) Permitted Acceleration. The Company shall have the sole authority to make any accelerated distribution permissible under Treas. Reg. Section 1.409A-3(j)(4) to the Executive of deferred amounts, provided that such distribution meets the requirements of Treas. Reg. Section 1.409A-3(j)(4).

17. Miscellaneous.

(a) Governing Law; Forum Selection; Consent to Jurisdiction. The Company and the Executive agree that this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Texas without giving effect to its conflicts of law principles. The Executive agrees that the exclusive forum for any action to enforce this Agreement, as well as any action relating to or arising out of this Agreement, shall be the state or federal court of the State of Texas. With respect to any such court action, the Executive hereby (a) irrevocably submits to the personal jurisdiction of such courts; (b) consents to service of process; (c) consents to venue; and (d) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction, service of process, or venue. Both parties hereto further agree that such courts are convenient forums for any dispute that may arise herefrom and that neither party shall raise as a defense that such courts are not convenient forums.

(b) Captions. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(c) Amendments. This Agreement may not be amended or modified otherwise than-by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(d) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: Anna M. Alvarado
Address on file with the Company

If to the Company: FirstCash, Inc.
1600 West 7th Street
Fort Worth, Texas 76102
Attention: CEO

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(e) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) Withholding. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) Waivers. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) Entire Agreement. Except as provided herein, this Agreement contains the entire agreement between the Company and the Executive with respect to the subject matter hereof and, from and after the Effective Date, this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

(i) Construction. The Company and the Executive understand and agree that because they both have been given the opportunity to have counsel review and revise this Agreement, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. Instead, the language of all parts of this Agreement shall be construed as a whole, and according to its fair meaning, and not strictly for or against either of the parties.

(j) Counterparts. This Agreement may be executed in two or more counterparts, and it shall not be necessary that the signatures of the parties hereto be contained on any one counterpart hereof. Each counterpart shall be deemed an original but all counterparts together shall constitute one and the same instrument. Any signature page of any such counterpart, or any electronic facsimile thereof, may be attached or appended to any other counterpart to complete a fully executed counterpart of this Agreement, and any telecopy or other electronic transmission of any signature shall be deemed an original and shall bind such party.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

EXECUTIVE

Anna M. Alvarado

FirstCash, Inc.

By: _____
Rick L. Wessel
Chief Executive Officer

**CERTIFICATION 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, 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: August 1, 2018

/s/ Rick L. Wessel

Rick L. Wessel

Chief Executive Officer

**CERTIFICATION 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, 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: August 1, 2018

/s/ R. Douglas Orr

R. Douglas Orr

Chief Financial Officer

**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, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2018, 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: August 1, 2018

/s/ Rick L. Wessel

Rick L. Wessel

Chief Executive Officer

**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, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2018, 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: August 1, 2018

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