

"FIRST CASH FINANCIAL SERVICES REPORTS 46% INCREASE IN NET INCOME FOR THE SECOND QUARTER; EARNINGS PER SHARE UP 35% FOR THE QUARTER AND UP 33% YEAR TO DATE"

ARLINGTON, Texas (July 23, 2002) -- First Cash Financial Services, Inc. (Nasdaq Stock Market:"FCFS") today announced revenues, net income and earnings per share for the three months ended June 30, 2002.

Highlights:

➤ **Earnings Per Share:**

- Second quarter 2002 diluted earnings per share increased 35% to **\$0.23**, compared to \$0.17 diluted earnings per share for the second quarter of 2001.
- First six months of 2002 diluted earnings per share increased 33% to **\$0.53** compared to \$0.40 diluted earnings per share for the first six months of 2001.
- Diluted earnings per share for the trailing twelve months ended June 30, 2002 were \$0.98 compared to \$0.69 diluted earnings per share for the trailing twelve months ended June 30, 2001.
- Net earnings before income taxes, interest, depreciation and amortization ("EBITDA"), a non-generally accepted accounting principal measure, were \$2.07 per outstanding share for the trailing twelve months ended June 30, 2002.

➤ **Net Income:**

- Net income increased 46% to \$2,259,000 for the three months ended June 30, 2002, compared with \$1,550,000 for the three months ended June 30, 2001.
- Net income increased 37% to \$5,053,000 for the six months ended June 30, 2002, compared with \$3,676,000 for the six months ended June 30, 2001.

➤ **Operating Results:**

- The Company's retail margins increased from 33% during the first six months of 2001 to 41% during the first six months of 2002. Scrap jewelry sales accounted for \$1,301,000 and \$3,099,000 during the first six months of 2002 and 2001, respectively. Excluding jewelry scrap sales, the Company's margins increased from 41% in 2001 to 43% in 2002. This increase in retail margins is a result of the Company's ongoing initiatives to control expenses, including the strategic decision, beginning in 2000, to lower loan-to-value ratios used to calculate pawn loan amounts. The reduction in the loan-to-value ratios has served to reduce the cost of inventory acquired through pawn forfeitures and has been implemented without a significant impact on the volume of pawn loans written.
- The Company continues to optimize its inventory balances. After reducing inventories by 26% in 2001, it has further reduced inventories during the first six months of 2002 by almost \$1.4 million, or 11%, with no disruption in earnings. As result, the Company increased its inventory turnover ratio from 2.3 times for the twelve months ending June 30, 2001 to 2.7 times for the twelve months ending June 30, 2002.
- Reflecting continued strong cash flows during the first six months of 2002, the Company retired over \$8.2 million of interest bearing debt. The Company has an outstanding balance on its line of credit of \$24.5 million at June 30, 2002. The overall reduction in outstanding debt during 2001 and 2002, combined with reductions in the floating interest rate on the line of credit, have enabled the Company to reduced its net interest expense for the first six months of 2002 compared to the same period last year. The line of credit currently bears interest at approximately 2.8%.
- Second quarter 2002 revenues rose 1.8% to approximately \$26.9 million, compared with revenues of \$26.4 million in the second quarter of 2001. Jewelry scrap sales decreased from \$1,619,000 for the second quarter of 2001 to \$624,000 during the second quarter of 2002. Excluding the impact of jewelry scrap sales, the Company's revenues increased 5.9% in the second quarter of 2002 compared to the same period of 2001.
- First half 2002 revenues rose 1.4% to approximately \$55.3 million, compared with revenues of \$54.5 million in the first half of 2001. Jewelry scrap sales decreased from \$3,099,000 for the first half of 2001 to \$1,301,000 during the first half of 2002. Excluding the impact of jewelry scrap sales, the Company's revenues increased 5.0% in the first half of 2002 compared to the same period of 2001.

➤ **New Stores:**

- The Company continues to add stores in accordance with its growth strategy and targeted locations in the U.S. and Mexico. During the second quarter, six new stores were opened, bringing the total of new stores added during the first six months to 14. All costs associated with new store start-ups were expensed as incurred, and reflected accordingly

in the reported second quarter earnings results, which is consistent with the Company's on-going accounting treatment for start-up costs.

- Projected additional new store openings during the third and fourth quarters of 2002 include an additional 25 stores in markets previously identified for continued expansion.

Discussion

Rick Powell, Chairman and Chief Executive Officer of First Cash Financial Services commented, "The results for the second quarter of 2002 continue to reflect a very positive short- and long-term outlook and profitability trends for First Cash Financial Services. This quarter represents the sixth consecutive quarterly increase in earnings per share, over the comparable period from the previous year, supported by conservative, broad-based and sustainable financial metrics. Importantly, we are confident in the quality, reliability and sustainability of the revenues and earnings reported. The underlying accounting policies and practices utilized by First Cash Financial Services are conservative, including those related to revenue recognition, accounting for expenses and the fair valuation of assets and liabilities on the balance sheet. In accordance with generally accepted accounting principles, the calculation of diluted net income per share is calculated by giving full effect to the potential dilution that could occur if options granted were exercised and converted to common shares.

First Cash Financial Services continues to grow strategically in order to diversify its product lines and income streams. The Company continues to increase its presence in Mexico through the opening of new pawn stores. In the U.S., continued growth of short-term loan products is occurring through the addition of new, freestanding First Cash Advance locations. The Company projects to have over 190 retail locations in 11 states and Mexico by year-end. This growth is being carefully managed to insure a rapid payback on invested capital. The Company's growth is funded almost entirely out of current cash flows from existing operations and is simultaneous with the reduction of overall debt. The current earnings stream and cash flow will support our 2002 store growth plan without compromising current shareholder value or earnings expectations. In short, we fully expect to simultaneously grow both our revenue and net income base. The significant new store additions we anticipate during the current and near-term future periods should significantly enhance both revenues and income from current levels.

Ongoing key operational initiatives continue to improve operating results in both new and existing store locations. We have increased our merchandise sales while reducing inventories and improving retail margins. Through increasing economies of scale, the Company continues to reduce overall support costs for the retail locations. Each retail location is continually evaluated based on its financial performance – under-performing stores are regularly closed or relocated and/or store management is replaced. As First Cash continues to grow and deliver increased profitability, it also continues to aggressively control expenses and implement new cost-saving strategies. The corporate culture remains one that is committed to the highest levels of integrity and cost consciousness at every role within the organization.

The Company's substantial investment in proprietary application technology is providing significant paybacks in several key areas. Revenue per employee, for example, continues to increase. The integrated point-of-sale and inventory management systems provide improved control and reporting functions that have been critical to optimization of merchandise sales and inventory levels. First Cash's technology systems also provide real-time customer relationship management functionality that speeds financial transactions with customers and reduces consumer credit risks. The Company is committed to maintaining the very best information technology systems in the industry. Information technology for our Company is a critical mechanism that supports a more efficient business operation, sustainable growth and more certain cost controls."

Closing Statement

In closing, Mr. Powell stated, "Our commitment and ability to build shareholder value is greater than ever. We firmly believe that our products and services fill real consumer demands, especially in the uncertain market conditions the economy is currently experiencing. Our demonstrated ability to meet this growing demand efficiently and profitably positions us well to deliver quality earnings, which we are confident will drive greater shareholder value. Our operating results for the first half of 2002 validate our strategy and our ability to execute it. Management is extremely optimistic about the future of First Cash Financial Services and believes the Company is very well positioned for continued improvements in revenues, net income and earnings per share."

Business Description

First Cash Financial Services, Inc. is engaged in the operation of pawn and check cashing stores, which lend money on the collateral of pledged personal property, retail previously-owned merchandise acquired through loan forfeitures, check cashing and other financial services. The Company currently owns 170 pawn and check cashing stores in 11 states and Mexico. First Cash Financial Services is also an equal partner in Cash & Go, Ltd., a joint venture, which currently owns and operates 59 financial services kiosks located inside convenience stores. Its common stock is traded on the Nasdaq Stock Market under the ticker symbol "FCFS".

Forward-Looking Statements

Factors impacting 2002 will include the continued success of the Company's short-term cash advance product, known as payday loans, and the continued growth in pawn loan demand. Management will continue to pursue marketing and development activities to enhance loan balances and promote payday loans in 2002. The continued impact in 2002 of still higher loan balances, improved bad debt collection efforts, improved margins on retail sales, lower interest rates on outstanding debt, new store openings and the further maturation of those already in place should lead to continued growth in the Company's earnings per share. Fiscal 2002's net income has been positively impacted by the new accounting pronouncement dealing with the Company's treatment of the amortization of goodwill and intangibles. Other factors that will determine the level of earnings in 2002 include the direction of loan balances, bad debt collections, retail sales, margins on retail sales, interest rates on the Company's outstanding debt and the number of new store openings. These factors lead management to an estimated range for earnings per share from continuing operations for fiscal 2002 of between \$1.04 and \$1.11 per share.

This release may contain forward-looking statements about the business, financial condition and prospects of First Cash Financial Services, Inc. Forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "estimates," "will," "should," "plans," "intends," or "anticipates" or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of strategy. Forward-looking statements in this release include, without limitation, the earnings per share discussion above, the expectation of increased loan growth, the expectation for additional store openings, and the expectation of growth in the Company's payday advance products. These statements are made to provide the public with management's assessment of the Company's business. Although the Company believes that the expectations reflected in forward-looking statements are reasonable, there can be no assurances that such expectations will prove to be accurate. Security holders are cautioned that such forward-looking statements involve risks and uncertainties. The forward-looking statements contained in this report speak only as of the date of this report, and the Company expressly disclaims any obligation or undertaking to release any updates or revisions to any such statement to reflect any change in the Company's expectations or any change in events, conditions or circumstance on which any such statement is based. Certain factors may cause results to differ materially from those anticipated by some of the statements made in this report. Such factors are difficult to predict and many are beyond the control of the Company, but may include changes in regional or national economic conditions, the ability to integrate new stores, changes in governmental regulations, unforeseen litigation, changes in interest rates or tax rates, future business decisions and other uncertainties.

SELECTED OPERATING INFORMATION

(in thousands, except per share)

	<u>Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u> <u>2002</u>	<u>June 30,</u> <u>2001</u>	<u>June 30,</u> <u>2002</u>	<u>June 30,</u> <u>2001</u>
Revenues:				
Merchandise sales	\$ 12,578	\$ 12,793	\$ 27,333	\$ 27,289
Service charges	13,368	12,678	26,113	25,377
Check cashing fees.....	653	555	1,384	1,180
Other	<u>268</u>	<u>373</u>	<u>488</u>	<u>697</u>
	<u>26,867</u>	<u>26,399</u>	<u>55,318</u>	<u>54,543</u>
Cost of goods sold.....	7,082	8,921	15,992	18,316
Operating expenses	12,733	11,993	24,768	23,120
Interest expense.....	88	339	194	828
Depreciation	586	549	1,141	1,091
Amortization (1).....	-	382	-	764
Administrative expenses	<u>2,848</u>	<u>1,834</u>	<u>5,328</u>	<u>4,670</u>
	<u>23,337</u>	<u>24,018</u>	<u>47,423</u>	<u>48,789</u>
Income before income taxes.....	3,530	2,381	7,895	5,754
Provision for income taxes.....	<u>1,271</u>	<u>857</u>	<u>2,842</u>	<u>2,071</u>
Income from continuing operations	2,259	1,524	5,053	3,683
(Loss) gain from discontinued operations, net of taxes (2).....	-	26	-	(7)
Net income	<u>\$ 2,259</u>	<u>\$ 1,550</u>	<u>\$ 5,053</u>	<u>\$ 3,676</u>
Net income per share:				
Basic				
Income from continuing operations	\$ 0.26	\$ 0.18	\$ 0.57	\$ 0.42
(Loss) gain from discontinued operations (2)	-	-	-	-
Net income	<u>\$ 0.26</u>	<u>\$ 0.18</u>	<u>\$ 0.57</u>	<u>\$ 0.42</u>
Diluted				
Income from continuing operations	\$ 0.23	\$ 0.17	\$ 0.53	\$ 0.40
(Loss) gain from discontinued operations (2)	-	-	-	-
Net income	<u>\$ 0.23</u>	<u>\$ 0.17</u>	<u>\$ 0.53</u>	<u>\$ 0.40</u>

(1) The Company adopted Statement of Financial Accounting Standards (“SFAS”) No. 142, Goodwill and Other Intangible Assets, effective January 1, 2002. Under SFAS No. 142, goodwill is no longer amortized but reviewed for impairment annually, or more frequently if certain indicators arise. The Company has reported no impairment losses resulting from a transitional impairment test as of June 30, 2002. Accordingly, no amortization expenses or impairment losses have been recorded for the three month and six month periods ending June 30, 2002. Subsequent impairment losses, if any, will be reflected in operating income in the period the loss is realized.

(2) During the fourth quarter of fiscal 2001, the Company sold its check cashing software business and discontinued that particular facet of the software business unit. In accordance with Accounting Principles Board Opinion No. 30 “Reporting the Results of Operations – Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions” (“APB 30”), the above Selected Operating Information of the Company has been reclassified to reflect the disposal of the Company’s check cashing software business unit. Accordingly, the sale proceeds, revenues, expenses and costs have been segregated in the above results and reported as “(Loss) Gain From Discontinued Operations”.

For further information, please contact:

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