FIRST CASH FINANCIAL SERVICES INC
Form 10-Q
April 22, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2015

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 0-19133

FIRST CASH FINANCIAL SERVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware	75-2237318
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
690 East Lamar Blvd., Suite 400	76011
Arlington, Texas	(Zip Code)
(Address of principal executive offices)	

(817) 460-3947
(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. xYes o 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). xYes o No

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

x Large accelerated filer	o Accelerated filer
o Non-accelerated filer (Do not check if a smaller reporting company)	o Smaller reporting company

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

As of April 20, 2015, there were 28,195,392 shares of common stock outstanding.

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FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2015

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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 First Cash Financial Services, 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,” “in “could,” or “anticipates,” or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of strategy or objectives. Forward-looking statements can also be identified by the fact that 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.

Forward-looking statements in this quarterly report include, without limitation, the Company’s expectations of earnings per share, earnings and earnings before interest, taxes, depreciation and amortization growth, expansion strategies, the impact of new or existing regulations, store openings, liquidity (including the availability of capital under existing credit facilities), cash flow, consumer demand for the Company’s products and services, income tax rates, currency exchange rates, future share repurchases and the price of gold and the impacts thereof, earnings and related transaction expenses from acquisitions and mergers, the ability to successfully integrate acquisitions and other performance results. These 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 are difficult to predict and many are beyond the control of the Company and may include, without limitation, the following:

- changes in regional, national or international economic conditions, including inflation rates, unemployment rates and energy prices;
- changes in foreign currency exchange rates and the U.S. dollar to Mexican peso exchange rate in particular;
- changes in consumer demand, including purchasing, borrowing and repayment behaviors;
- changes in pawn forfeiture rates and credit loss provisions;
- changes in the market value of pawn collateral and merchandise inventories, including gold prices and the value of consumer electronics and other products;
- changes or increases in competition;
- the ability to locate, open and staff new stores and successfully integrate acquisitions;
- the availability or access to sources of used merchandise inventory;
- changes in credit markets, interest rates and the ability to establish, renew and/or extend the Company’s debt financing;
- the ability to maintain banking relationships for treasury services and processing of certain consumer lending transactions;
- the ability to hire and retain key management personnel;
- new federal, state or local legislative initiatives or governmental regulations (or changes to existing laws and regulations) affecting pawn businesses, consumer loan businesses and credit services organizations (in both the United States and Mexico), including administrative or legal interpretations thereto;
- risks and uncertainties related to foreign operations in Mexico;
- changes in import/export regulations and tariffs or duties;
- changes in banking, anti-money laundering or gun control regulations;
- unforeseen litigation;
- changes in tax rates or policies in the U.S. and Mexico;
- inclement weather, natural disasters and public health issues;

- security breaches, cyber attacks or fraudulent activity;
- a prolonged interruption in the Company’s operations of its facilities, systems, and business functions, including its information technology and other business systems;
- the implementation of new, or changes in the interpretation of existing, accounting principles or financial reporting requirements; and
- future business decisions.

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These and other risks, uncertainties and regulatory developments are further and more completely described in the Company's 2014 annual report on Form 10-K filed with the Securities and Exchange Commission on February 12, 2015, including the risks described in "Risk Factors" of the Company's annual report. 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.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FIRST CASH FINANCIAL SERVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands)

	March 31, 2015	2014	December 31, 2014
ASSETS			
Cash and cash equivalents	$75,803	$94,929	$67,992
Pawn loan fees and service charges receivable	16,232	16,539	16,926
Pawn loans	114,306	113,938	118,536
Consumer loans, net	977	1,239	1,241
Inventories	82,554	72,279	91,088
Prepaid expenses and other current assets	3,302	2,425	4,970
Deferred tax assets	7,056	5,190	7,122
Total current assets	300,230	306,539	307,875
Property and equipment, net	112,587	109,882	113,750
Goodwill, net	276,545	254,790	276,882
Other non-current assets	15,478	15,978	16,168
Deferred tax assets	448	—	—
Total assets	$705,288	$687,189	$714,675
LIABILITIES AND STOCKHOLDERS' EQUITY			
Accounts payable and accrued liabilities	$41,704	$37,184	$42,559
Income taxes payable	50	3,377	—
Total current liabilities	41,754	40,561	42,559
Revolving unsecured credit facilities	14,500	—	22,400
Senior unsecured notes	200,000	200,000	200,000
Deferred tax liabilities	—	9,292	1,165
Total liabilities	256,254	249,853	266,124
Stockholders' equity:			
Preferred stock	—	—	—
Common stock	399	394	397
Additional paid-in capital	193,278	177,225	188,062
Retained earnings	599,682	520,410	582,894
Accumulated other comprehensive loss from cumulative foreign currency translation adjustments	(30,717)	(8,006)	(26,168)
Common stock held in treasury, at cost	(313,608)	(252,687)	(296,634)
Total stockholders' equity	449,034	437,336	448,551
Total liabilities and stockholders' equity	$705,288	$687,189	$714,675

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

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FIRST CASH FINANCIAL SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited, in thousands, except per share amounts)

	Three Months Ended March 31,	
	2015	2014
Revenue:		
Retail merchandise sales	$ 110,454	$ 98,708
Pawn loan fees	48,654	47,638
Consumer loan and credit services fees	7,595	9,784
Wholesale scrap jewelry revenue	9,320	13,647
Total revenue	176,023	169,777
Cost of revenue:		
Cost of retail merchandise sold	68,246	60,490
Consumer loan and credit services loss provision	997	1,743
Cost of wholesale scrap jewelry sold	8,009	11,088
Total cost of revenue	77,252	73,321
Net revenue	98,771	96,456
Expenses and other income:		
Store operating expenses	52,321	48,492
Administrative expenses	13,838	13,329
Depreciation and amortization	4,547	4,272
Interest expense	4,020	1,436
Interest income	(344)	(81)
Total expenses and other income	74,382	67,448
Income from continuing operations before income taxes	24,389	29,008
Provision for income taxes	7,601	6,054
Income from continuing operations	16,788	22,954
Loss from discontinued operations, net of tax	—	(272)
Net income	$ 16,788	$ 22,682
Basic income per share:		
Income from continuing operations	$ 0.59	$ 0.79
Loss from discontinued operations	—	(0.01)
Net income per basic share	$ 0.59	$ 0.78
Diluted income per share:		
Income from continuing operations	$ 0.59	$ 0.78
Loss from discontinued operations	—	(0.01)
Net income per diluted share	$ 0.59	$ 0.77

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

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FIRST CASH FINANCIAL SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, in thousands)

	Three Months Ended March 31, 2015	2014
Net income	$ 16,788	$ 22,682
Other comprehensive income (loss):		
Currency translation adjustment, gross	(6,998)	(393)
Tax benefit	2,449	138
Comprehensive income	$ 12,239	$ 22,427

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

FIRST CASH FINANCIAL SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(unaudited, in thousands)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accum-ulated Other Compre-hensive Loss	Common Stock Held in Treasury		Total Stock-holders' Equity
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance at 12/31/2014	—	$—	39,708	$ 397	$ 188,062	$ 582,894	$ (26,168)	11,200	$ (296,634)	$ 448,551
Shares issued under share-based com-pensation plan	—	—	5	—	—	—	—	—	—	—
Exercise of stock options	—	—	145	2	2,899	—	—	—	—	2,901
Income tax benefit from exercise of stock options	—	—	—	—	1,617	—	—	—	—	1,617
Share-based compensation expense	—	—	—	—	700	—	—	—	—	700
Net income	—	—	—	—	—	16,788	—	—	—	16,788
Currency translation adjustment, net of tax	—	—	—	—	—	—	(4,549)	—	—	(4,549)
	—	—	—	—	—	—	—	336	(16,974)	(16,974)

Repurchases of treasury stock										
Balance at 3/31/2015	—	$—	39,858	$399	$193,278	$599,682	$(30,717)	11,536	$(313,608)	$449,034

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

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FIRST CASH FINANCIAL SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY CONTINUED
(unaudited, in thousands)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accum-ulated Other Compre-hensive Loss	Common Stock Held in Treasury		Total Stock-holders' Equity
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance at 12/31/2013	—	$—	39,377	$394	$176,675	$497,728	$(7,751)	10,429	$(252,687)	$414,359
Shares issued under share-based com-pensation plan	—	—	5	—	—	—	—	—	—	—
Share-based compensation expense	—	—	—	—	550	—	—	—	—	550
Net income	—	—	—	—	—	22,682	—	—	—	22,682
Currency translation adjustment, net of tax	—	—	—	—	—	—	(255)	—	—	(255)
Balance at 3/31/2014	—	$—	39,382	$394	$177,225	$520,410	$(8,006)	10,429	$(252,687)	$437,336

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

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FIRST CASH FINANCIAL SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Three Months Ended March 31,	
	2015	2014
Cash flow from operating activities:		
Net income	$ 16,788	$ 22,682
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Non-cash portion of credit loss provision	79	213
Share-based compensation expense	700	550
Depreciation and amortization expense	4,547	4,272
Amortization of debt issuance costs	256	95
Deferred income taxes	640	451
Changes in operating assets and liabilities, net of business combinations:		
Pawn fees and service charges receivable	480	154
Merchandise inventories	2,354	1,805
Prepaid expenses and other assets	1,070	(519)
Accounts payable and accrued expenses	(10)	(459)
Income taxes payable, current	526	(4,051)
Net cash flow provided by operating activities	27,430	25,193
Cash flow from investing activities:		
Loan receivables, net of cash repayments	8,312	5,773
Purchases of property and equipment	(4,386)	(5,674)
Acquisitions of pawn stores, net of cash acquired	(1,550)	(4,889)
Net cash flow provided by (used in) investing activities	2,376	(4,790)
Cash flow from financing activities:		
Borrowings from revolving credit facilities	21,555	2,500
Repayments of revolving credit facilities	(29,455)	(184,500)
Repayments of notes payable	—	(8,352)
Issuance of senior unsecured notes	—	200,000
Debt issuance costs paid	—	(5,508)
Purchases of treasury stock	(16,974)	—
Proceeds from exercise of share-based compensation awards	2,901	—
Income tax benefit from exercise of stock options	1,617	—
Net cash flow provided by (used in) financing activities	(20,356)	4,140
Effect of exchange rates on cash	(1,639)	(257)
Change in cash and cash equivalents	7,811	24,286
Cash and cash equivalents at beginning of the period	67,992	70,643
Cash and cash equivalents at end of the period	$ 75,803	$ 94,929

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

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FIRST CASH FINANCIAL SERVICES, 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, 2014, which is derived from audited financial statements, and the unaudited condensed consolidated financial statements, including the notes thereto, include the accounts of First Cash Financial Services, Inc. and its wholly-owned subsidiaries (together, the “Company”). 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 for the year ended December 31, 2014, on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 12, 2015. The condensed consolidated financial statements as of March 31, 2015 and 2014, and for the three month periods ended March 31, 2015 and 2014, 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 period ended March 31, 2015 are not necessarily indicative of the results that may be expected for the full fiscal year.

The Company manages its pawn and consumer loan operations under three operating segments: U.S. pawn operations, U.S. consumer loan operations and Mexico operations. The three operating segments have been aggregated into one reportable segment because they have similar economic characteristics and similar long-term financial performance metrics. Additionally, all three segments offer similar and overlapping products and services to a similar customer demographic, operate in similar regulatory environments and are supported by a single, centralized administrative support platform.

The Company has significant operations in Mexico where the functional currency for the Company’s operating subsidiaries is the Mexican peso. Accordingly, the assets and liabilities of these subsidiaries are translated into U.S. dollars at the exchange rate in effect at each balance sheet date, and the resulting adjustments are accumulated in other comprehensive income (loss) as a separate component of stockholders’ equity. Revenue and expenses are translated at the average exchange rates occurring during the year-to-date periods.

Certain amounts in prior year comparative presentations have been reclassified in order to conform to the 2015 presentation.

Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board issued ASU No. 2014-08, “Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360)” (“ASU 2014-08”). ASU 2014-08 requires that a disposal representing a strategic shift that has (or will have) a major effect on an entity’s financial results or a business activity classified as held for sale should be reported as discontinued operations. ASU 2014-08 also expands the disclosure requirements for discontinued operations and adds new disclosures for individually significant dispositions that do not qualify as discontinued operations. ASU 2014-08 is effective prospectively for fiscal years, and interim reporting periods within those years, beginning after December 15, 2014. The adoption of ASU 2014-08 did not have a material effect on the Company’s current financial position, results of operations or financial statement disclosures, however, it may impact the reporting of future discontinued operations if and when they occur.

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 new 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 disclosures 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. ASU 2014-09 is effective for annual reporting

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periods, and interim periods within that period, beginning after December 15, 2016. In April 2015, the Financial Accounting Standards Board voted for a one-year deferral of the effective date of ASU 2014-09 and is expected to issue an exposure draft during the second quarter of 2015. The Company does not expect ASU 2014-09 to have a material effect on the Company's current financial position or results of operations, however, it may impact the reporting of future financial statement disclosures.

In April 2015, the Financial Accounting Standards Board issued ASU No. 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03"). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of being presented as an asset. ASU 2015-03 requires retrospective application and represents a change in accounting principle. ASU 2015-03 is effective for fiscal years beginning after December 15, 2015. Early adoption is permitted for financial statements that have not been previously issued. The Company does not expect ASU 2015-03 to have a material effect on the Company's results of operations, however, it will impact future balance sheet presentation and financial statement disclosures related to the Company's debt issuance costs.

Note 2 - Earnings Per Share

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

	Three Months Ended March 31,	
	2015	2014
Numerator:		
Income from continuing operations for calculating basic and diluted earnings per share	$ 16,788	$ 22,954
Loss from discontinued operations	—	(272)
Net income for calculating basic and diluted earnings per share	$ 16,788	$ 22,682
Denominator:		
Weighted-average common shares for calculating basic earnings per share	28,402	28,952
Effect of dilutive securities:		
Stock options and nonvested awards	218	390
Weighted-average common shares for calculating diluted earnings per share	28,620	29,342
Basic earnings per share:		
Income from continuing operations	$ 0.59	$ 0.79
Loss from discontinued operations	—	(0.01)
Net income per basic share	$ 0.59	$ 0.78
Diluted earnings per share:		
Income from continuing operations	$ 0.59	$ 0.78
Loss from discontinued operations	—	(0.01)
Net income per diluted share	$ 0.59	$ 0.77

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Note 3 - Long-Term Debt

Senior Unsecured Notes

On March 24, 2014, the Company issued $200,000,000 of 6.75% senior notes due on April 1, 2021 (the “Notes”). Interest on the Notes is payable semi-annually in arrears on April 1 and October 1, commencing on October 1, 2014. The Notes allow the Company to repurchase shares of its stock and to pay cash dividends within certain parameters.

Revolving Credit Facilities

At March 31, 2015, the Company maintained a line of credit with a group of U.S. based commercial lenders (the “2014 Credit Facility”) in the amount of $160,000,000, which matures in February 2019. At March 31, 2015, the Company had $14,500,000 outstanding under the 2014 Credit Facility and $145,500,000 was available for borrowings. The 2014 Credit Facility bears interest, at the Company’s option, at either (i) the prevailing London Interbank Offered Rate (“LIBOR”) (with interest periods of 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 interest rate on amounts outstanding under the 2014 Credit Facility at March 31, 2015 was 2.69% based on the prevailing 30-day LIBOR rate. The 2014 Credit Facility allows the Company to repurchase shares of its stock and to pay cash dividends within certain parameters and requires the Company to maintain certain financial ratios and comply with certain financial covenants. The Company was in compliance with the requirements and covenants of the 2014 Credit Facility as of March 31, 2015. During the three months ended March 31, 2015, the Company made net payments of $7,900,000 on the 2014 Credit Facility.

On March 9, 2015, the Company entered into an agreement with a bank in Mexico to establish a revolving credit facility (the “Mexico Credit Facility”) in the amount of $10,000,000. The Mexico Credit Facility bears interest at the prevailing 30-day LIBOR rate plus a fixed spread of 2.0% and matures in December 2017. Under the terms of the Mexico Credit Facility, the Company is required to maintain certain financial ratios and comply with certain financial covenants. The Company was in compliance with the requirements and covenants of the Mexico Credit Facility as of March 31, 2015. The Company is required to pay a one-time commitment fee of $25,000 due when the first amount is drawn/borrowed. At March 31, 2015, the Company had no amount outstanding under the Mexico Credit Facility and $10,000,000 was available for borrowings.

Note 4 - Fair Value of Financial Instruments

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

As cash and cash equivalents have maturities of less than three months, the carrying values of cash and cash equivalents approximate fair value (Level 1 of the fair value hierarchy). Due to their short-term maturities, pawn loans, consumer loans (net), pawn loan fees and service charges receivable approximate fair value (Level 3 of the fair value hierarchy).

The carrying value of the Company’s credit facilities (as described in Note 3) approximated fair value for all periods presented. The fair value of the Notes was approximately $206,000,000, $200,000,000 and $207,000,000 as of

March 31, 2015, 2014 and December 31, 2014, respectively, compared to a carrying value of $200,000,000. These fair values 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 (Level 2 of the fair value hierarchy). Changes in assumptions or estimation methodologies may have a material effect on these estimated fair values.

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Note 5 - Condensed Consolidating Guarantor Financial Statements

In connection with the issuance of the Notes, certain of the Company’s domestic subsidiaries (collectively, “Guarantor Subsidiaries”), fully, unconditionally, jointly and severally guaranteed the payment obligations under the Notes. Each of the Guarantor Subsidiaries is 100% owned, directly or indirectly, by the Company. The following supplemental financial information sets forth, on a consolidating basis, the balance sheets, statements of comprehensive income and statements of cash flows of First Cash Financial Services, Inc. (the “Parent Company”), the Guarantor Subsidiaries and the Parent Company’s other subsidiaries (the “Non-Guarantor Subsidiaries”).

The supplemental condensed consolidating financial information has been prepared pursuant to SEC rules and regulations for interim condensed financial information and does not include the more complete disclosures included in annual financial statements. Investments in consolidated subsidiaries have been presented under the equity method of accounting. The principal eliminating entries eliminate investments in subsidiaries, intercompany balances and intercompany revenues and expenses. The condensed financial information may not necessarily be indicative of the results of operations or financial position had the Guarantor Subsidiaries or Non-Guarantor Subsidiaries operated as independent entities.

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Condensed Consolidating Balance Sheet
March 31, 2015
(unaudited, in thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	$ 13,136	$ 2,481	$ 60,186	$ —	$ 75,803
Pawn loan fees and service charges receivable	—	5,860	10,372	—	16,232
Pawn loans	—	47,433	66,873	—	114,306
Consumer loans, net	—	411	566	—	977
Inventories	—	30,718	51,836	—	82,554
Prepaid expenses and other current assets	1,647	—	2,145	(490)	3,302
Deferred tax assets	1,069	—	5,987	—	7,056
Total current assets	15,852	86,903	197,965	(490)	300,230
Property and equipment, net	3,916	50,099	58,572	—	112,587
Goodwill, net	—	158,568	117,977	—	276,545
Other non-current assets	5,711	4,518	5,249	—	15,478
Deferred tax assets	531	—	19,416	(19,499)	448
Intercompany receivable	—	—	172,866	(172,866)	—
Investments in subsidiaries	826,784	—	—	(826,784)	—
Total assets	$ 852,794	$ 300,088	$ 572,045	$ (1,019,639)	$ 705,288
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued liabilities	$ 15,854	$ 6,850	$ 19,000	$ —	$ 41,704
Income taxes payable	540	—	—	(490)	50
Total current liabilities	16,394	6,850	19,000	(490)	41,754
Revolving unsecured credit facilities	14,500	—	—	—	14,500
Senior unsecured notes	200,000	—	—	—	200,000
Deferred tax liabilities	—	15,108	4,391	(19,499)	—
Intercompany payable	172,866	—	—	(172,866)	—
Total liabilities	403,760	21,958	23,391	(192,855)	256,254
Stockholders' equity:					
Preferred stock	—	—	—	—	—
Common stock	399	—	—	—	399
Additional paid-in capital	193,278	—	—	—	193,278
Retained earnings	568,965	278,130	579,371	(826,784)	599,682
Accumulated other comprehensive loss	—	—	(30,717)	—	(30,717)
Common stock held in treasury, at cost	(313,608)	—	—	—	(313,608)

Total stockholders’ equity	449,034	278,130	548,654	(826,784	) 449,034
Total liabilities and stockholders’ equity	$ 852,794	$ 300,088	$ 572,045	$ (1,019,639	) $ 705,288

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Condensed Consolidating Balance Sheet
March 31, 2014
(unaudited, in thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	$ 51,606	$ 2,812	$ 40,511	$ —	$ 94,929
Pawn loan fees and service charges receivable	—	6,278	10,261	—	16,539
Pawn loans	—	47,361	66,577	—	113,938
Consumer loans, net	—	518	721	—	1,239
Inventories	—	29,770	42,509	—	72,279
Prepaid expenses and other current assets	1,365	—	1,060	—	2,425
Deferred tax assets	906	—	4,284	—	5,190
Total current assets	53,877	86,739	165,923	—	306,539
Property and equipment, net	4,025	47,687	58,170	—	109,882
Goodwill, net	—	152,981	101,809	—	254,790
Other non-current assets	6,805	4,037	5,136	—	15,978
Deferred tax assets	—	—	7,249	(7,249)	—
Intercompany receivable	—	—	161,272	(161,272)	—
Investments in subsidiaries	748,735	—	—	(748,735)	—
Total assets	$ 813,442	$ 291,444	$ 499,559	$ (917,256)	$ 687,189
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued liabilities	$ 12,064	$ 7,217	$ 17,903	$ —	$ 37,184
Income taxes payable	1,887	—	1,490	—	3,377
Total current liabilities	13,951	7,217	19,393	—	40,561
Senior unsecured notes	200,000	—	—	—	200,000
Deferred tax liabilities	883	10,689	4,969	(7,249)	9,292
Intercompany payable	161,272	—	—	(161,272)	—
Total liabilities	376,106	17,906	24,362	(168,521)	249,853
Stockholders' equity:					
Preferred stock	—	—	—	—	—
Common stock	394	—	—	—	394
Additional paid-in capital	177,225	—	—	—	177,225
Retained earnings	512,404	273,538	483,203	(748,735)	520,410
Accumulated other comprehensive loss	—	—	(8,006)	—	(8,006)
Common stock held in treasury, at cost	(252,687)	—	—	—	(252,687)
Total stockholders' equity	437,336	273,538	475,197	(748,735)	437,336
	$ 813,442	$ 291,444	$ 499,559	$ (917,256)	$ 687,189

Total liabilities and stockholders' equity

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Condensed Consolidating Balance Sheet
December 31, 2014
(unaudited, in thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	$7,799	$2,906	$57,287	$—	$67,992
Pawn loan fees and service charges receivable	—	7,120	9,806	—	16,926
Pawn loans	—	55,709	62,827	—	118,536
Consumer loans, net	—	655	586	—	1,241
Inventories	—	35,206	55,882	—	91,088
Prepaid expenses and other current assets	1,881	—	3,089	—	4,970
Deferred tax assets	1,069	—	6,053	—	7,122
Total current assets	10,749	101,596	195,530	—	307,875
Property and equipment, net	3,997	50,184	59,569	—	113,750
Goodwill, net	—	158,308	118,574	—	276,882
Other non-current assets	5,967	4,744	5,457	—	16,168
Deferred tax assets	—	—	17,127	(17,127)	—
Intercompany receivable	—	—	170,132	(170,132)	—
Investments in subsidiaries	837,486	—	—	(837,486)	—
Total assets	$858,199	$314,832	$566,389	$(1,024,745)	$714,675
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued liabilities	$16,940	$6,459	$19,160	$—	$42,559
Total current liabilities	16,940	6,459	19,160	—	42,559
Revolving unsecured credit facility	22,400	—	—	—	22,400
Senior unsecured notes	200,000	—	—	—	200,000
Deferred tax liabilities	176	14,069	4,047	(17,127)	1,165
Intercompany payable	170,132	—	—	(170,132)	—
Total liabilities	409,648	20,528	23,207	(187,259)	266,124
Stockholders' equity:					
Preferred stock	—	—	—	—	—
Common stock	397	—	—	—	397
Additional paid-in capital	188,062	—	—	—	188,062
Retained earnings	556,726	294,304	569,350	(837,486)	582,894
Accumulated other comprehensive loss	—	—	(26,168)	—	(26,168)
Common stock held in treasury, at cost	(296,634)	—	—	—	(296,634)
Total stockholders' equity	448,551	294,304	543,182	(837,486)	448,551
	$858,199	$314,832	$566,389	$(1,024,745)	$714,675

Total liabilities and stockholders' equity

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Condensed Consolidating Statement of Comprehensive Income
Three Months Ended March 31, 2015
(unaudited, in thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Eliminations	Consolidated
Revenue:					
Retail merchandise sales	$—	$37,576	$72,878	$—	$110,454
Pawn loan fees	—	19,269	29,385	—	48,654
Consumer loan and credit services fees	—	6,944	651	—	7,595
Wholesale scrap jewelry revenue	—	4,828	4,492	—	9,320
Total revenue	—	68,617	107,406	—	176,023
Cost of revenue:					
Cost of retail merchandise sold	—	21,459	46,787	—	68,246
Consumer loan and credit services loss provision	—	921	76	—	997
Cost of wholesale scrap jewelry sold	—	4,417	3,592	—	8,009
Total cost of revenue	—	26,797	50,455	—	77,252
Net revenue	—	41,820	56,951	—	98,771
Expenses and other income:					
Store operating expenses	—	20,423	31,898	—	52,321
Administrative expenses	6,572	—	7,266	—	13,838
Depreciation and amortization	219	1,521	2,807	—	4,547
Interest expense	4,020	—	—	—	4,020
Interest income	(1)	—	(343)	—	(344)
Total expenses and other income	10,810	21,944	41,628	—	74,382
Income (loss) before income taxes	(10,810)	19,876	15,323	—	24,389
Provision for income taxes	(3,718)	7,354	3,965	—	7,601
Net income (loss)	$(7,092)	$12,522	$11,358	$—	$16,788
Other comprehensive income (loss):					
Currency translation adjustment, net of tax expense or benefit	—	—	(4,549)	—	(4,549)
Comprehensive income (loss)	$(7,092)	$12,522	$6,809	$—	$12,239

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Condensed Consolidating Statement of Comprehensive Income
Three Months Ended March 31, 2014
(unaudited, in thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Eliminations	Consolidated
Revenue:					
Retail merchandise sales	$—	$37,358	$61,350	$—	$98,708
Pawn loan fees	—	19,466	28,172	—	47,638
Consumer loan and credit services fees	—	8,963	821	—	9,784
Wholesale scrap jewelry revenue	—	7,507	6,140	—	13,647
Total revenue	—	73,294	96,483	—	169,777
Cost of revenue:					
Cost of retail merchandise sold	—	21,136	39,354	—	60,490
Consumer loan and credit services loss provision	—	1,565	178	—	1,743
Cost of wholesale scrap jewelry sold	—	6,119	4,969	—	11,088
Total cost of revenue	—	28,820	44,501	—	73,321
Net revenue	—	44,474	51,982	—	96,456
Expenses and other income:					
Store operating expenses	—	21,187	27,305	—	48,492
Administrative expenses	7,051	—	6,278	—	13,329
Depreciation and amortization	265	1,475	2,532	—	4,272
Interest expense	1,436	—	—	—	1,436
Interest income	(4)	—	(77)	—	(81)
Total expenses and other income	8,748	22,662	36,038	—	67,448
Income (loss) from continuing operations before income taxes	(8,748)	21,812	15,944	—	29,008
Provision for income taxes	(6,497)	7,634	4,917	—	6,054
Income (loss) from continuing operations	(2,251)	14,178	11,027	—	22,954
Loss from discontinued operations, net of tax	—	—	(272)	—	(272)
Net income (loss)	$(2,251)	$14,178	$10,755	$—	$22,682
Other comprehensive income (loss):					
Currency translation adjustment, net of tax expense or benefit	—	—	(255)	—	(255)
Comprehensive income (loss)	$(2,251)	$14,178	$10,500	$—	$22,427

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Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2015
(unaudited, in thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Eliminations	Consolidated
Cash flow from operating activities:					
Net cash flow provided by (used in) operating activities	$ 23,097	$ (10,584)	$ 14,917	$ —	$ 27,430
Cash flow from investing activities:					
Loan receivables, net of cash repayments	—	11,857	(3,545)	—	8,312
Purchases of property and equipment	(138)	(1,179)	(3,069)	—	(4,386)
Acquisitions of pawn stores, net of cash acquired	—	(519)	(1,031)	—	(1,550)
Investing activity with subsidiaries	2,734	—	(2,734)	—	—
Net cash flow provided by (used in) investing activities	2,596	10,159	(10,379)	—	2,376
Cash flow from financing activities:					
Borrowings from revolving credit facilities	21,555	—	—	—	21,555
Repayments of revolving credit facilities	(29,455)	—	—	—	(29,455)
Purchases of treasury stock	(16,974)	—	—	—	(16,974)
Proceeds from exercise of share-based compensation awards	2,901	—	—	—	2,901
Income tax benefit from exercise of stock options	1,617	—	—	—	1,617
Net cash flow used in financing activities	(20,356)	—	—	—	(20,356)
Effect of exchange rates on cash	—	—	(1,639)	—	(1,639)
Change in cash and cash equivalents	5,337	(425)	2,899	—	7,811
Cash and cash equivalents at beginning of the period	7,799	2,906	57,287	—	67,992
Cash and cash equivalents at end of the period	$ 13,136	$ 2,481	$ 60,186	$ —	$ 75,803

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Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2014
(unaudited, in thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Eliminations	Consolidated
Cash flow from operating activities:					
Net cash flow provided by (used in) operating activities	$ 18,449	$ (8,648)	$ 15,392	$ —	$ 25,193
Cash flow from investing activities:					
Loan receivables, net of cash repayments	—	13,611	(7,838)	—	5,773
Purchases of property and equipment	(135)	(1,502)	(4,037)	—	(5,674)
Acquisitions of pawn stores, net of cash acquired	—	(4,889)	—	—	(4,889)
Investing activity with subsidiaries	4,478	—	(4,478)	—	—
Net cash flow provided by (used in) investing activities	4,343	7,220	(16,353)	—	(4,790)
Cash flow from financing activities:					
Borrowings from revolving credit facilities	2,500	—	—	—	2,500
Repayments of revolving credit facilities	(184,500)	—	—	—	(184,500)
Repayments of notes payable	(8,352)	—	—	—	(8,352)
Issuance of senior notes	200,000	—	—	—	200,000
Debt issuance costs paid	(5,508)	—	—	—	(5,508)
Net cash flow provided by financing activities	4,140	—	—	—	4,140
Effect of exchange rates on cash	—	—	(257)	—	(257)
Change in cash and cash equivalents	26,932	(1,428)	(1,218)	—	24,286
Cash and cash equivalents at beginning of the period	24,674	4,240	41,729	—	70,643
Cash and cash equivalents at end of the period	$ 51,606	$ 2,812	$ 40,511	$ —	$ 94,929

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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 First Cash Financial Services, Inc. and its wholly-owned subsidiaries (the "Company") should be read in conjunction with the Company's condensed consolidated financial statements and accompanying notes included under Part I, Item 1 of this quarterly report on Form 10-Q, as well as with 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, 2014.

GENERAL

The Company is a leading operator of retail-based pawn stores in the United States and Mexico. The Company's pawn stores generate significant retail sales from the merchandise acquired through collateral forfeitures and over-the-counter purchases from customers. The Company's pawn stores are also a convenient source for small consumer loans to help customers meet their short-term cash needs. Personal property such as consumer electronics, jewelry, power tools, household appliances, sporting goods and musical instruments are pledged as collateral for the loans. 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 United States and Mexico through new store openings and strategic acquisition opportunities as they arise. Pawn operations accounted for approximately 96% of the Company's consolidated revenue from continuing operations during the three months ended March 31, 2015 compared to 94% during the three months ended March 31, 2014.

The Company accrues pawn loan fee revenue on a constant-yield basis over the life of the pawn loan for all pawn loans that 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 automatic extension 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 interest. The Company records merchandise sales revenue at the time of the sale. The Company presents merchandise sales net of any sales or value-added taxes collected. The Company does not provide 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, the previous payments are forfeited to the Company. Interim payments from customers on layaway sales are recorded as deferred revenue and subsequently recorded as income during the period in which final payment is received or when previous payments are forfeited to the Company. Some jewelry is melted at a third-party facility and the precious metal 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 transactions when a price has been agreed upon and the Company ships the jewelry to the buyer.

The Company operates a small number of stand-alone consumer finance stores in Texas and Mexico. These stores provide consumer financial services products including credit services, consumer loans and check cashing. Certain of the Company's pawn stores also offer credit services and/or consumer loans as an ancillary product. Consumer loan and credit services revenue accounted for approximately 4% of consolidated revenue from continuing operations during the three months ended March 31, 2015 compared to 6% during the three months ended March 31, 2014, and was derived primarily from credit services fees.

The Company recognizes service fee income on consumer loans and credit services transactions on a constant-yield basis over the life of the loan or credit extension, which is generally 180 days or less. The net defaults on consumer loans and credit services transactions and changes in the valuation reserve are charged to the consumer loan credit loss provision. The credit loss provision associated with the Company's credit services organization program ("CSO Program") and consumer loans are 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. For an additional discussion of the credit loss provision and related allowances and accruals, see "—Results of Continuing Operations."

Stores included in the same-store calculations presented in this quarterly report are those stores that were opened prior to the beginning of the prior-year comparative period and remained open through the end of the measurement period. Also included are stores that were relocated during the year within a specified distance serving the same market where there is not a significant change in store size and where there is not a significant overlap or gap in timing between the opening of the new store and the closing of the existing store. Unless otherwise stated, non-retail sales of scrap jewelry are included in same-store revenue calculations.

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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, collections operations and personnel, accounting and administrative costs, information technology costs, liability and casualty insurance, outside legal and accounting fees and stockholder-related expenses.

The Company's business is subject to seasonal variations, therefore operating results for the current quarter 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 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.

OPERATIONS AND LOCATIONS

As of March 31, 2015, the Company had 1,011 store locations in 13 U.S. states and 29 states in Mexico, which represents a net store-count increase of 10% over the number of stores at March 31, 2014. During the first quarter of 2015, the Company had net store growth of six locations, with a total of 17 new store locations added.

The following table details store openings for the three months ended March 31, 2015:

	Pawn Locations		Consumer	
	Large Format (1)	Small Format (2)	Loan Locations (3)	Total Locations
Domestic:				
Total locations, beginning of period	255	11	65	331
Locations acquired	2	—	—	2
Locations closed or consolidated	(1)	—	(7)	(8)
Total locations, end of period	256	11	58	325
International:				
Total locations, beginning of period	629	17	28	674
New locations opened	15	—	—	15
Locations closed or consolidated	(1)	(2)	—	(3)
Total locations, end of period	643	15	28	686
Total:				
Total locations, beginning of period	884	28	93	1,005
New locations opened	15	—	—	15
Locations acquired	2	—	—	2
Locations closed or consolidated	(2)	(2)	(7)	(11)
Total locations, end of period	899	26	86	1,011

(1) The large format locations include retail showrooms and accept a broad array of pawn collateral including consumer electronics, appliances, power tools, jewelry and other general merchandise items. At March 31, 2015, 128 of the U.S. large format pawn stores, which are primarily located in Texas, also offered consumer loans or credit services products.

(2) The small format locations typically have limited retail operations and primarily accept jewelry and small electronic items as pawn collateral and also offer consumer loans or credit services products.

(3) The Company's U.S. free-standing, small format consumer loan locations offer a credit services product and are all located in Texas. The Mexico locations offer small, short-term consumer loans. The Company's credit services operations also include an internet distribution channel for customers residing in the state of Texas.

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CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, related revenue and expenses, and disclosure of gain and loss contingencies at the date of the financial statements. Such estimates, assumptions and judgments are subject to a number of risks and uncertainties, which may cause actual results to differ materially from the Company's estimates. The significant accounting policies that the Company believes are the most critical to aid in fully understanding and evaluating its reported financial results have been reported in the Company's 2014 annual report on Form 10-K. There have been no changes to the Company's significant accounting policies for the three months ended March 31, 2015.

Recent Accounting Pronouncements

There were no recent accounting pronouncements that had a material effect on the Company's financial position, results of operations or financial statement disclosures.

RESULTS OF CONTINUING OPERATIONS

The following table details customer loans and inventories held by the Company and active CSO Program credit extensions from an independent third-party lender as of March 31, 2015 as compared to March 31, 2014 (unaudited, in thousands). Constant currency results exclude the effects of foreign currency translation and are calculated by translating current-year balances at the prior-year end-of-period exchange rate.

	Balance at March 31, 2015	Balance at March 31, 2014	Increase/(Decrease)		Increase/(Decrease) Constant Currency Basis
Domestic:					
Pawn loans	$ 58,278	$ 55,239	$ 3,039	6 %	6 %
CSO credit extensions held by independent third-party (1)	7,270	9,248	(1,978)	(21)%	(21)%
Other consumer loans	526	633	(107)	(17)%	(17)%
	66,074	65,120	954	1 %	1 %
International:					
Pawn loans	56,028	58,699	(2,671)	(5)%	11 %
Other consumer loans	451	606	(155)	(26)%	(14)%
	56,479	59,305	(2,826)	(5)%	10 %
Total:					
Pawn loans	114,306	113,938	368	— %	8 %
CSO credit extensions held by independent third-party (1)	7,270	9,248	(1,978)	(21)%	(21)%
Other consumer loans	977	1,239	(262)	(21)%	(15)%
	$ 122,553	$ 124,425	$ (1,872)	(2)%	6 %
Pawn inventories:					
Domestic pawn inventories	$ 44,124	$ 35,289	$ 8,835	25 %	25 %
International pawn inventories	38,430	36,990	1,440	4 %	20 %
	$ 82,554	$ 72,279	$ 10,275	14 %	23 %

(1) CSO Program amounts outstanding are composed of the principal portion of active CSO Program extensions of credit by an independent third-party lender, which are not included on the Company's balance sheet, net of the

Company’s estimated fair value of its liability under the letters of credit guaranteeing the extensions of credit.

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The following table details the composition of pawn collateral and the average outstanding pawn loan receivable as of March 31, 2015 as compared to March 31, 2014 (unaudited).

	Balance at March 31,			
	2015		2014	
Composition of pawn collateral:				
Domestic pawn loans:				
General merchandise	44	%	42	%
Jewelry	56	%	58	%
	100	%	100	%
International pawn loans:				
General merchandise	89	%	88	%
Jewelry	11	%	12	%
	100	%	100	%
Total pawn loans:				
General merchandise	66	%	65	%
Jewelry	34	%	35	%
	100	%	100	%
Average outstanding pawn loan amount:				
Domestic pawn loans	$ 172		$ 173	
International pawn loans (1)	64		69	
Total pawn loans (1)	94		98	

(1) Decline in average outstanding pawn loan is primarily due to the decline in the Mexican peso to U.S. dollar exchange rate in 2015.

Three Months Ended March 31, 2015 Compared To The Three Months Ended March 31, 2014

The following table details the components of the Company’s revenue for the three months ended March 31, 2015 as compared to the three months ended March 31, 2014 (unaudited, in thousands). Constant currency results exclude the effects of foreign currency translation and are calculated by translating current year results at prior year average exchange rates. The average value of the Mexican peso to the U.S. dollar decreased 13%, from 13.2 to 1 during the first quarter of 2014 to 14.9 to 1 during the first quarter of 2015. The end-of-period value of the Mexican peso to the U.S. dollar decreased 16% from 13.1 to 1 at March 31, 2014 to 15.2 to 1 at March 31, 2015. As a result of these currency exchange movements, revenue from Mexican operations translated into fewer U.S. dollars relative to the prior-year period, and net assets of Mexican operations as of March 31, 2015 translated into fewer U.S. dollars relative to the prior period end. While the strength of the U.S. dollar compared to the Mexican peso decreased the translated dollar-value of revenue generated in Mexico, the cost of sales and operating expenses decreased as well. The scrap jewelry generated in Mexico is exported and sold in U.S. dollars, which does not contribute to the Company’s peso-denominated earnings stream. See “—Non-GAAP Financial Information—Constant Currency Results” below.

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	Three Months Ended March 31,					
	2015	2014	Increase/(Decrease)		Increase/(Decrease) Constant Currency Basis	
Domestic revenue:						
Retail merchandise sales	$ 52,006	$ 45,575	$ 6,431	14 %	14 %	
Pawn loan fees	23,906	22,902	1,004	4 %	4 %	
Consumer loan and credit services fees	7,064	9,112	(2,048)	(22)%	(22)%	
Wholesale scrap jewelry revenue	5,738					