UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended December 31, 2020

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	**75-2237318**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $.01 per share	**FCFS**	**The Nasdaq Stock Market**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
☐ Yes ☒ No

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405) 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 or a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

☒	Large accelerated filer	☐	Accelerated filer
☐	Non-accelerated filer	☐	Smaller reporting company
		☐	Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 401(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

As of June 30, 2020, the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant was approximately $2,420,000,000 based on the closing price as reported on the Nasdaq Stock Market.

As of January 27, 2021, there were 41,038,154 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive Proxy Statement relating to its 2021 Annual Meeting of Stockholders to be held on or about June 3, 2021, is incorporated by reference in Part III, Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K.

FIRSTCASH, INC.
FORM 10-K
For the Year Ended December 31, 2020

TABLE OF CONTENTS

CAUTIONARY STATEMENT REGARDING RISKS AND UNCERTAINTIES THAT MAY AFFECT FUTURE RESULTS

Forward-Looking Information

This annual 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.

While the Company believes the expectations reflected in forward-looking statements are reasonable, there can be no assurances such expectations will prove to be accurate. Security holders are cautioned that such forward-looking statements involve risks and uncertainties. Certain factors may cause results to differ materially from those anticipated by the forward-looking statements made in this annual report. Such factors may include, without limitation, the risks, uncertainties and regulatory developments (1) related to the COVID-19 pandemic, which include risks and uncertainties related to the current unknown duration and severity of the COVID-19 pandemic, including any variants of the COVID-19 virus, the timing, availability and efficacy of the COVID-19 vaccines in the jurisdictions in which the Company operates, the impact of governmental responses that have been, and may in the future be, imposed in response to the pandemic, including stimulus programs which could adversely impact lending demand and regulations which could adversely affect the Company's ability to continue to fully operate, potential changes in consumer behavior and shopping patterns which could impact demand for both the Company's pawn loan and retail products, the deterioration in the economic conditions in the United States and Latin America which potentially could have an impact on discretionary consumer spending, and currency fluctuations, primarily involving the Mexican peso and (2) those discussed and described in this annual report, including the risks described in Part I, Item IA, "Risk Factors" hereof, and other reports filed with the SEC. Many of these risks and uncertainties are beyond the ability of the Company to control, nor can the Company predict, in many cases, all of the risks and uncertainties that could cause its actual results to differ materially from those indicated by the forward-looking statements. The forward-looking statements contained in this annual report speak only as of the date of this annual 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

Item 1. Business

General

The Company is a leading operator of pawn stores in the U.S. and Latin America. As of December 31, 2020, the Company had 2,748 locations, consisting of 1,046 stores in 24 U.S. states and the District of Columbia, 1,616 stores in all 32 states in Mexico, 59 stores in Guatemala, 14 stores in Colombia and 13 stores in El Salvador.

The Company's primary business is the operation of retail pawn stores, also known as "pawnshops." Pawn stores help customers meet small short-term cash needs by providing non-recourse pawn loans and buying merchandise directly from customers. Personal property, such as jewelry, electronics, tools, appliances, sporting goods and musical instruments, is pledged and held as collateral for the pawn loans over the typical 30-day term of the loan. Pawn stores also generate retail sales primarily from the merchandise acquired through collateral forfeitures and over-the-counter purchases from customers.

Effective June 30, 2020, the Company ceased offering domestic payday and installment loans and no longer has any unsecured consumer lending or credit services operations in the U.S. or Latin America.

The Company organizes its operations into two reportable segments. The U.S. operations segment consists of all operations in the U.S. and the Latin America operations segment consists of all operations in Mexico, Guatemala, Colombia and El Salvador. For the year ended December 31, 2020, 66% of total revenues were derived from the U.S. and 34% were derived from Latin America. The Company's strategy is to grow revenues and income by opening new ("de novo") retail pawn locations, acquiring existing pawn stores in strategic markets and increasing revenue and operating profits in existing stores.

The Company was formed as a Texas corporation in July 1988. In April 1991, the Company reincorporated as a Delaware corporation. On September 1, 2016, the Company completed a merger with Cash America International, Inc. ("Cash America"), whereby Cash America merged with and into a wholly owned subsidiary of the Company (the "Merger").

The Company's principal executive offices are located at 1600 West 7th Street, Fort Worth, Texas 76102, and its telephone number is (817) 335-1100. The Company's primary website is **www.firstcash.com**.

Pawn Industry

Pawn stores are neighborhood-based retail locations that buy and sell pre-owned consumer products, such as jewelry, electronics, tools, appliances, sporting goods and musical instruments. Pawn stores also provide a quick and convenient source of small secured consumer loans, also known as pawn loans, to unbanked, under-banked and credit-challenged customers. Pawn loans are safe and affordable non-recourse loans for which the customer has no legal obligation to repay. The Company does not engage in post-default collection efforts, does not take legal actions against its customers for defaulted loans, does not ban its customers for nonpayment, nor does it report any negative credit information to credit reporting agencies, but rather, relies only on the resale of the pawn collateral for recovery. Pawnshop customers are typically value-conscious consumers and/or borrowers who are not effectively or efficiently served by traditional lenders such as banks, credit unions, credit card providers or other small loan providers.

United States

The pawn industry in the U.S. is well established, with the highest concentration of pawn stores located in the Southeast, Midwest and Southwest regions of the country. The operation of pawn stores is governed primarily by state laws and accordingly, states that maintain regulations most conducive to profitable pawn operations have historically seen the greatest concentration of pawn stores. Management believes the U.S. pawn industry, although mature, remains highly fragmented. The two publicly traded companies in the pawn industry, which includes the Company, currently operate approximately 1,600 of the estimated 12,000 to 14,000 pawn stores in the U.S. The Company believes the majority of pawnshops in the U.S. are owned by individuals operating five or fewer locations.

Mexico and Other Latin American Markets

In general, pawn stores in Latin America have limited square footage and focus on providing loans collateralized by gold jewelry or small electronics. In contrast, a majority of the Company's pawn stores in Latin America are larger format, full-service stores similar to the U.S. stores, which lend on a wide array of collateral and have a larger retail sales floor. Accordingly, competition in Latin America with the Company's larger format, full-service pawn stores is limited. A large percentage of the population in Mexico and other countries in Latin America is unbanked or under-banked and has limited access to traditional consumer credit. The Company believes there is significant opportunity for further expansion in Mexico and other Latin American countries due to the large potential consumer base and limited competition from other large format, full-service pawn store operators.

Business Strategy

The Company's long-term business plan is to grow revenues and income by opening new ("de novo") retail pawn locations, acquiring existing pawn stores in strategic markets and increasing revenue and operating profits in existing stores. In pursuing its business strategy, the Company seeks to establish clusters of several stores in specific geographic areas with favorable regulations and customer demographics and to achieve certain economies of scale relative to management and supervision, pricing and purchasing, information and accounting systems and security/loss prevention.

The Company has opened or acquired 1,952 pawn stores in the last five years, including 815 pawn stores acquired in connection with the Merger, with net store additions growing at a compound annual store growth rate of 21% over this period. The Company intends to open or acquire additional stores in locations where management believes appropriate demand and other favorable conditions exist. The following table details stores opened and acquired over the five-year period ended December 31, 2020:

	Year Ended December 31,				
	2020	2019	2018	2017	2016
U.S. operations segment:					
Merged Cash America locations	**—**	—	—	—	815
New locations opened	**—**	—	—	2	—
Locations acquired	**22**	27	27	1	3
Total additions	**22**	27	27	3	818
Latin America operations segment:					
New locations opened	**75**	89	52	45	41
Locations acquired	**40**	163	366	5	179
Total additions	**115**	252	418	50	220
Total:					
Merged Cash America locations	**—**	—	—	—	815
New locations opened	**75**	89	52	47	41
Locations acquired	**62**	190	393	6	182
Total additions	**137**	279	445	53	1,038

For additional information on store count activity, see "Locations and Operations" below.

New Store Openings

The Company plans to continue opening new pawn stores, primarily in Latin America. The Company typically opens new stores in under-served markets and neighborhoods, especially where customer demographics are favorable and competition is limited or restricted. After a suitable location has been identified and a lease and the appropriate licenses are obtained, a new store can typically be open for business within six to 12 weeks. The investment required to open a new location includes store operating cash, inventory, funds for pawn loans, leasehold improvements, store fixtures, security systems, computer equipment and other start-up costs.

Acquisitions

Due to the fragmented nature of the pawn industry, the Company believes attractive acquisition opportunities will continue to arise from time to time in both Latin America and the U.S. Before making an acquisition, management assesses the demographic characteristics of the surrounding area, considers the number, proximity and size of competing stores, and researches federal, state and local regulatory standards. Specific pawn store acquisition criteria include an evaluation of the volume of merchandise sales and pawn transactions, outstanding customer pawn loan balances, historical pawn yields, merchandise sales margins, pawn loan redemption rates, the condition and quantity of inventory on hand, licensing restrictions or requirements and the location, condition and lease terms of the facility.

Enhance Productivity of Existing and Newly Opened Stores

The primary factors affecting the profitability of the Company's existing store base are the volume and gross profit of merchandise sales, the volume of and yield on pawn loans and store operating expenses. To encourage customer traffic, which management believes is a key determinant of a store's success, the Company has taken several steps to distinguish its stores and to make customers feel more comfortable and secure. In addition to a clean and secure physical store facility, the stores' exteriors typically display attractive and distinctive signage similar to that used by contemporary specialty retailers.

The Company has employee-training programs that promote customer service, productivity and professionalism. The Company utilizes a proprietary computer information system that provides fully-integrated functionality to support point-of-sale retail operations, real-time merchandise valuations, loan-to-value calculations, inventory management, customer relationship management, loan management, cash management, compliance and control systems and employee compensation. Each store is connected on a real-time basis to a secure data center that houses the centralized databases and operating systems. The information system provides management with the ability to continuously monitor store transactions, assets, loans and operating results.

The Company maintains a well-trained audit and loss prevention staff which conducts regular store visits to verify assets, loans and collateral and test compliance with regulatory, financial and operational controls. Management believes the current operating and financial controls and systems are adequate for the Company's existing store base and can accommodate reasonably foreseeable growth in the near term.

Response to COVID-19

COVID-19 significantly impacted the Company's business in 2020 and it expects that it will continue to impact its business throughout 2021. Throughout the COVID-19 pandemic, the Company's management team and board were focused on managing the Company through the pandemic while prioritizing the health and safety of its employees and customers. The operation of the Company's stores is critically dependent on the ability of customers and employees to safely conduct transactions at each location. Accordingly, the Company developed and implemented new procedures and protocols to minimize the risk to the health and safety of its employees while allowing the Company to continue to operate its pawnshops and serve its customers. The Company implemented social distancing and mask-wearing protocols in its stores and corporate offices, provided additional cleaning supplies to facilitate the sanitation of high traffic areas, installed plexiglass dividers at store point-of-sale counters and prohibited all domestic and international non-essential travel for all employees, among other things. The Company has consistently been able to meet its customers' demands for its products, while at the same time making the necessary investments to ensure that the Company prioritizes the health, safety and welfare of its employees. While some of the Company's pawn stores experienced temporary closures, the Company's pawn stores were generally able to remain open throughout the pandemic as essential businesses.

For a more detailed discussion of the impact of COVID-19 on the Company's results of operations please see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations."

Services Offered by the Company

Pawn Merchandise Sales

The Company's pawn merchandise sales are primarily retail sales to the general public from its pawn store locations. The items sold generally consist of pre-owned consumer products such as jewelry, electronics, tools, appliances, sporting goods and musical instruments. The Company also melts certain quantities of non-retailable scrap jewelry and sells the gold, silver and diamonds in the commodity markets. Merchandise sales accounted for approximately 72% of the Company's revenue during 2020.

Merchandise inventory is acquired primarily through forfeited pawn loan collateral and, to a lesser extent, through purchases of used goods directly from the general public. The Company also acquires limited quantities of new or refurbished general merchandise inventories directly from wholesalers and manufacturers. Merchandise acquired by the Company through forfeited pawn loan collateral is carried in inventory at the amount of the related pawn loan, exclusive of any accrued service fees, and purchased inventory is carried at cost.

The Company does not provide direct financing to customers for the purchase of its merchandise, but does allow 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 item is returned to inventory and all or a portion of previous payments are typically forfeited to the Company. Deposits and interim payments from customers on layaway sales are recorded as deferred revenue and subsequently recorded as retail merchandise sales revenue when the merchandise is delivered to the customer upon receipt of final payment or when previous payments are forfeited to the Company.

Retail sales are seasonally highest in the fourth quarter, associated with holiday shopping and, to a lesser extent, in the first quarter associated with tax refunds in the U.S.

Pawn Lending Activities

The Company's stores make pawn loans, which are typically small, secured loans, to its customers in order to help them meet instant or short-term cash needs. All pawn loans are collateralized by personal property such as jewelry, electronics, tools, appliances, sporting goods and musical instruments. The pledged collateral provides the only security to the Company for the repayment of the loan. The Company does not investigate the creditworthiness of the borrower, primarily relying instead on the marketability and sales value of pledged goods as a basis for its credit decision. Pawn loans are non-recourse loans and a customer does not have a legal obligation to repay a pawn loan. There is no collections process and the decision to not repay the loan will not affect the customer's credit score with any credit reporting agency.

At the time a pawn loan transaction is entered into, an agreement or pawn contract, commonly referred to as a "pawn ticket," is presented to the borrower for signature that includes, among other items, the borrower's name and identification information, a description of the pledged goods, amount financed, pawn service fee, maturity date, total amount that must be paid to redeem the pledged goods on the maturity date and the annual percentage rate.

The term of a pawn loan is typically 30 days plus an additional grace period of 14 to 90 days, depending on geographic markets and local or state regulations. Pawn loans may be either paid in full with accrued pawn loan fees and service charges or, where permitted by law, may be renewed or extended by the customer's payment of accrued pawn loan fees and service charges. If a pawn loan is not repaid before the expiration of the grace period, the pawn collateral is forfeited to the Company and transferred to inventory at a value equal to the principal amount of the loan, exclusive of accrued service fees. Pledged property is held in a secured, non-public warehouse area of the pawn store for the term of the loan and the grace period, unless the loan is repaid earlier. The Company does not record pawn loan losses or charge-offs because the amount advanced becomes the carrying cost of the forfeited collateral that is to be recovered through the merchandise sales function described above.

The pawn loan fees are typically calculated as a percentage of the pawn loan amount based on the size, duration and type of collateral of the pawn loan and generally range from 4% to 25% per month, as permitted by applicable law. As required by applicable law, the amounts of these charges are disclosed to the customer on the pawn ticket. Pawn loan fees accounted for approximately 28% of the Company's revenue during 2020.

The amount the Company is willing to finance for a pawn loan is primarily based on a percentage of the estimated retail value of the collateral. There are no minimum or maximum pawn loan to fair market value restrictions in connection with the Company's lending activities. In order to estimate the value of the collateral, the Company utilizes its proprietary point-of-sale and loan management system to recall recent selling prices of similar merchandise in its own stores. The basis for the Company's determination of the retail value also includes such sources as precious metals spot markets, catalogs, blue books, online auction sites and retailer advertisements. These sources, together with the employees' skills and experience in selling similar items of merchandise in particular stores, influence the determination of the estimated retail value of such items. The Company does not utilize a standard or mandated percentage of estimated retail value in determining the amount to be financed. Rather, the employee has the authority to set the percentage for a particular item and to determine the ratio of pawn loan amount to estimated sales value with the expectation that, if the item is forfeited to the pawnshop, its subsequent sale should yield a gross profit margin consistent with the Company's historical experience. The recovery of the principal and realization of gross profit on sales of inventory is dependent on the Company's initial assessment of the property's estimated retail value. Improper over-assessment of the retail value of the collateral in the lending function can result in reduced gross profit margins from the sale of the merchandise.

The Company typically experiences seasonal growth in its pawn loan balances in the third and fourth quarters following lower balances in the first two quarters due to the typical repayment of pawn loans associated with statutory bonuses received by customers in the fourth quarter in Mexico and with tax refund proceeds typically received by customers in the first quarter in the U.S.

Locations and Operations

As of December 31, 2020, the Company had 2,748 store locations composed of 1,046 stores in 24 U.S. states and the District of Columbia, 1,616 stores in 32 states in Mexico, 59 stores in Guatemala, 14 stores in Colombia and 13 stores in El Salvador.

The following table details store count activity for the twelve months ended December 31, 2020:

	U.S. Operations Segment	Latin America Operations Segment	Total Locations
Total locations, beginning of period	1,056	1,623	2,679
New locations opened	—	75	75
Locations acquired	22	40	62
Closure of consumer loan stores [1]	(13)	—	(13)
Consolidation of existing pawn locations [2]	(19)	(36)	(55)
Total locations, end of period	1,046	1,702	2,748

(1) Effective June 30, 2020, the Company ceased offering unsecured consumer lending and credit services products, which include all payday and installment loans, in the U.S.

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

The Company maintains its primary administrative offices in Fort Worth, Texas, Monterrey, Mexico and Mexico City, Mexico.

As of December 31, 2020, the Company's stores were located in the following countries and states:

Number of Locations			
U.S.		Latin America	
Texas	423	Mexico:	
Florida	75	Estado de. Mexico (State of Mexico)	210
Ohio	63	Veracruz	210
Tennessee	51	Puebla	116
North Carolina	50	Tamaulipas	93
Georgia	43	Baja California	82
Washington	31	Jalisco	74
Maryland	29	Nuevo Leon	70
Colorado	28	Estado de Ciudad de Mexico (State of Mexico City)	66
South Carolina	28	Chiapas	63
Arizona	27	Oaxaca	56
Nevada	27	Tabasco	51
Louisiana	26	Coahuila	50
Illinois	25	Hidalgo	47
Kentucky	25	Chihuahua	44
Indiana	23	Guanajuato	44
Missouri	23	Sonora	37
Oklahoma	18	Quintana Roo	33
Alabama	8	Sinaloa	31
Alaska	6	Guerrero	26
Utah	6	Michoacan	24
Virginia	6	Morelos	24
District of Columbia	3	San Luis Potosi	22
Nebraska	1	Aguascalientes	21
Wyoming	1	Durango	19
U.S. total	1,046	Campeche	18
		Queretaro	16
		Zacatecas	16
		Yucatan	14
		Tlaxcala	12
		Baja California Sur	10
		Nayarit	9
		Colima	8
			1,616
		Guatemala	59
		Colombia	14
		El Salvador	13
		Latin America total	1,702

Pawn Store Operations

The Company's typical large format pawn store is a freestanding building or part of a retail shopping center with dedicated available parking. The Company also operates smaller stores in Mexico, mostly in dense urban markets, which may not have dedicated parking. Management has established a standard store design intended to attract customers and distinguish the Company's stores from the competition. The design consists of a well-illuminated exterior with distinctive signage and a layout similar to other contemporary specialty retailers. The Company's stores are typically open six or seven days a week from 9:00 a.m. to between 6:00 p.m. and 9:00 p.m.

The Company attempts to attract customers primarily through the pawn stores' visibility, signage and neighborhood presence. The Company uses seasonal promotions, special discounts for regular customers, prominent display of impulse purchase items such as jewelry, electronics, and tools, tent and sidewalk sales and a layaway purchasing plan to attract retail shoppers. The Company attempts to attract and retain pawn customers by lending a competitive loan amount as a percentage of the estimated sales value of items presented for pledge and by providing quick loan processing, funding, renewal and redemption services in an appealing, customer-friendly atmosphere.

Generally, each pawnshop employs a manager, one or two assistant managers, and between two and eight sales personnel, depending upon the size, sales volume and location of the store. The store manager is responsible for customer relations, reviewing pawn transactions and related collateral, inventory management, supervising personnel and assuring the store is managed in accordance with Company guidelines and established policies and procedures which emphasize safeguarding of pledged and Company assets, strict cost containment and financial controls. All material store expenses are paid from corporate administrative offices in order to enhance financial accountability. The Company believes careful monitoring of customer transaction metrics and operational expenses enables it to maintain financial stability and profitability.

Each store manager reports to a district manager, who typically oversees four to seven store managers. District managers report to a regional manager who, in turn, typically reports to a regional operations director. Regional operations directors report to a regional vice president of operations. There is a senior vice president of operations and five regional vice presidents of operations.

The Company believes the profitability of its pawnshops is dependent, among other factors, upon its employees' skills and ability to engage with customers and provide prompt and courteous service. The Company's proprietary computer system tracks certain key transactional performance measures, including pawn loan yields and merchandise sales margins, and permits a store manager or clerk to instantly recall the cost of an item in inventory and the date it was purchased, including the prior transaction history of a particular customer. It also facilitates the timely valuation of goods by showing values assigned to similar goods. The Company has networked its stores to allow employees to more accurately determine the retail value of merchandise and to permit the Company's headquarters to more efficiently monitor, in real time, each store's operations, including merchandise sales, service charge revenue, pawn loans written and redeemed and changes in inventory.

The Company trains its employees through direct instruction and on-the-job pawn and sales experience. New employees are introduced to the business through an orientation and training program that includes on-the-job training in lending practices, layaways, merchandise valuation, regulatory compliance and general administration of store operations. Certain experienced employees receive training and an introduction to the fundamentals of management to acquire the skills necessary to advance into management positions within the organization. Management training typically involves exposure to overall financial acumen, including revenue and margin generation, cost efficiency, regulatory compliance, recruitment, human resources management and asset and security control. The Company maintains a non-qualified, performance-based profit sharing compensation plan for all store employees based on sales, gross profit and other performance criteria.

Environmental, Social and Governance (ESG)

Pawnshops are neighborhood-based stores which contribute to the modern “circular economy.” Each of the Company’s 2,748 pawn locations provide a quick and convenient source of small, non-recourse pawn loans and a neighborhood-based market for consumers to buy and resell pre-owned and popular consumer products in a safe environment. The Company is committed to environmental sustainability, providing customers with rapid access to capital and operating its business in a manner that results in a positive impact on its employees, communities and the environment.

Environmental Sustainability

The Company’s core business extends the lifecycle and utilization of popular consumer products. Most of the Company’s merchandise inventories are pre-owned items sourced directly from local customers in each store’s immediate geographic neighborhood. In effect, the Company operates a large consumer product recycling business by acquiring pre-owned items, including unwanted or unneeded jewelry, electronics, tools, appliances, sporting goods and musical instruments from individual customers and resells them to other customers desiring such products within the same neighborhood. By being a large reseller of pre-owned items, the Company believes it extends the life of these products and helps reduce demand for newly manufactured and distributed products, thereby reducing carbon emissions and water usage, resulting in a positive impact to the environment.

The Company estimates that it resold approximately 12 million used or pre-owned consumer product items in its retail stores during 2020 with a commercial value of approximately $1.1 billion. In addition, the Company recycles significant volumes of precious metals and diamonds whereby unwanted or broken jewelry is collected and melted/processed by the Company and then resold as a commodity for future commercial use. During 2020, the Company estimates that it recycled over 60,000 ounces of gold and over 35,000 carats of diamonds with a combined market value of approximately $96.2 million. This process helps reduce demand for mined precious metals and diamonds thereby reducing carbon emissions and water usage.

Unlike most brick and mortar or online retailers, the Company does not rely on supply chains or manufacturing of its inventories as it sources the majority of its inventory from forfeited pawn loan collateral and merchandise purchased directly from customers. Accordingly, the Company does not own, operate or contract for any manufacturing, supply chain, warehousing or distribution facilities to support its retail sales or lending operations. Almost all retail sales and pawn loans are made to customers who live or work within a tight geographic radius of the Company’s stores, and only a very small percentage of sales require delivery service. The Company does not own, lease or operate any long-haul trucks to support its 2,748 locations and, other than operating small storefront locations which are typically 5,000 square feet or less, the Company’s operations leave a limited carbon footprint compared to manufacturers and retailers selling new merchandise with extensive supply chain and distribution channels. The Company is working to further reduce energy consumption by retrofitting buildings with LED lighting and reducing corporate travel by utilizing remote work and meeting technologies.

Providing Safe Lending Solutions in Underserved Communities

It is estimated by multiple studies and surveys that approximately 25% of U.S. households remain unbanked or under-banked. In Latin America, the number of unbanked or under-banked consumers can be as much as 75% of the population in countries such as Mexico. As a result, the majority of the Company’s customers have limited access to traditional forms of credit or capital. The Company contributes to its communities by providing these customers with instant access to capital through very small, non-recourse pawn loans or buying merchandise from its customers. The average credit provided to a customer is $198 in the U.S. and $78 in Latin America. Traditional lenders such as banks, credit unions, credit card providers or other small loan providers do not efficiently or effectively offer microcredit products of this size.

Obtaining a pawn loan is simple, requiring only a valid government ID and an item of personal property owned by the customer. The Company does not investigate the creditworthiness of a pawn customer, nor does it matter if the customer has defaulted on a previous pawn loan with the Company. Unlike most credit products, pawn customers are not required to have a bank account, a good credit history or the ability to document their level of income. The process of obtaining a pawn loan is extremely fast, generally taking 15 minutes or less. Loans are funded immediately by giving customers cash.

Pawn loans are highly transparent and responsible products. They are regulated, safe and affordable non-recourse loans for which the customer has no legal obligation to repay. All terms are provided in short, easy to read contracts that allow the Company’s customers to make well-informed decisions before taking out a loan.

Pawn loans differ from most other forms of small dollar lending because the Company does not engage in any post-default collection efforts on delinquent loans, does not take legal actions against its customers for defaulted loans, does not ban its customers for nonpayment, nor does it issue any negative credit information to external credit agencies but rather, relies only on the resale of the pawn collateral for recovery.

The Company promotes a strong corporate culture which emphasizes ethics, accountability and treating customers fairly. This culture is supported by a governance framework with board level oversight of the Company's compliance and internal audit functions and includes the following:

- The Company’s lending operations are licensed and supervised in every jurisdiction in which the Company operates and it is subject to regular regulatory exams in almost all of these jurisdictions.
- A formal compliance management system is maintained by the Company in all markets in which it operates.
- A “single point of contact” issue resolution function is available to all customers.
- Strict data privacy and protection policies are maintained for personal information of customers and employees.

Focus on Social and Corporate Responsibility

The Company has significant operations in Mexico, where the majority of its employees and customers reside. Accordingly, the Company has focused significant time and resources on corporate and social responsibility initiatives in supporting disadvantaged people who live and work in this market.

The Company is certified as an Empresa Socialmente Responsable (“ESR”), or a socially responsible company, in Mexico under the XII Latin American Meeting of Corporate Social Responsibility Framework. This ESR certification is granted to companies that meet a series of criteria that generally cover the economic, social and environmental sustainability of its operations, which include corporate ethics, good governance, the quality of life of the Company’s employees and a proven commitment to the betterment of the community where it operates, including the care and preservation of the environment.

The Company has also established relationships and supports multiple foundations and programs in Mexico, including an exclusive partnership with the JUCONI Foundation, which works with families and children to prevent and help heal the trauma associated with domestic violence in families or children who are living in extreme poverty or are homeless. Additionally, the Company supports or partners with several other foundations and projects, which provide educational scholarships, intern programs, reading initiatives and recycling programs for disadvantaged citizens.

Human Capital Resources

In managing its human capital resources, the Company aims to attract a qualified and diverse workforce through an inclusive and accessible recruiting process that utilizes online recruiting platforms, campus outreach, internships and job fairs. The Company’s workforce is composed primarily of employees who work on an hourly basis, which have historically had high turnover rates. These high turnover rates can lead to increased training, retention and other costs and impair the overall customer service and efficiencies at the Company’s stores. In order to increase retention among its hourly employees, the Company is focused on providing competitive and attractive wages and benefits, which includes a store-level profit-sharing program and extensive training and advancement opportunities as well as fostering a diverse, safe, healthy and secure workplace.

The Company complies with all applicable state, local and international laws governing nondiscrimination in employment in every location in which the Company operates. All applicants and employees are treated with the same high level of respect regardless of their gender, ethnicity, religion, national origin, age, marital status, political affiliation, sexual orientation, gender identity, disability or protected veteran status.

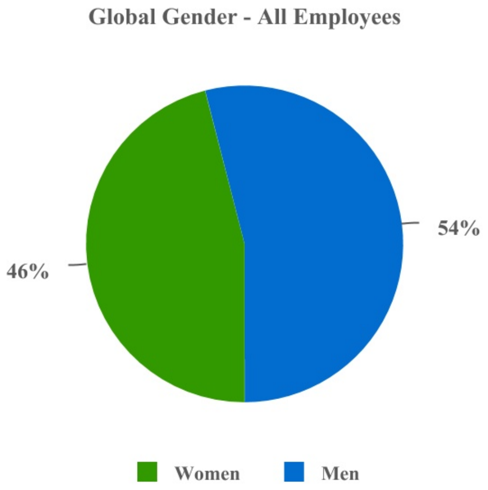
Employee Profile and Diversity

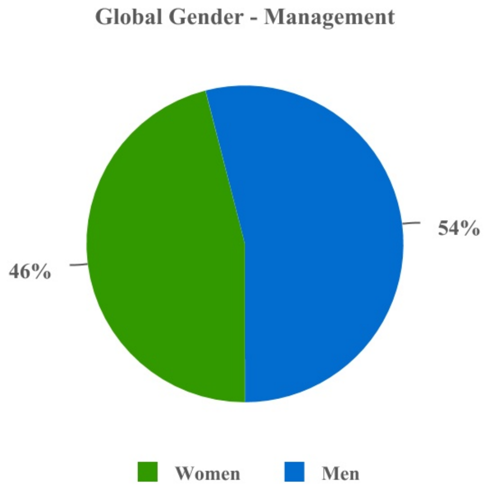
As of December 31, 2020, the Company had approximately 17,000 employees across five countries (the U.S., Mexico, Guatemala, Colombia and El Salvador). The Company employed approximately 6,500 employees in the U.S. as of December 31, 2020, including approximately 500 persons employed in executive, supervisory, administrative and accounting functions. None of the Company’s U.S. employees are covered by collective bargaining agreements. The Company employed approximately 10,500 employees in Latin America as of December 31, 2020, including approximately 900 persons employed in executive, supervisory, administrative and accounting functions. The Company’s Mexico employees are covered by labor agreements as required under Mexico’s Federal Labor Law. None of the Company’s other Latin American employees are covered by collective bargaining agreements.

Table of Contents

Global Gender Demographics

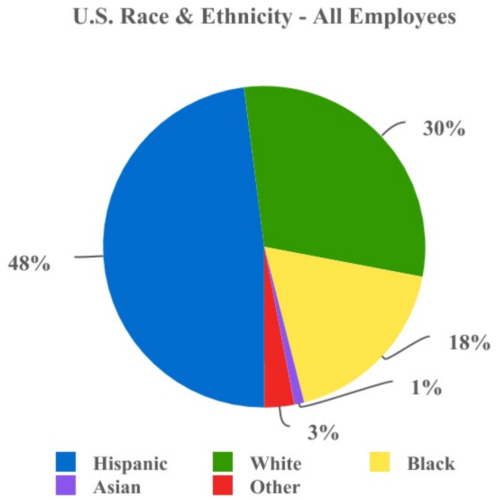
Among the Company's global workforce as of December 31, 2020, 46% identify as women and 54% as men. In management positions for our global operations, 46% identify as women and 54% as men as of December 31, 2020.

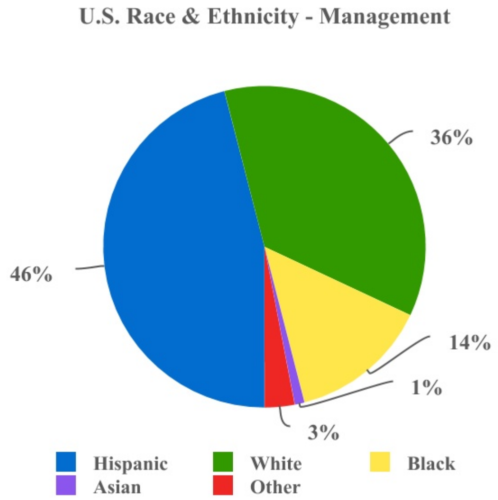




U.S. Race and Ethnicity Demographics

In the U.S.as of December 31, 2020, 48% identify as Hispanic, 18% as Black, 1% as Asian, 3% as two or more races or Other and 30% as White. Among, managers in our U.S. operations, 46% identify as Hispanic, 14% as Black, 1% as Asian, 3% as two or more races or Other and 36% as White as of December 31, 2020.





Employee Empowerment

The Company is committed to creating a safe, trusted and diverse environment in which its employees can thrive. Its employees' wages are typically above the minimum wage standards in each country in which it operates. The Company also believes in fairly compensating its employees by providing the ability to share in the Company's profitability. For example, the majority of the Company's front-line, store-based employees participate in a non-qualified profit sharing program which pays up to 8% of the gross profit an employee personally produced through assigned customer service activities.

The Company also provides its employees with extensive training and advancement opportunities, demonstrated by its long history of employee advancement and promotion from within the organization. The Company maintains robust consumer compliance, anti-money laundering and anti-bribery training programs and requires its managers to adhere to a labor compliance program that meets or exceeds the standards established for coercion and harassment, discrimination and restrictions to freedom of association. The Company's locations provide a safe, comfortable and healthy work environment and maintain compliance with all occupational safety, wage and hour laws and other workplace regulations.

Health and Safety

The Company is committed to the health, safety and wellness of its employees. The Company provides its employees and their families with access to a variety of flexible and convenient health and wellness programs, including benefits that provide protection and security so they can have peace of mind concerning events that may require time away from work or that impact their financial well-being, that support their physical and mental health by providing tools and resources to help them improve or maintain their health status and encourage engagement in healthy behaviors, and that offer choice where possible so they can customize their benefits to meet their needs and the needs of their families.

The operation of the Company's stores is critically dependent on the ability of customers and employees to safely conduct transactions at each location. The COVID-19 pandemic presented unprecedented challenges in many parts of the Company's business and operations, including with respect to keeping employees safe. Accordingly, the Company developed and implemented new procedures and protocols to minimize the risk to the health and safety of its employees while allowing the Company to continue to operate its pawnshops and serve its customers. The Company implemented social distancing and mask-wearing protocols in its stores and corporate offices, provided additional cleaning supplies to facilitate the sanitation of high traffic areas, installed plexiglass dividers at store point-of-sale counters and prohibited all domestic and international non-essential travel for all employees, among other things.

The Company has consistently been able to meet customers' demands for its products, while at the same time making the necessary investments to ensure that the Company prioritizes the health, safety and welfare of its employees. In addition, during the pandemic, the Company has prioritized the welfare of its employees by maintaining their paid employment status. To date, no employees in the U.S. or Mexico markets have been terminated, laid off or furloughed without pay as a direct result of the pandemic.

Competition

The Company encounters significant competition in connection with all aspects of its business operations. These competitive conditions may adversely affect the Company's revenue, profitability and ability to expand. The Company believes the primary elements of competition in the businesses in which it operates are store location, customer service, the ability to lend competitive amounts on pawn loans and to sell popular retail merchandise at competitive prices. In addition, the Company competes with other lenders and retailers to attract and retain employees with competitive compensation programs.

The Company's pawn business competes primarily with other pawn store operators, other specialty consumer finance operators, including online lenders, retail and virtual rent-to-own operators and consumer goods retailers, including online operators. Management believes the pawn industry remains highly fragmented with an estimated 12,000 to 14,000 total pawnshops in the U.S. and 7,000 to 8,000 pawnshops in Mexico. Including the Company, there are two publicly-held, U.S.-based pawnshop operators, both of which have pawn operations in the U.S., Mexico, Guatemala and El Salvador. Of these two, the Company had the most pawn stores and the largest market capitalization, as of December 31, 2020, and believes it is the largest public or private operator of large format, full-service pawn stores in the U.S. and Mexico. The pawnshop and other specialty consumer finance industries are characterized by a large number of independent owner-operators, some of whom own and operate multiple locations. In addition, the Company competes with other non-pawn lenders, such as banks and consumer finance companies, which generally lend on an unsecured as well as a secured basis. Other lenders may and do lend money on terms more favorable than those offered by the Company. Many of these financial institutions have greater financial resources or human capital than the Company's with which to compete for consumer loans.

In both its U.S. and Latin American retail pawn operations, the Company's competitors include numerous retail and wholesale merchants, including jewelry stores, rent-to-own operators, discount retail stores, "second-hand" stores, consumer electronics stores, other specialty retailers, online retailers, online auction sites, online classified advertising sites and other pawnshops. Competitive factors in the Company's retail operations include the ability to provide the customer with a variety of merchandise items at attractive prices. Many of the retail competitors have significantly greater size, financial resources and human capital than the Company.

Intellectual Property

The Company relies on a combination of trademarks, trade dress, trade secrets, proprietary software, website domain names and other rights, including confidentiality procedures and contractual provisions, to protect its proprietary technology, processes and other intellectual property.

The Company's competitors may develop products that are similar to its technology, such as the Company's proprietary point-of-sale and loan management software. The Company enters into agreements with its employees, consultants and partners, and through these and other confidentiality or non-compete agreements, the Company attempts to control access to and distribution of its software, documentation and other proprietary technology and information. Despite the Company's efforts to protect its proprietary rights, third parties may, in an authorized or unauthorized manner, attempt to use, copy or otherwise obtain and market or distribute its intellectual property rights or technology or otherwise develop a product with the same functionality as its solution. Policing all unauthorized use of the Company's intellectual property rights is nearly impossible. The Company cannot be certain that the steps it has taken or will take in the future will prevent misappropriations of its technology or intellectual property rights.

Governmental Regulation

General

Effective June 30, 2020, the Company ceased offering domestic payday and installment loans and no longer has any unsecured consumer lending or credit services operations in the U.S. or Latin America. The Company remains subject to significant regulation of its pawn and general business operations in all of the jurisdictions in which it operates. These regulations are implemented through various laws, ordinances and regulatory pronouncements from federal, state and municipal governmental entities in the U.S. and Latin America. These regulatory bodies often have broad discretionary authority over the establishment, interpretation and enforcement of such regulations. These regulations are subject to change, sometimes significantly, as a result of political, economic or social trends, events and media perception.

The Company is subject to specific laws, regulations and ordinances primarily concerning its pawn lending operations. Many statutes and regulations prescribe, among other things, the general terms of the Company's pawn loan agreements, including maximum service fees and/or interest rates that may be charged and collected and mandatory consumer disclosures. In many municipal, state and federal jurisdictions in both the U.S. and countries in Latin America, the Company must obtain and maintain regulatory store operating and employee licenses and comply with regular or frequent regulatory reporting and registration requirements, including reporting and recording of pawn loans and transactions, pawned collateral, used merchandise purchased from the general public, retail sales activities, firearm transactions, export, import and transfer of merchandise, and currency transactions, among other things.

The Company is subject to numerous other types of regulations including, but not limited to, regulations related to securities and exchange activities, including financial reporting and internal controls processes, data protection and privacy, tax compliance, health and safety, labor and employment practices, import/export activities, real estate transactions, credit card transactions, marketing, advertising and other general business activities.

There can be no assurance that the current domestic and international political climate will not change and negatively affect the Company's business, or that additional local, state or federal statutes, regulations or edicts will not be enacted or that existing laws and regulations will not be amended, decreed or interpreted at some future date that could prohibit or limit the ability of the Company to profitably operate any or all of its services. For example, such regulations could restrict the ability of the Company to offer pawn loans, significantly decrease or cap the interest rates or service fees for such lending activities, prohibit or more stringently regulate the acceptance of pawn collateral or buying used merchandise and the sale, exportation or importation of such pawn merchandise, any of which could have a material adverse effect on the Company's operations and financial condition. If legislative, regulatory or other arbitrary actions or interpretations are taken at a federal, state or local level in the U.S. or countries in Latin America which negatively affect the pawn industry where the Company has a concentrated or significant number of stores, those actions could have a material adverse effect on the Company's business operations. There can be no assurance that such regulatory action at any jurisdiction level will not be enacted, or that existing laws and regulations will not be amended, decreed or interpreted in such a way which could have a material adverse effect on the Company's operations and financial condition.

U.S. Federal Regulations

The U.S. government and its agencies have significant regulatory authority over consumer financial services activities. In recent years, additional legislation and regulations have been enacted or proposed which have increased or could continue to increase regulation of the consumer finance industry.

The Consumer Financial Protection Bureau (the "CFPB"), created by Title X of the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), has broad regulatory, supervisory and enforcement powers over certain financial institutions. The CFPB's examination authority permits examiners to inspect the Company's books and records and ask questions about its business and its practices relating to unsecured, small dollar loans, like payday loans, which the Company offered before June 30, 2020. The CFPB also has the authority to pursue administrative proceedings or litigation for actual or perceived violations of federal consumer laws (including the CFPB's own rules). In these proceedings, the CFPB can seek civil investigative demands, consent orders, confidential memorandums of understandings, obtain cease and desist orders (which can include orders for redisclosure, restitution or rescission of contracts, as well as affirmative or injunctive relief) and monetary penalties. Also, where a company has been found to have violated consumer laws, the Dodd-Frank Act (in addition to similar state consumer laws) empowers state attorneys general and state regulators to bring administrative or civil actions seeking the same equitable relief available to the CFPB, in addition to state-led enforcement actions and consent orders. If the CFPB or one or more state officials believe that the Company violated any of the applicable laws or regulations, they could exercise their enforcement powers in ways that could have a material adverse effect on the Company or its business.

On October 5, 2017, the CFPB released its small-dollar loan rule (the "SDL Rule"), which was subsequently revised on July 7, 2020. Traditional possessory, non-recourse pawn loans were not covered under the CFPB's original 2017 regulation and remain excluded under the revised regulation. Accordingly, the Company believes that the SDL Rule does not directly impact the vast majority of its pawn products, which comprise more than 99% of its total revenues. The SDL Rule does, however, define consumer loan products, both short-term loans and installment loans offered by the Company before June 30, 2020, as loans covered under the rule. Given the Company's discontinuance of consumer loans and credit services on June 30, 2020, the Company does not believe the SDL Rule will have a material effect, if any, on the Company's operations and financial condition.

In July 2015, the U.S. Department of Defense published a finalized set of additional requirements and restrictions under the Military Lending Act ("MLA Rule"). The MLA Rule, which went into effect on October 3, 2016, amended requirements for its "safe harbor" (making covered member attestation insufficient on its own to comply with the "safe harbor" provision of the MLA Rule) and expanded the scope of the credit products covered by the MLA to include overdraft lines of credit, pawn loans, or vehicle and certain unsecured installment loan products to the extent any such products have a military annual percentage rate greater than 36%. While the Company does not believe that active members of the U.S. military or their dependents comprise a significant percentage of the historical pawn customer base in most locations, compliance with the MLA Rule, including its safe harbor provisions, is complex, increases compliance risks and related costs and limits the potential customer base of the Company.

The Company must comply with various disclosure requirements under the Federal Truth in Lending Act (and Regulation Z promulgated thereunder). These disclosures include, among other things, the total amount of the finance charges and annualized percentage rate of the charges associated with pawn transactions.

The Financial Crimes Enforcement Network ("FinCEN") exercises regulatory functions primarily under the Currency and Financial Transactions Reporting Act of 1970, as amended by Title III of the USA PATRIOT Act of 2001 and other legislation, which legislative framework is commonly referred to as the "Bank Secrecy Act" (the "BSA"). The BSA is a comprehensive U.S. federal anti-money laundering ("AML") and counter-terrorism financing statute. The BSA authorizes the Secretary of the Treasury to issue regulations requiring banks and other financial institutions to take a number of precautions against financial crimes, including the establishment of AML programs and the filing of certain reports. The Secretary of the Treasury has delegated to the Director of FinCEN the authority to implement, administer, and enforce compliance with the BSA and associated regulations, which among other things, regulates the reporting of transactions involving currency in an amount greater than $10,000. As of January 1, 2018, the Company ceased offering fee-based check cashing services and is no longer considered a money services business as defined under federal law. Generally, however, and depending on the service or product, financial institutions, including the Company, must report certain transactions involving currency in an amount greater than $10,000 during a specific period, or transactions deemed suspicious in nature. The Company's compliance with AML regulations and reporting requirements is reviewed annually by its director of internal audit who reports all findings directly to the Board of Directors.

The Gramm-Leach-Bliley Act requires the Company to generally protect the confidentiality of its customers' non-public personal information and to disclose to its customers its privacy policy and practices, including those regarding sharing the customers' non-public personal information with third parties. Such disclosure must be made to customers at the time the customer relationship is established, at least annually thereafter, and if there is a change in the Company's privacy policy. In addition, the Company is subject to strict document retention and destruction policies.

The Company's advertising and marketing activities, in general and depending on the type of product and/or service offered, are subject to additional federal laws and regulations administered by the Federal Trade Commission and the CFPB which prohibit unfair or deceptive acts or practices and false or misleading advertisements.

The Fair and Accurate Credit Transactions Act ("FACTA") requires the Company to adopt written guidance and procedures for detecting, mitigating, preventing and responding appropriately to identity theft and to adopt various employee policies and procedures, and provide employee training and materials that address the importance of protecting non-public personal information, specifically, personal identifiable information, and aid the Company in detecting and responding to suspicious activity, including suspicious activity which may suggest a possible identity theft red flag, as appropriate.

The Company is subject to the Foreign Corrupt Practices Act ("FCPA") and other similar laws in other jurisdictions that prohibit improper payments or offers of improper payments to foreign governments and their officials and political parties by U.S. persons and issuers (as defined by the statute) for the purpose of obtaining or retaining business. In addition, the FCPA requires adequate accounting internal controls and record keeping. It is the Company's policy to maintain safeguards to discourage these practices by its employees and vendors and follow Company standards of conduct for its business throughout the U.S. and Latin America, including the prohibition of any direct or indirect payment or transfer of Company funds or assets to suppliers, vendors, or government officials in the form of bribes, kickbacks or other illegal payoffs. All Company employees who have a significant role in the operations of the Company, including all Latin America store operations employees, and certain third party intermediaries receive training and/or provide certification over their understanding of and compliance with the FCPA.

Each U.S. pawn store location that handles pawned firearms or buys and sells firearms must comply with the Brady Handgun Violence Prevention Act (the "Brady Act"). The Brady Act requires that federally licensed firearms dealers conduct a background check in connection with releasing, selling or otherwise disposing of firearms. In addition, the Company must also comply with various state law provisions and the regulations of the U.S. Department of Justice-Bureau of Alcohol, Tobacco and Firearms that require each pawn lending location dealing in guns to obtain a Federal Firearm License ("FFL") and maintain a permanent record of all receipts and dispositions of firearms. Employees handling firearms are required to complete a firearms training program that covers firearms safety, processes and compliance. Only trained and certified employees are able to perform firearm transactions in the Company's proprietary point-of-sale and loan management system. As of December 31, 2020, the Company had 836 locations in the U.S. with an active FFL.

U.S. State and Local Regulations

The Company operates pawn stores in 24 U.S. states and the District of Columbia, all of which have licensing and/or fee regulations on pawnshop operations and employees, and are subject to regular state level regulatory audits. In general, state statutes and regulations establish licensing requirements for pawnbrokers and may regulate various aspects of pawn transactions, including the purchase and sale of merchandise, service charges, interest rates, the content and form of the pawn transaction agreement and the length of time a pawnbroker must hold a purchased item or forfeited pawn before it is made available for sale. Additionally, these statutes and regulations in various jurisdictions restrict or prohibit the Company from transferring and/or relocating its pawn licenses and restrict or prohibit the issuance of new licenses. The Company's fee structures are at or below the applicable rate ceilings adopted by each of these states. The Company offers its pawn and retail customers an interest free layaway plan which complies with applicable state laws. In addition, the Company is in compliance with the net asset requirements in states where it is required to maintain certain levels of liquid assets for each pawn store it operates in the applicable state. Failure to observe a state's legal requirements for pawn brokering could result, among other things, in loss of pawn licenses, fines, refunds, and other civil or criminal proceedings.

Many of the Company's pawn locations are also subject to local ordinances that require, among other things, local permits, licenses, record keeping requirements and procedures, reporting of daily transactions, and adherence to local law enforcement "do-not-buy-lists" by checking law enforcement created databases. Specifically, under some county and municipal ordinances, pawn stores must provide local law enforcement agencies with reports of all daily transactions involving pawns and over-the-counter merchandise purchased directly from customers. These daily transaction reports are designed to provide local law enforcement officials with a detailed description of the merchandise involved, including serial numbers, if any, or other specific identifying information, including the name and address of the customer obtained from a valid identification card and photographs of the customers and/or merchandise in certain jurisdictions. Goods held to secure pawns or goods directly purchased may be subject to mandatory holding periods before they can be resold by the Company. If pawned or purchased merchandise is determined to belong to an owner other than the borrower or seller, it may be subject to confiscation by police for recovery by the rightful owners. Historically, the Company has not found the volume of the confiscations or claims to have a material adverse effect upon results of operations. The Company does not maintain insurance to cover the costs of returning merchandise to its rightful owners but historically has benefited from civil and criminal restitution efforts.

Local rules, regulations and ordinances vary widely from county to county or city to city. While many of the local rules and regulations relate primarily to zoning and land use restrictions, certain cities have restrictive regulations specific to pawn products.

The Company cannot currently assess the likelihood of any other proposed legislation, regulations or amendments, such as those described above or discussed in "Item 1A, Risk Factors," which could be enacted. However, if such legislation or regulations were enacted in certain jurisdictions, it could have a materially adverse impact on the revenue and profitability of the Company.

Mexico Federal Regulations

Federal law in Mexico provides for administrative regulation of the pawnshop industry by Procuraduria Federal del Consumidor ("PROFECO"), Mexico's primary federal consumer protection agency, which requires the Company to annually register its pawn stores, approve pawn contracts and disclose the interest rate and fees charged on pawn transactions. In addition, the pawnshop industry in Mexico is subject to various general business regulations in the areas of tax compliance, customs, consumer protections, anti-money laundering, public safety and employment matters, among others, by various federal, state and local governmental agencies.

PROFECO regulates the form and non-financial terms of pawn contracts and defines certain operating standards and procedures for pawnshops, including retail operations, consumer disclosures and establishes reporting requirements and requires all pawn businesses and its owners to register annually with and be approved by PROFECO in order to legally operate. In addition, all operators must comply with additional customer notice and disclosure provisions, bonding and insurance requirements to insure against loss or insolvency, reporting of certain types of suspicious transactions, and reporting to state law enforcement officials of certain transactions (or series of transactions) or suspicious transactions on a monthly basis to states' attorneys general offices. PROFECO modifies its process and procedures regarding regulation including its annual registration requirements. The Company complies in all material respects with this process and registration requirements as administered by PROFECO. There are significant fines and sanctions, including license revocation and operating suspensions, for failure to register and/or comply with PROFECO's rules and regulations.

Mexico's anti-money laundering regulations, The Federal Law for the Prevention and Identification of Transactions with Funds From Illegal Sources ("Anti-Money Laundering Law"), requires monthly reporting of certain transactions (or series of transactions) exceeding certain monetary limits, imposes strict maintenance of customer identification records and controls, and requires reporting of all foreign (non-Mexican) customer transactions. This law affects all industries in Mexico and is intended to detect commercial activities arising from illicit or ill-gotten means through bilateral cooperation between Mexico's Ministry of Finance and Public Credit ("Hacienda") and all of Mexico's various states' attorneys general offices ("PGR"). This law restricts the use of cash in certain transactions associated with high-value assets and limits, to the extent possible, money laundering activities protected by the anonymity that cash transactions provide. The law empowers Hacienda to oversee and enforce these regulations and to follow up on the information received from other agencies in Mexico and abroad. Relevant aspects of the law specifically affecting the pawn industry include monthly reporting by the Company to Hacienda and the PGR on "vulnerable activities," which encompass the sale of jewelry, precious metals and watches exceeding certain thresholds. There are significant fines and sanctions for failure to comply with the Anti-Money Laundering Law.

Mexico's Federal Personal Information Protection Act ("Mexico Privacy Law") requires companies to protect their customers' personal information, among other things. Specifically, the Mexico Privacy Law requires that the Company create and maintain a privacy policy and inform its customers whether the Company shares the customer's personal information with third parties or transfers personal information to third parties. It also requires public posting (both online and in-store) of the Company's privacy policy, which includes a process for the customer to revoke any previous consent granted to the Company for the use of the customer's personal information, or limit the use or disclosure of such information.

On May 1, 2019, Mexico's Federal Official Gazette published a decree setting forth major amendments to Mexico's Federal Labor Law. The labor reform in Mexico is derived from the requirements to be in compliance with Annex 23-A of the United States-Mexico-Canada Agreement ("USMCA") labor chapter. Mexico's Federal Labor Law established guidelines involving unions and the labor force, which includes, among other things, a new structure to manage union life, labor agreements and labor disputes by replacing the existing federal and local conciliation and arbitration boards and federal certification of formal unions and labor agreements. In addition, there is currently proposed federal legislation that would regulate, and in some cases, prohibit, commonly used employee insourcing and outsourcing structures. A number of Mexican employers, including the Company, use insourcing and outsourcing structures to manage labor costs, including profit-sharing obligations. While the final outcome of the legislation is unknown, if the legislation is passed in its current form, the use of these insourcing and outsourcing structures will be severely limited.

Mexico State and Local Regulations

Certain state and local governmental entities in Mexico also regulate pawn and retail businesses through state laws and local zoning and permitting ordinances. For example, in certain states where the Company has significant or concentrated operations, states have enacted legislation or implemented regulations which require items such as special state operating permits for pawn stores, certification of pawn employees trained in valuation of merchandise, strict customer identification controls, collateral ownership certifications and/or detailed and specified transactional reporting of customers and operations. Certain other states have proposed similar legislation but have not yet enacted such legislation. Additionally, certain municipalities in Mexico have attempted to curtail the operation of new and existing pawn stores through additional local business licensing, permitting, reporting requirements and the enactment of transaction taxes on certain pawn transactions. State and local agencies, including local and state police officials, often have unlimited and discretionary authority to suspend store operations pending an investigation of suspicious pawn transactions or resolution of actual or alleged regulatory, licensing and permitting issues.

Other Latin American Federal and Local Regulations

Similar to Mexico, certain federal, department and local governmental entities in Guatemala, Colombia and El Salvador also regulate the pawn industry and retail and commercial businesses. Certain federal laws and local zoning and permitting ordinances require basic commercial business licenses and signage permits. Operating in these countries also subjects the Company to other types of regulations including, but not limited to, regulations related to commercialization of merchandise, financial reporting, privacy and data protection, tax compliance, customs, labor and employment practices, real estate transactions, anti-money laundering, commercial and electronic banking restrictions, credit card transactions, marketing, advertising and other general business activities. Like Mexico, department agencies, including local and state police officials, have unlimited and discretionary authority in their application of their rules and requirements.

As the scope of the Company's international operations increases, the Company may face additional administrative, labor and regulatory costs in operating and managing its business. In addition, unexpected changes, arbitrary or adverse court decisions, adverse action by financial regulators, aggressive public officials or regulators attacking the Company's business models, administrative interpretations of federal or local requirements or legislation, or public remarks by elected officials could negatively impact the Company's operations and profitability.

FirstCash Website

The Company's primary website is **www.firstcash.com**. The Company makes available, free of charge, at its corporate website, its Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after they are electronically filed with the Securities and Exchange Commission ("SEC"). The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at **www.sec.gov**.

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 below. These factors are not intended to be an all-encompassing list of risks and uncertainties and are not the only risks and uncertainties facing the Company. Additional risks not currently known to the Company or that it currently deems to be immaterial also may materially adversely affect its business, financial condition or results of operations in future periods. In addition to the risks and uncertainties set forth in the risk factor below entitled “The COVID-19 pandemic has adversely impacted, and will likely continue to adversely impact, the Company’s business and results of operations,” many of the risks and uncertainties set forth in the other risk factors below are or could be exacerbated by the COVID-19 pandemic, including government and business responses thereto and any resulting decline in the global business and economic environment.

COVID-19 Pandemic Risks

The COVID-19 pandemic has adversely impacted, and will likely continue to adversely impact, the Company’s business and results of operations.

Public health outbreaks, epidemics or pandemics such as COVID-19 could adversely affect consumer traffic and demand for pawn loans and have a material adverse effect on the Company’s results of operations. The extent to which COVID-19 continues to impact the Company’s operations, results of operations, liquidity and financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak (including the possibility of further surges or variants of COVID-19), the timing and efficacy of the vaccination programs in the jurisdictions in which the Company operates, and the actions taken to contain the impact of COVID-19, as well as further actions taken to limit the resulting economic impact. In particular, government stimulus programs have and may continue to have a material adverse impact on demand for pawn loans in future periods.

The operation of the Company’s stores is critically dependent on the ability of customers and employees to safely conduct transactions in each location. The Company has taken, and will continue to take precautionary measures in accordance with the guidelines of the Centers for Disease Control and Prevention and other federal, state and local authorities. This includes the adoption of social distancing and hygiene protocols within all of the Company’s store locations intended to help minimize the risk of spread of COVID-19 to its customers and employees. There is no guarantee that these measures will be effective and an outbreak at the Company’s stores could result in their closure. Also, in an effort to improve social distancing, the Company has temporarily allowed the majority of its work force at its corporate offices to work remotely. Remote working may heighten cybersecurity, information security and operational risks and affect the productivity of the Company’s employees. Also, if a large proportion of the Company’s key employees contracted COVID-19 or were quarantined as a result of the virus, it could adversely impact the Company’s operations and its business continuity plans may not prove successful in mitigating such impact.

The Company’s business depends heavily on the uninterrupted operation of its stores with sufficient customer activity as the Company does not currently offer an online pawn lending or payment platform. In general, in most jurisdictions where the Company has stores, pawnshops have been designated an essential service by federal guidelines and/or local regulations and are allowed to remain open. While the broad shutdowns in response to COVID-19 have ended in most of the locations where the Company operates, there can be no assurance that future shutdowns, or similar restrictions, will not be enacted or expanded by federal, state or other local government officials or that pawnshops will remain designated as an essential service or that government officials will not expand current or future business closures to include pawnshops, which would have a material adverse effect on the Company’s operations and financial condition.

In addition, consumer fears about becoming ill with COVID-19 may continue, and consumer behavior may change as a result of COVID-19, which could materially and adversely affect traffic to the Company’s stores. Consumer spending and loan demand is also generally impacted by general macroeconomic conditions and consumer confidence, including the impacts of any recession and other uncertainties from the effects of government stimulus programs resulting from the COVID-19 pandemic.

The economic global uncertainty resulting from COVID-19 has also resulted in increased currency volatility that has resulted in adverse currency rate fluctuations, especially with respect to the Mexican peso. There is no guarantee these adverse currency rate fluctuations will not continue or accelerate in the future.

The continued fluidity and uncertainty of the COVID-19 pandemic makes it nearly impossible to predict the ultimate adverse impact of COVID-19 on the Company's business and operations. Nevertheless, COVID-19 continues to present a material uncertainty which could adversely affect the Company's results of operations, financial condition and cash flows in the future.

Operational, Strategic and General Business Risks

Increased competition from banks, credit unions, internet-based lenders, other short-term consumer lenders, governmental entities and other organizations offering similar financial services and retail products offered by the Company could adversely affect the Company's results of operations.

The Company's principal competitors are other pawnshops, consumer loan companies, internet-based lenders, consumer finance companies, rent-to-own companies, point-of-sale consumer finance programs, payroll lenders, banks, credit unions and other financial service providers that serve the Company's primarily cost conscious and underbanked customer base. Significant increases in the number and size of competitors for the Company's business could result in a decrease in the number of pawn transactions that the Company writes, resulting in lower levels of revenue and earnings. Furthermore, the Company has many competitors to its retail operations, such as retailers of new merchandise, retailers of pre-owned merchandise, other pawnshops, thrift shops, online retailers of new and pre-owned merchandise, online classified advertising sites, social media platforms and online auction sites. Many consumers view these competitors as a more price competitive or convenient option for acquiring similar products to what the Company sells.

In Mexico, the Company competes directly with government sponsored or affiliated non-profit foundations operating pawn stores. The Mexican government could take regulatory or administrative actions that would harm the Company's ability to compete profitably in the Mexico market. Increased competition or aggressive marketing and pricing practices by these competitors could result in decreased revenue, margins and inventory turnover rates in the Company's retail operations.

A decrease in demand for the Company's products and services and the failure of the Company to adapt to such decreases could adversely affect the Company's results of operations.

Although the Company actively manages its product and service offerings to ensure that such offerings meet the needs and preferences of its customer base, the demand for a particular product or service may decrease due to a variety of factors, including many that the Company may not be able to control, anticipate or respond to in a timely manner, such as the availability and pricing of competing products or technology, changes in customers' financial conditions as a result of changes in unemployment levels, declines in consumer spending habits related to public health and safety issues, fuel prices, interest rates, government sponsored economic stimulus programs, social welfare or benefit programs, other economic conditions or other events, real or perceived loss of consumer confidence or regulatory restrictions that increase or reduce customer access to particular products. Furthermore, the Company's retail sales depend in large part on sufficient inventory levels driven primarily by forfeited collateral on pawn loans. If demand for pawn loans decrease, inventory levels typically decline, which can have a material adverse impact on retail sales.

Should the Company fail to adapt to a significant change in its customers' demand for, or regular access to, its products, the Company's revenue could decrease significantly. Even if the Company makes adaptations, its customers may resist or may reject products or services whose adaptations make them less attractive or less available. In any event, the effect of any product or service change on the results of the Company's business may not be fully ascertainable until the change has been in effect for some time. Demand may also fluctuate by geographic region. The current geographic concentration of the Company's stores creates exposure to local economies and politics, and regional downturns. As a result, the Company's business is currently more susceptible to regional conditions than the operations of more geographically diversified competitors, and the Company is vulnerable to economic downturns or changing political landscapes in those regions. Any unforeseen events or circumstances that negatively affect these areas could materially adversely affect the Company's revenues and profitability.

The Company depends on its senior management and may not be able to retain those employees or recruit additional qualified personnel.

The Company depends on its senior management to execute its business strategy and oversee its operations. The Company's senior management team has significant pawn industry experience in both Latin America and the United States, which the Company believes is unique in the pawn industry. The loss of services of any of the members of the Company's senior management could adversely affect the Company's business until a suitable replacement can be found. There may be a limited number of persons with the requisite skills to serve in these positions, and the Company cannot ensure that it would be able to identify or employ such qualified personnel on acceptable terms. Furthermore, a significant increase in the costs to retain any members of the Company's senior management could adversely affect the Company's business and operations.

The Company depends on hiring an adequate number of hourly employees to run its business and is subject to regulations concerning these and its other employees, including wage and hour regulations.

The Company's workforce is comprised primarily of employees who work on an hourly basis. To grow its operations and meet the needs and expectations of its customers, the Company must attract, train, and retain a large number of hourly associates, while at the same time controlling labor costs. These positions have historically had high turnover rates, which can lead to increased training, retention and other costs and impair the overall customer service and efficiencies at the Company's stores. In certain areas where the Company operates, there is significant competition for employees, including from retailers and the restaurant industries. The lack of availability of an adequate number of hourly employees as a result of such competition or from a decrease in the hourly employee workforce as a result of government sponsored economic stimulus, social welfare or benefit programs, or the Company's inability to attract and retain hourly employees, or an increase in wages and benefits to current employees could adversely affect its business, results of operations, cash flows and financial condition. The Company is subject to applicable rules and regulations relating to its relationship with its employees, including wage and hour regulations, health benefits, unemployment and payroll taxes, overtime and working conditions, immigration status and, in Mexico, labor agreements, union relations and profit sharing requirements. Accordingly, federal, state or local legislated increases in the minimum wage, as well as increases in additional labor cost components such as employee benefit costs, workers' compensation insurance rates, compliance costs, fines and, in Mexico, costs associated with labor agreements, unions and profit sharing requirements, would increase the Company's labor costs, which could have a material adverse effect on its business, prospects, results of operations and financial condition.

The Company's organic growth is subject to external factors and other circumstances over which it has limited control or that are beyond its control. These factors and circumstances could adversely affect the Company's ability to grow through the opening of new store locations.

The success of the Company's organic expansion strategy is subject to numerous external factors, such as the availability of sites with favorable customer demographics, limited competition, acceptable regulatory restrictions and landscape, political or community acceptance, suitable lease terms, its ability to attract, train and retain qualified associates and management personnel, the ability to obtain required government permits and licenses and the ability to complete construction and obtain utilities timely. Some of these factors are beyond the Company's control. The failure to execute the Company's organic expansion strategy would adversely affect the Company's ability to expand its business and could materially adversely affect its business, prospects, results of operations and financial condition.

The inability to successfully identify attractive acquisition targets, realize administrative and operational synergies and integrate completed acquisitions could adversely affect results.

The Company has historically grown, in large part, through strategic acquisitions, and the Company's strategy is to continue to pursue attractive acquisition opportunities if and when they become available. The success of an acquisition is subject to numerous internal and external factors, such as competition rules, the ability to consolidate information technology and accounting functions, the management of additional sales, administrative, operations and management personnel, overall management of a larger organization, competitive market forces, and general economic and regulatory factors. It is possible that the integration process could result in unrealized administrative and operational synergies, the loss of key employees, the disruption of ongoing businesses, tax costs or inefficiencies, or inconsistencies in standards, controls, information technology systems, procedures and policies, any of which could adversely affect the Company's ability to maintain relationships with customers, employees, or other third-parties or the Company's ability to achieve the anticipated benefits of such acquisitions and could harm its financial performance. Furthermore, future acquisitions may be in jurisdictions in which the Company does not currently operate, which could make the successful consummation and integration of any such acquisitions more difficult. Attractive acquisition targets may also become increasingly scarce in future periods or in jurisdictions the Company would like to expand its operations in. Failure to successfully integrate an acquisition could have an adverse effect on the Company's business, results of operations and financial condition, and failure to successfully identify attractive acquisition targets and complete such acquisitions on favorable terms could have an adverse effect on the Company's growth. Additionally, any acquisition has the risk that the Company may not realize a return on the acquisition or the Company's investment.

The Company's future success is largely dependent upon the ability of its management team to successfully execute its business strategy.

The Company's future success, including its ability to achieve its growth and profitability goals, is dependent on the ability of its management team to execute on its long-term business strategy, which requires them to, among other things: (1) successfully open new pawn stores, (2) identify attractive acquisition opportunities, close on such acquisitions on favorable terms and successfully integrate acquired businesses, (3) encourage and improve customer traffic at its pawn stores, (4) improve the customer experience at its pawn stores, (5) enhance productivity of its pawn stores, including through investments in technology, (6) control expenses in line with their current projections, (7) maintain and enhance the Company's reputation, and (8) effectively maintain its compliance programs and respond to regulatory developments and changes that impact its business. Failure of management to execute its business strategy could negatively impact the Company's business, growth prospects, financial condition or results of operations. Further, if the Company's growth is not effectively managed, the Company's business, financial condition, results of operations and future prospects could be negatively affected, and the Company may not be able to continue to implement its business strategy and successfully conduct its operations.

The Company's business depends on the uninterrupted operation of the Company's facilities, systems and business functions, including its information technology and other business systems, and reliance on other companies to provide key components of its business systems.

The Company's business depends highly upon its employees' ability to perform, in an efficient and uninterrupted fashion, necessary business functions such as operating, managing and securing its retail locations, technical support centers, security monitoring, treasury and accounting functions and other administrative support functions. Additionally, the Company's storefront operations depend on the efficiency and reliability of the Company's proprietary point-of-sale and loan management system. A shut-down of or inability to access the facilities in which the Company's storefront point-of-sale and loan management system and other technology infrastructure are based, such as due to a power outage, a cyber-security breach or attack, a breakdown or failure of one or more of its information technology, telecommunications or other systems, or sustained or repeated disruptions of such systems could significantly impair its ability to perform such functions on a timely basis and could result in a deterioration of the Company's ability to perform efficient storefront lending and merchandise disposition activities, provide customer service or perform other necessary business functions.

Furthermore, third parties provide a number of the key components necessary to the Company's business functions and systems. Any problems caused by these third parties, including those resulting from disruptions in communication services provided by a vendor, failure of a vendor to handle current or higher volumes, cyber-attacks and security breaches, regulatory restrictions, fines, or orders or other regulatory action causing reputational harm, failure of a vendor to provide services for any reason or poor performance of services, could adversely affect the Company's ability to deliver products and services to its customers and otherwise conduct its business. Furthermore, the Company's vendors could also be sources of operational and information security risk to the Company, including from breakdowns or failures of their own systems or capacity constraints. Replacing these third-party vendors could also create significant delay and expense.

Security breaches, cyber attacks or fraudulent activity could result in damage to the Company's operations or lead to reputational damage and expose the Company to significant liabilities.

An important component of the Company's business involves the receipt and storage of information about its customers and employees and maintaining internal business data. As a large employer and operator of retail stores and provider of pawn loans, the Company is under threat of loss due to the velocity and sophistication of security breaches and cyber attacks. These security incidents and cyber attacks may be in the form of computer hacking, acts of vandalism or theft, malware, computer viruses or other malicious codes, phishing, employee error or malfeasance, catastrophes or unforeseen events or other cyber-attacks. A security breach of the Company's computer systems, or those of the Company's third-party service providers, including as a result of cyber attacks, could cause loss of Company assets, interrupt or damage its operations or harm its reputation. In addition, the Company could be subject to liability if confidential customer or employee information is misappropriated from its computer systems. Any compromise of security, including security breaches perpetrated on persons with whom the Company has commercial relationships, that results in the unauthorized access to or use of personal information or the unauthorized access to or use of confidential employee, customer, supplier or Company information, could result in a violation of applicable privacy and other laws, significant legal and financial exposure, damage to the Company's reputation, and a loss of confidence of the Company's customers, vendors and others, which could harm its business and operations. Any compromise of security could deter people from entering into transactions that involve transmitting confidential information to the Company's systems and could harm relationships with the Company's suppliers, which could have a material adverse effect on the Company's business. Actual or anticipated cyber attacks may cause the Company to incur substantial costs, including costs to prevent future attacks and investigate actual attacks, deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants. Despite the implementation of significant security measures, these systems may still be vulnerable to physical break-ins, computer viruses, programming errors, attacks by third parties or similar disruptive problems. The Company may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber attacks.

The Company's customers provide personal information in one of three ways: (1) when conducting a pawn transaction or selling merchandise, (2) when conducting a background check in connection with releasing or selling firearms, and (3) when conducting a retail purchase whereby a customer's payment method is via a credit card, debit card or check. While the Company has implemented systems and processes to protect against unauthorized access to or use of such personal information, there is no guarantee that these procedures are adequate to safeguard against all security breaches or misuse of the information. Furthermore, the Company relies on encryption and authentication technology to provide security and authentication to effectively secure transmission of confidential information, including credit card information and other personal information. However, there is no guarantee that these systems or processes will address all of the cyber threats that continue to evolve.

Lastly, the regulatory environment related to information security and data collection, retention, use and privacy is increasingly rigorous, with new and constantly changing requirements applicable to the Company's business, and compliance with those requirements could result in additional costs. These costs associated with information security, such as increased investment in technology or investigative expenses, the costs of compliance with privacy laws, and fines, penalties and costs incurred to prevent or remediate information security or cyber breaches, could be substantial and adversely impact the Company's business.

The Company uses a combination of hardware systems, software systems, internal information technology specialists and third party service providers to assess and mitigate cyber security threats. Even if the Company is fully compliant with legal standards and contractual or other requirements, it still may not be able to prevent security breaches involving sensitive data. The sophistication of efforts by hackers to gain unauthorized access to information technology systems continues to increase. Breaches, thefts, losses or fraudulent uses of customer, employee or Company business data could cause employees and customers to lose confidence in the security of its systems including the point-of-sale system and other information technology systems and choose not to do business with the Company. Such security breaches also could expose the Company to risks of data loss, business disruption, litigation and other costs or liabilities, any of which could adversely affect the business.

Because the Company maintains a significant supply of cash, loan collateral and inventories in its stores and certain processing centers, the Company may be subject to employee and third-party robberies, riots, looting, burglaries and thefts. The Company also may be subject to liability as a result of crimes at its stores.

The Company's business requires it to maintain a significant supply of cash, loan collateral and inventories, including gold and other precious metals, in most of its stores and certain corporate locations. As a result, the Company is subject to the risk of employee and third-party robberies, riots, looting, burglaries and thefts. Although the Company has implemented various programs in an effort to reduce these risks and utilizes various security measures at its facilities, there can be no assurance that robberies, riots, looting, burglaries and thefts will not occur. The extent of the Company's cash, loan collateral and inventory losses or shortages could increase as it expands the nature and scope of its products and services. Robberies, riots, looting, burglaries and thefts could lead to losses and shortages and could adversely affect the Company's business, prospects, results of operations and financial condition. It is also possible that violent crimes such as riots, looting, assaults and armed robberies may be committed at the Company's stores. The Company could experience liability or adverse publicity arising from such crimes. For example, the Company may be liable if an employee, customer, guard or bystander suffers bodily injury or other harm. Any such event may have a material adverse effect on the Company's business, prospects, results of operations and financial condition.

The Company maintains a program of insurance coverage for various types of property, casualty and other risks. The types and amounts of insurance that the Company obtains vary from time to time, depending on availability, cost and management's decisions with respect to risk retention. The Company's insurance policies are subject to deductibles and exclusions that result in the Company's retention of a level of risk on a self-insured basis. Losses resulting from employee and third-party robberies, riots, looting, burglaries and thefts not covered by insurance could be substantial and may increase the Company's expenses, which could harm the Company's results of operations and financial condition.

If the Company is unable to protect its intellectual property rights, its ability to compete could be negatively impacted.

The success of the Company's business depends to a certain extent upon the value associated with its intellectual property rights, including its proprietary, internally developed point-of-sale and loan management system that is in use in all of its stores. The Company relies on a combination of trademarks, trade dress, trade secrets, proprietary software, website domain names and other rights, including confidentiality procedures and contractual provisions to protect its proprietary technology, processes and other intellectual property. While the Company intends to vigorously protect its trademarks and proprietary point-of-sale and loan management system against infringement, it may not be successful. In addition, the laws of certain foreign countries may not protect intellectual property rights to the same extent as the laws of the U.S. The costs required to protect the Company's intellectual property rights and trademarks could be substantial.

The Company's lending and retail businesses are typically somewhat seasonal, which causes the Company's revenues and operating cash flows to fluctuate and may adversely affect the Company's ability to borrow on its unsecured credit facilities and service its debt obligations.

The Company's U.S. pawn business typically experiences reduced demand in the first and second quarters as a result of its customers' receipt of federal tax refund checks typically in February of each year while demand typically increases during the third and fourth quarters. Also, 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 in the U.S. 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 due to the typical repayment of pawn loans associated with statutory bonuses received by customers in the fourth quarter in Mexico and with tax refund proceeds typically received by customers in the first quarter in the U.S. This seasonality requires the Company to manage its cash flows over the course of the year. If a governmental authority were to pursue economic stimulus actions or issue additional tax refunds, tax credits or other statutory payments at other times during the year, such actions could have a material adverse effect on the Company's business, prospects, results of operations and financial condition during these periods. If the Company's revenues were to fall substantially below what it would normally expect during certain periods, the Company's annual financial results, its ability to borrow on it unsecured credit facilities, and its ability to service its debt obligations could be adversely affected.

The failure or inability of third-parties who provide products, services or support to the Company to maintain their products, services or support could disrupt Company operations or result in a loss of revenue.

The Company's pawn lending, retail and scrap jewelry operations and general store and corporate cash management are dependent upon the Company's ability to maintain retail banking services, treasury management services and borrowing relationships with commercial banks. Actions by federal regulators in the U.S. and other Latin American countries where the Company operates have caused many commercial banks, including certain banks used by the Company, to cease offering such services to the Company and other businesses in the Company's industry. The Company also relies significantly on outside vendors to provide services such as financial transaction processing (including retail credit card transactions, money transfer and foreign exchange transactions), utilities, store security, armored transport, precious metal smelting, data and voice networks and other information technology products and services. The failure or inability of any of these third-party financial institutions or vendors to provide such services could limit the Company's ability to grow its business and could increase the Company's costs of doing business, which could adversely affect the Company's operations if the Company is unable to timely replace them with comparable service providers at a comparable cost.

Regulatory, Legislative and Legal Risks

The Company's products and services are subject to extensive regulation and supervision under various federal, state and local laws, ordinances and regulations in both the U.S. and Latin America. If changes in regulations affecting the Company's pawn business create increased restrictions, or have the effect of prohibiting pawn loans in the jurisdictions where the Company currently operates, such regulations could materially impair or reduce the Company's pawn business and limit its expansion into new markets.

The Company's products and services are subject to extensive regulation and supervision under various federal, state and local laws, ordinances and regulations in both the U.S. and Latin America. The Company faces the risk that restrictions or limitations on pawn loans resulting from the enactment, change, or interpretation of laws and regulations in the U.S. or Latin America could have a negative effect on the Company's business activities. In addition, certain consumer advocacy groups, federal, state and local legislators and governmental agencies have also asserted that rules, laws and regulations should be tightened so as to severely limit, if not eliminate, the availability of pawn transactions and buy/sell agreements to consumers. It is difficult to assess the likelihood of the enactment of any unfavorable federal or state legislation or local ordinances, and there can be no assurance that additional legislative, administrative or regulatory initiatives will not be enacted that would severely restrict, prohibit, or eliminate the Company's ability to offer certain products and services.

In Latin America, restrictions and regulations affecting pawn transactions and buy/sell agreements, including licensing requirements for pawn stores and their employees, customer identification requirements, suspicious activity reporting, disclosure requirements and limits on interest rates, loan service fees, or other fees have been and continue to be proposed from time to time. Adoption of such federal, state or local regulation or legislation in the U.S. and Latin America could restrict, or even eliminate, the availability of pawn transactions and buy/sell agreements at some or all of the Company's locations, which would adversely affect the Company's operations and financial condition.

The extent of the impact of any future legislative or regulatory changes will depend on the political climate, the nature of the legislative, administrative or regulatory change, the jurisdictions to which the new or modified laws would apply, and the amount of business the Company does in that jurisdiction. Moreover, similar actions by states or foreign countries in which the Company does not currently operate could limit its opportunities to pursue its growth strategies. A more detailed discussion of the regulatory environment and current developments and risks to the Company is provided in "Business-Governmental Regulation."

The CFPB has regulatory, supervisory and enforcement powers over providers of consumer financial products and services in the U.S., and it could exercise its enforcement powers in ways that could have a material adverse effect on the Company's business and financial results.

The CFPB has been exercising its supervisory review over certain non-bank providers of consumer financial products and services, including providers of unsecured consumer loans and certain title loans, which the Company offered before June 30, 2020. The CFPB's examination authority permits its examiners to inspect the books and records of providers of short-term, small dollar lenders and ask questions about their business practices. As a result of these examinations of non-bank providers of consumer credit, the Company could be subject to specific enforcement action, including monetary penalties, which could adversely affect the Company. Under certain circumstances, the CFPB may also be able to exercise regulatory or enforcement authority over providers of pawn services through its rule making authority.

In addition to having the authority to assess monetary penalties for violations of applicable federal consumer financial laws (including the CFPB's own rules), the CFPB can require remediation of practices, including through confidential memorandums of understanding and consent orders, pursue civil investigative demands, administrative proceedings or litigation and obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative or equitable relief). Also, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations implemented under Title X of the Dodd-Frank Act, the Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions to remedy alleged violations of state law. If the CFPB or one or more state attorneys general or state regulators believe that the Company has violated any of the applicable laws or regulations or any consent orders or confidential memorandums of understanding against or with the Company, they could exercise their enforcement powers in ways that could have a material adverse effect on the Company's business and financial results.

See "Item 1. Business—Government Regulation" for a further discussion of the regulatory authority of the CFPB.

Mexico's PROFECO has regulatory, supervisory and enforcement powers over pawn operators and pawn operations, and it could exercise its enforcement powers in ways that could have a material adverse effect on the Company's business and financial results.

Federal law in Mexico provides for administrative regulation of the pawnshop industry by PROFECO, Mexico's primary federal consumer protection agency. PROFECO requires all pawn operators, like the Company, to register its pawn stores and to disclose the interest rate and fees charged on pawn transactions. PROFECO also establishes and regulates the form and non-financial terms of pawn contracts and defines certain operating standards and procedures for pawnshops and reporting requirements for pawnshops. PROFECO requires all pawn businesses and their owners to annually register with and be approved by PROFECO in order to legally operate. In addition, all operators must comply with additional customer notice and disclosure provisions, bonding and insurance requirements to insure against loss or insolvency, reporting of certain types of suspicious transactions and monthly reporting to state law enforcement officials of certain transactions (or series of transactions). There are significant fines and sanctions, including operating suspensions, for failure to register and/or comply with PROFECO's rules and regulations. PROFECO regularly modifies its processes and procedures regarding its annual registration requirements and pawn industry operations. The Company complies in all material respects with requirements as administered by PROFECO.

The adoption of new laws or regulations or adverse changes in, or the interpretation or enforcement of, existing laws or regulations affecting the Company's products and services could adversely affect its financial condition and operating results.

Governments, including agencies, at the national, state and local levels, may seek to enforce or impose new laws, regulatory restrictions, licensing requirements or taxes that affect the Company's products or services it offers, the terms on which it may offer them, and the disclosure, compliance and reporting obligations it must fulfill in connection with its business. They may also interpret or enforce existing requirements in new ways that could restrict the Company's ability to continue its current methods of operation or to expand operations, impose significant additional compliance costs, and could have a material adverse effect on the Company's financial condition and results of operations. In some cases, these measures could even directly prohibit some or all of the Company’s current business activities in certain jurisdictions, or render them unprofitable and/or impractical to continue.

Media reports, statements made by regulators and elected officials and public perception in general of pawnshops as being predatory or abusive could materially adversely affect the Company’s pawn business. In recent years, consumer advocacy groups and some media reports, in both the U.S. and Latin America, have advocated governmental action to prohibit or place severe restrictions on pawn services.

Reports and statements made by consumer advocacy groups, members of the media, regulators and elected officials often focus on the annual or monthly cost to a consumer of pawn transactions, which are generally higher than the interest typically charged by banks to consumers with better credit histories. These reports and statements typically characterize pawn loans as predatory or abusive or focus on alleged instances of pawn operators purchasing or accepting stolen property as pawn collateral. If the negative characterization of pawnshops becomes increasingly accepted by consumers, demand for pawn loans could significantly decrease, which could materially affect the Company’s results of operations and financial condition. Additionally, if the negative characterization of these types of transactions becomes increasingly accepted by legislators and regulators, the Company could become subject to more restrictive laws and regulations that could have a material adverse effect on the Company’s financial condition and results of operations. Furthermore, any negative public perception of pawnshops generally would likely have a material negative impact on the Company’s retail operations, including reducing the number of consumers willing to shop at the Company’s stores.

Judicial or administrative decisions, CFPB rule-making, amendments to the Federal Arbitration Act (the “FAA”) or new legislation could render the arbitration agreements the Company uses illegal or unenforceable.

The Company includes dispute arbitration provisions for its employees and in its pawn agreements. These provisions are designed to allow the Company to resolve any employee or customer disputes through individual arbitration rather than in court. The Company’s arbitration provisions explicitly provide that all arbitrations will be conducted on an individual and not on a class or collective basis. Thus, the Company’s arbitration agreements, if enforced, have the effect of mitigating class and collective action liability. The Company’s arbitration agreements do not have any impact on regulatory enforcement proceedings. The Company takes the position that the FAA requires enforcement, in accordance with the terms of its arbitration agreements, of class and collective action waivers of the type the Company uses, particularly now that the CFPB’s “Arbitration Rule” prohibiting class action waivers was officially repealed in November 2017.

However, a number of state and federal circuit courts and the National Labor Relations Board have concluded that arbitration agreements with consumer class action waivers are “unconscionable” and hence unenforceable, particularly where a small dollar amount is in controversy on an individual basis.

In light of conflicting court decisions and potential future rulemaking, it is possible that the Company’s consumer arbitration agreements will be rendered unenforceable. Additionally, Congress has considered legislation that would generally limit or prohibit mandatory dispute arbitration in certain consumer contracts, and it has adopted such prohibitions with respect to certain mortgage loans and certain consumer loans to active-duty members of the military and their dependents.

Any judicial or administrative decision, federal legislation or agency rule that would impair the Company’s ability to enter into and enforce consumer arbitration agreements with class action waivers, could significantly increase the Company’s exposure to class action litigation as well as litigation in plaintiff friendly jurisdictions. Such litigation could have a material adverse effect on the Company’s business, results of operations and financial condition.

Current and future litigation or regulatory proceedings, both in the U.S. and Latin America, could have a material adverse effect on the Company’s business, prospects, results of operations and financial condition.

The Company or its subsidiaries has been or may be involved in future lawsuits, regulatory or administrative proceedings, examinations, investigations, consent orders, memorandums of understanding, audits, other actions arising in the ordinary course of business, including those related to consumer finance and protection, federal or state wage and hour laws, product liability, unclaimed property, employment, personal injury and other matters that could cause it to incur substantial expenditures and generate adverse publicity. In particular, the Company may be involved in lawsuits or regulatory actions related to consumer finance and protection, employment, marketing, unclaimed property, competition matters, and other matters, including class action lawsuits brought against it for alleged violations of the Fair Labor Standards Act, state wage and hour laws, state or federal advertising laws, consumer protection, lending and other laws. The consequences of defending proceedings or an adverse ruling in any current or future litigation, judicial or administrative proceeding, including consent orders or memorandums of understanding, could cause the Company to incur substantial legal fees, to have to refund fees and/

or interest collected, refund the principal amount of advances, pay treble or other multiple damages, pay monetary penalties, fines, and/or modify or terminate the Company's operations in particular states or countries. Defense or filing of any lawsuit or administrative proceeding, even if successful, could require substantial time, resources, and attention of the Company's management and could require the expenditure of significant amounts for legal fees and other related costs. Settlement of lawsuits or administrative proceedings may also result in significant payments and modifications to the Company's operations. Due to the inherent uncertainties of litigation, administrative proceedings and other claims, the Company cannot accurately predict the ultimate outcome of any such matters.

Adverse court and administrative interpretations or enforcement of the various laws and regulations under which the Company operates could require the Company to alter the products that it offers or cease doing business in the jurisdiction where the court, state or federal agency interpretation and enforcement is applicable. The Company is also subject to regulatory proceedings, and the Company could suffer losses from interpretations and enforcement of state or federal laws in those regulatory proceedings, even if it is not a party to those proceedings. Any of these events could have a material adverse effect on the Company's business, prospects, results of operations and financial condition and could impair the Company's ability to continue current operations.

The Company sells products manufactured by third parties, some of which may be defective. Many such products are manufactured overseas in countries which may utilize quality control standards that vary from those legally allowed or commonly accepted in the U.S., which may increase the Company's risk that such products may be defective. If any products that the Company sells were to cause physical injury or injury to property, the injured party or parties could bring claims against the Company as the retailer of the products based upon strict product liability.

The sale and pawning of firearms, ammunition and certain related accessories is subject to current and potential regulation, which could have a material adverse effect on the Company's reputation, business, prospects, results of operations and financial condition.

Because the Company accepts firearms as pawn collateral and sells firearms, ammunition and certain related accessories in many U.S. locations, the Company is required to comply with federal, state and local laws and regulations pertaining to the pawning, purchase, storage, transfer and sale of such products, and the Company is subject to reputational harm if a customer purchases or pawns a firearm that is later used in a deadly shooting. These laws and regulations require the Company, among other things, to ensure that each pawn location dealing in firearms has its FFL, that all purchasers of firearms or persons redeeming pawned firearms are not prohibited persons and are subjected to a pre-sale or pre-redemption background check, to record the details of each firearm sale or pawn redemption on appropriate government-issued forms, to record each receipt or transfer of a firearm and to maintain these records for a specified period of time. The Company is also required to timely respond to tracing requests of firearm transactions by law enforcement agencies.

Over the past several years, the purchase, sale and ownership of firearms, ammunition and certain related accessories has been the subject of increased media scrutiny and federal, state and local regulation. The media scrutiny and regulatory efforts are likely to continue in the Company's current markets and other markets into which the Company may expand. If enacted, new laws and regulations could limit the types of licenses, firearms, ammunition and certain related accessories that the Company is permitted to purchase and sell and could impose new restrictions and requirements on the manner in which the Company pawns, offers, purchases and sells these products. If the Company fails to comply with existing or newly enacted laws and regulations relating to the purchase, sale or pawning of firearms, ammunition and certain related accessories, its licenses to sell or maintain inventory of firearms at its stores may be suspended or revoked, which could have a material adverse effect on the Company's business, prospects, results of operations and financial condition. In addition, new laws and regulations impacting the ownership of firearms and ammunition could cause a decline in the demand for and sales of the Company's products, which could materially adversely impact its revenue and profitability. Complying with increased regulation relating to the purchase, sale or pawning of firearms, ammunition and certain related accessories could be costly.

Furthermore, the Company may incur losses due to lawsuits relating to its performance of background checks on firearms purchases as mandated by state and federal law, the selling of firearms or the improper use of firearms sold by the Company, including lawsuits by individuals, municipalities, state or federal agencies or other organizations attempting to recover damages or costs from firearms retailers relating to the sale or misuse of firearms. Furthermore, if any firearms sold by the Company are used in the commitment of any crimes or mass shootings, it could result in significant adverse media attention against the Company and have a material adverse impact on the reputation of the Company. Commencement of such lawsuits or any adverse media attention against the Company could have a material adverse effect on its business, reputation, prospects, results of operations and financial condition.

The Company is subject to the FCPA, anti-money laundering laws and other anti-corruption laws, and the Company's failure to comply with these laws could result in penalties that could have a material adverse effect on its business, results of operations and financial condition.

The Company is subject to the FCPA, which generally prohibits companies and their agents or intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and/or other benefits. Although the Company has policies and procedures designed to ensure that it, its employees, agents, and intermediaries comply with the FCPA and other anti-corruption laws, there can be no assurance that such policies or procedures will work effectively all of the time or protect the Company against liability for actions taken by its employees, agents, and intermediaries with respect to its business or any businesses that it may acquire. In the event the Company believes, or has reason to believe, its employees, agents, or intermediaries have or may have violated applicable anti-corruption laws in the jurisdiction in which it operates, including the FCPA, the Company may be required to investigate or have a third party investigate the relevant facts and circumstances, which can be expensive and require significant time and attention from senior management. The Company's continued operation and expansion outside the U.S., especially in Latin America, could increase the risk, perceived or otherwise, of such violations in the future.

The Company is also subject to anti-money laundering laws in both the United States and Latin America. For example, Mexico's Anti-Money Laundering Law requires monthly reporting of certain transactions (or series of transactions) exceeding monetary limits, and require stricter maintenance of customer identification records and controls, and reporting of all foreign (non-Mexican) customer transactions. Guatemala, Colombia and El Salvador also have similar reporting requirements.

If the Company is found to have violated the FCPA, anti-money laundering laws or other laws governing the conduct of business with government entities (including local laws), the Company may be subject to criminal and civil penalties and other remedial measures, which could have an adverse effect on its business, results of operations, and financial condition. Investigation of any potential or perceived violations of the FCPA, anti-money laundering laws or other anti-corruption laws by U.S. or foreign authorities could harm the Company's reputation and could have a material adverse effect on its business, results of operations and financial condition.

Failure to maintain certain criteria required by state and local regulatory bodies could result in fines or the loss of the Company's licenses to conduct business.

Most states and many local jurisdictions both in the U.S. and in Latin America in which the Company operates require registration and licenses of stores and employees to conduct the Company's business. These states or their respective regulatory bodies have established criteria the Company must meet in order to obtain, maintain, and renew those licenses. For example, many of the states in which the Company operates require it to meet or exceed certain operational, advertising, disclosure, collection, and recordkeeping requirements and to maintain a minimum amount of net worth or equity. From time to time, the Company is subject to audits in these states to ensure it is meeting the applicable requirements to maintain these licenses. Failure to meet these requirements could result in substantial fines and penalties and/or store closures, which could include temporary suspension of operations, the revocation of existing licenses or the denial of new and renewal licensing requests. The Company cannot guarantee future license applications or renewals will be granted. If the Company were to lose any of its licenses to conduct its business, it could result in the temporary or permanent closure of stores, which could adversely affect the Company's business, results of operations and cash flows.

The complexity of the political and regulatory environment in which the Company operates and the related cost of compliance are both increasing due to the changing political landscape, additional legal and regulatory requirements, the Company's ongoing expansion into new markets and the fact that foreign laws occasionally are vague or conflict with domestic laws. In addition to potential damage to the Company's reputation and brand, failure to comply with applicable federal, state and local laws and regulations such as those outlined above may result in the Company being subject to claims, lawsuits, fines and adverse publicity that could have a material adverse effect on its business, results of operations and financial condition.

Foreign Operations Risks

The Company's financial position and results of operations may fluctuate significantly due to fluctuations in currency exchange rates in Latin American markets.

The Company derives significant revenue, earnings and cash flow from operations in Latin America, where business operations are transacted in Mexican pesos, Guatemalan quetzales and Colombian pesos. The Company's exposure to currency exchange rate fluctuations results primarily from the translation exposure associated with the preparation of the Company's consolidated financial statements, as well as from transaction exposure associated with transactions and assets and liabilities denominated in currencies other than the respective subsidiaries' functional currencies. While the Company's consolidated financial statements are reported in U.S. dollars, the financial statements of the Company's Latin American subsidiaries are prepared using their respective functional currency and translated into U.S. dollars by applying appropriate exchange rates. As a result, fluctuations in the exchange rate of the U.S. dollar relative to the Latin American currencies could cause significant fluctuations in the value of the Company's assets, liabilities, stockholders' equity and operating results. In addition, while expenses with respect to foreign operations are generally denominated in the same currency as corresponding sales, the Company has transaction exposure to the extent expenditures are incurred in currencies other than the respective subsidiaries' functional currencies. The costs of doing business in foreign jurisdictions also may increase as a result of adverse currency rate fluctuations. In addition, changes in currency rates could negatively affect customer demand, especially in Latin America and in U.S. stores located near the Mexican border. For a detailed discussion of the impact of fluctuations in currency exchange rates, see "Item 7A. Quantitative and Qualitative Disclosures About Market Risk."

Risks and uncertainties related to the Company's foreign operations could negatively impact the Company's operating results.

As of December 31, 2020, the Company had 1,702 store locations in Latin America, including 1,616 in Mexico, 59 in Guatemala, 14 in Colombia and 13 in El Salvador, and the Company plans to open additional stores in Latin America in the future. Doing business in each of these countries, and in Latin America generally, involves increased risks related to geo-political events, political instability, corruption, economic volatility, property crime, drug cartel and gang-related violence, social and ethnic unrest including riots and looting, enforcement of property rights, governmental regulations, tax policies, banking policies or restrictions, foreign investment policies, public safety, health and security, anti-money laundering regulations, interest rate regulation and import/export regulations among others. As in many developing markets, there are also uncertainties as to how both local law and U.S. federal law is applied, including areas involving commercial transactions and foreign investment. As a result, actions or events could occur in Mexico, Guatemala, Colombia or El Salvador that are beyond the Company's control, which could restrict or eliminate the Company's ability to operate some or all of its locations in these countries or significantly reduce customer traffic, product demand and the expected profitability of such operations.

Changes impacting international trade and corporate tax and other related regulatory provisions may have an adverse effect on the Company's financial condition and results of operations.

Because international operations increase the complexity of an organization, the Company may face additional administrative costs in managing its business. In addition, most countries typically impose additional burdens on non-domestic companies through the use of local regulations, tariffs, labor controls and other federal or state requirements or legislation. As the Company derives significant revenue, earnings and cash flow from operations in Latin America, primarily in Mexico, there are some inherent risks regarding the overall stability of the trading relationship between Mexico and the U.S. and the burdens imposed thereon by any changes to (or the adoption of new) regulations, tariffs or other federal or state legislation. Specifically, the Company has significant exposure to fluctuations and devaluations of the Mexican peso and the health of the Mexican economy, which, in each case, may be negatively impacted by changes in U.S. trade treaties, including the USMCA and corporate tax policy. In some cases, there have been negative reactions to the enacted and/or proposed policies as expressed in the media and by politicians in Mexico, which could potentially negatively impact U.S. companies operating in Mexico. In particular, there is continued uncertainty around Mexico's current federal administration and how the policies as applied by its administration, including conducting aggressive corporate tax and other regulatory audits, adverse government discretion, and support of increased social welfare programs, may impact U.S. companies doing business in Mexico generally and pawn and consumer finance companies in particular. While the Company engages in limited cross-border transactions other than those involving scrap jewelry sales, any such changes in regulations, trade treaties, corporate tax policy, import taxes or adverse court or administrative interpretations of the foregoing could adversely and significantly affect the Mexican economy and ultimately the Mexican peso, which could adversely and significantly affect the Company's financial position and results of the Company's Latin America operations.

Accounting, Tax and Financial Risks

The Company's existing and future levels of indebtedness could adversely affect its financial health, its ability to obtain financing in the future, its ability to react to changes in its business and its ability to fulfill its obligations under such indebtedness.

As of December 31, 2020, including the Company's 4.625% senior unsecured notes issued in August 2020 ("Notes") and the Company's unsecured credit facilities, the Company had outstanding principal indebtedness of $623.0 million and availability of $403.7 million under its unsecured credit facilities, subject to certain financial covenants. The Company's level of indebtedness could:

- make it more difficult for it to satisfy its obligations with respect to the Notes and its other indebtedness, resulting in possible defaults on and acceleration of such indebtedness;
- require it to dedicate a substantial portion of its cash flow from operations to the payment of principal and interest on its indebtedness, thereby reducing the availability of such cash flows to fund working capital, acquisitions, new store openings, capital expenditures and other general corporate purposes;
- limit its ability to obtain additional financing for working capital, acquisitions, new store openings, capital expenditures, debt service requirements and other general corporate purposes;
- limit its ability to refinance indebtedness or cause the associated costs of such refinancing to increase;
- restrict the ability of its subsidiaries to pay dividends or otherwise transfer assets to the Company, which could limit its ability to, among other things, make required payments on its debt;
- increase the Company's vulnerability to general adverse economic and industry conditions, including interest rate fluctuations (because a portion of its borrowings are at variable rates of interest); and
- place the Company at a competitive disadvantage compared to other companies with proportionately less debt or comparable debt at more favorable interest rates who, as a result, may be better positioned to withstand economic downturns.

Any of the foregoing impacts of the Company's level of indebtedness could have a material adverse effect on its business, financial condition and results of operations.

The Company is subject to goodwill impairment risk.

At December 31, 2020, the Company had $977.4 million of goodwill on its consolidated balance sheet, all of which represents assets capitalized in connection with the Company's acquisitions and business combinations. Accounting for goodwill requires significant management estimates and judgment. Management performs periodic reviews of the carrying value of goodwill to determine whether events and circumstances indicate that an impairment in value may have occurred. A variety of factors could cause the carrying value of goodwill to become impaired. A write-down of the carrying value of goodwill could result in a non-cash charge, which could have an adverse effect on the Company's results of operations.

Declines in commodity market prices of gold, other precious metals and diamonds could negatively affect the Company's profits.

The Company's profitability could be adversely impacted by commodity market fluctuations. As of December 31, 2020, approximately 58% of the Company's pawn loans were collateralized with jewelry, which is primarily gold, and 51% of its inventories consisted of jewelry, which is also primarily gold. The Company sells significant quantities of gold, other precious metals and diamonds acquired through collateral forfeitures or direct purchases from customers. A significant and sustained decline in gold and/or other precious metal and diamond prices could result in decreased merchandise sales and related margins, decreased inventory valuations and sub-standard collateralization of outstanding pawn loans. In addition, a significant decline in market prices could result in a lower balance of pawn loans outstanding for the Company, as customers would receive lower loan amounts for individual pieces of jewelry or other gold items. For a detailed discussion of the impact of a decline in market prices on wholesale scrap jewelry sales, see "Item 7A. Quantitative and Qualitative Disclosures About Market Risk."

Unexpected changes in both domestic and foreign tax laws and policies could negatively impact the Company's operating results.

The Company's financial results may be negatively impacted by changes in domestic or foreign tax laws, administrative interpretations of such laws and enforcement of policies, including, but not limited to, an increase in statutory tax rates, changes in allowable expense deductions, or the imposition of new withholding requirements on repatriation of foreign earnings.

Certain tax positions taken by the Company require the judgment of management and could be challenged by federal, state and local taxing authorities in the U.S. and Latin America.

Management's judgment is required in determining the provision for income taxes, franchise taxes, sales and value-added taxes, deferred tax assets and liabilities and any valuation allowance recorded against deferred tax assets. Management's judgment is also required in evaluating whether tax benefits meet the more-likely-than-not threshold for recognition under ASC 740-10-25, *Income Taxes*.

General Economic and Market Risks

A sustained deterioration of economic conditions or an economic crisis and government actions taken to limit the impact of such an economic crisis could reduce demand or profitability for the Company's products and services which would result in reduced earnings.

The Company's business and financial results may be adversely impacted by sustained unfavorable economic conditions or unfavorable economic conditions associated with a global or regional economic crisis which, in either case, include adverse changes in interest or tax rates, effects of government initiatives to manage economic conditions and increased volatility of commodity markets and foreign currency exchange rates. Specifically, a sustained or rapid deterioration in the economy, along with the potential enactment of government stimulus programs to attempt to limit such economic deterioration, could adversely impact the performance of the Company's pawn loan portfolio and consumer or market demand for pre-owned merchandise or gold such as that sold in the Company's pawnshops. A sustained deterioration in the economy could reduce the demand and resale value of pre-owned merchandise and reduce the amount that the Company could effectively lend on an item of collateral. Such reductions could adversely affect pawn loan balances, pawn redemption rates, inventory balances, inventory mixes, sales volumes and gross profit margins.

Inclement weather, natural disasters or health epidemics can adversely impact the Company's operating results.

The occurrence of weather events and natural disasters such as rain, cold weather, snow, wind, storms, hurricanes, earthquakes, volcanic eruptions, or health epidemics in the Company's markets could adversely affect consumer traffic, retail sales and pawn loan origination or redemption activities at the Company's stores and have a material adverse effect on the Company's results of operations. In addition, the Company may incur property, casualty or other losses not covered by insurance. Losses not covered by insurance could be substantial and may increase the Company's expenses, which could harm the Company's results of operations and financial condition.

Changes in the capital markets or the Company's financial condition could reduce availability of capital on favorable terms, if at all.

The Company has, in the past, accessed the debt capital markets to refinance existing debt obligations and to obtain capital to finance growth. Efficient access to these markets is critical to the Company's ongoing financial success. However, the Company's future access to the debt capital markets could become restricted due to a variety of factors, including a deterioration of the Company's earnings, cash flows, balance sheet quality, regulatory restrictions, fines, or orders or other regulatory action causing reputational harm, or overall business or industry prospects, a significant deterioration in the state of the capital markets, including impacts of inflation or rising interest rates or a negative bias toward the Company's industry by market participants. Inability to access the credit markets on acceptable terms, if at all, could have a material adverse effect on the Company's financial condition and ability to fund future growth.

Adverse real estate market fluctuations and/or the inability to renew and extend store operating leases could affect the Company's profits.

The Company leases most of its locations. A significant rise in real estate prices or real property taxes could result in an increase in store lease costs as the Company opens new locations and renews leases for existing locations, thereby negatively impacting the Company's results of operations. The Company also owns certain developed and undeveloped real estate, which could be impacted by adverse market fluctuations. In addition, the inability of the Company to renew, extend or replace expiring store leases could have an adverse effect on the Company's results of operations.

A discussion of certain other market risks is covered in "Item 7A. Quantitative and Qualitative Disclosures About Market Risk."

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

While the Company generally leases its pawnshop locations, the Company also purchases real estate for its pawnshop locations as opportunities arise at attractive prices, whether through store acquisitions or through purchases from its landlords at existing stores. As of December 31, 2020, the Company owned the real estate and buildings for 202 of its pawn stores and its Company's corporate headquarters building in Fort Worth, Texas.

As of December 31, 2020, the Company leased 2,592 store locations that were open or were in the process of opening. Leased facilities are generally leased for a term of three to five years with one or more options to renew. A majority of the store leases can be terminated early upon an adverse change in law which negatively affects the store's profitability. The Company's leases expire on dates ranging between 2021 and 2045. All store leases provide for specified periodic rental payments ranging from approximately $1,000 to $25,000 per month as of December 31, 2020. For more information about the Company's pawn store locations, see "Item 1. Business—Locations and Operations."

The following table details material corporate locations leased by the Company (dollars in thousands):

Description	Location	Square Footage	Lease Expiration Date	Monthly Rental Payment	
Administrative offices	Monterrey, Mexico	15,000	December 31, 2024	$	15
Administrative offices	Mexico City, Mexico	8,000	March 31, 2024		15
Administrative operations	Fort Worth, Texas	24,000	July 31, 2021		10

Most leases require the Company to maintain the property and pay the cost of insurance and property taxes. The Company believes termination of any particular lease would not have a material adverse effect on the Company's operations. The Company believes the facilities currently owned and leased by it as pawn stores are suitable for such purpose and considers its equipment, furniture and fixtures to be in good condition.

Item 3. Legal Proceedings

The Company is a defendant in certain routine litigation matters and regulatory actions encountered in the ordinary course of its business. Certain of these matters are covered to an extent by insurance. In the opinion of management, the resolution of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or liquidity.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

General Market Information

The Company's common stock is quoted on the Nasdaq Global Select Market ("Nasdaq") under the symbol "FCFS."

On January 27, 2021, there were approximately 258 stockholders of record of the Company's common stock.

In January 2021, the Company's Board of Directors declared a $0.27 per share first quarter cash dividend on common shares outstanding, or an aggregate of $11.1 million based on the December 31, 2020 share count, to be paid on February 26, 2021 to stockholders of record as of February 12, 2021. While the Company currently expects to continue the payment of quarterly cash dividends, 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, expected liquidity, debt covenant restrictions and other relevant factors including the impact of COVID-19.

Issuer Purchases of Equity Securities

During 2020, the Company repurchased a total of 1,427,000 shares of common stock at an aggregate cost of $107.0 million and an average cost per share of $74.96, and during 2019, repurchased 1,305,000 shares of common stock at an aggregate cost of $114.0 million and an average cost per share of $87.37. The Company intends to continue repurchases under its active share repurchase programs, including through open market transactions under trading plans in accordance with Rule 10b5-1 and Rule 10b-18 under the Exchange Act of 1934, as amended, subject to a variety of factors, including, but not limited to, the level of cash balances, credit availability, debt covenant restrictions, general business conditions, regulatory requirements, the market price of the Company's stock, dividend policy, the availability of alternative investment opportunities, including acquisitions, and the impact of COVID-19.

The following table provides the information with respect to purchases made by the Company of shares of its common stock during each month a share repurchase program was in effect during the three months ended December 31, 2020 (dollars in thousands, except per share amounts):

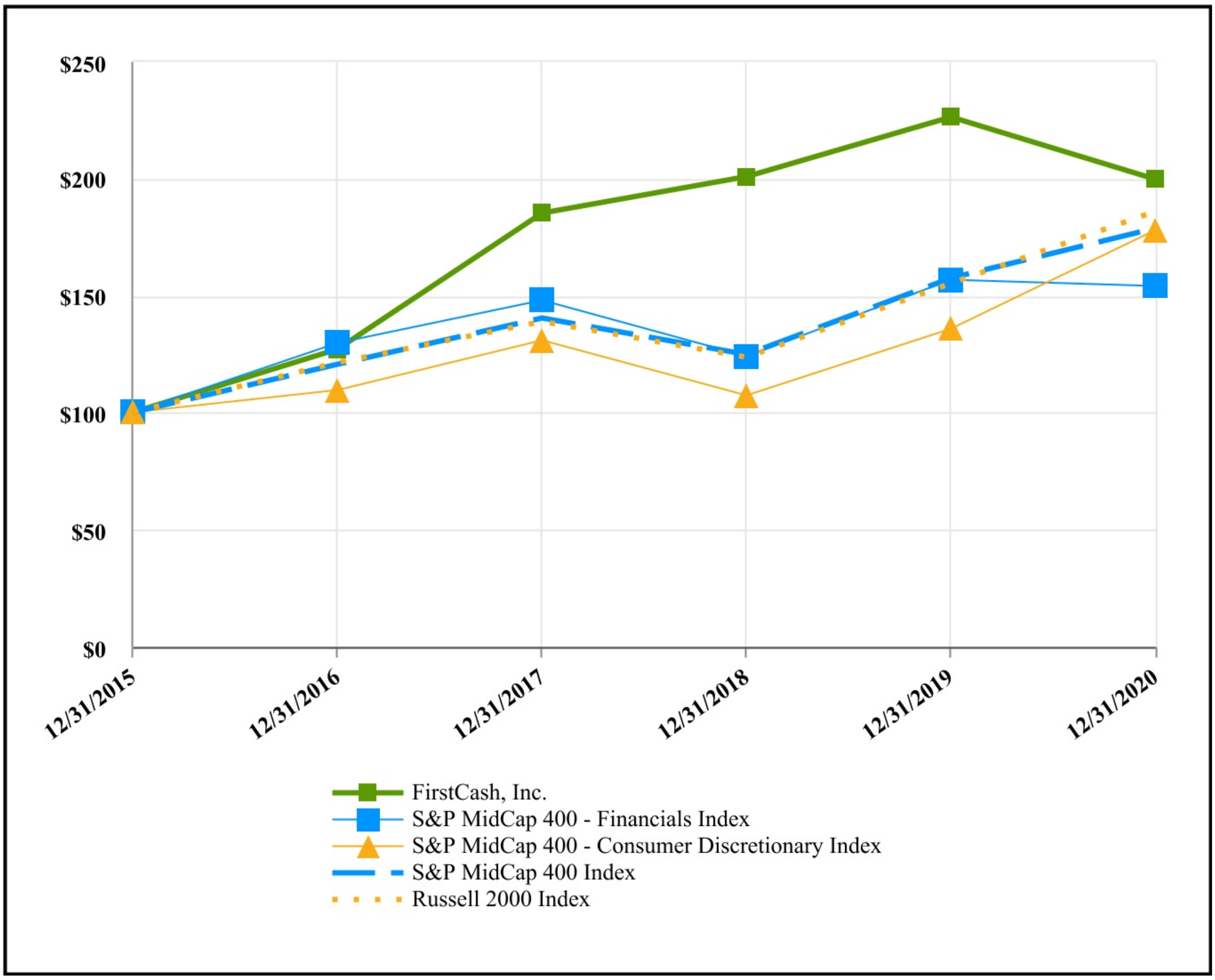
	Total Number Of Shares Purchased	Average Price Paid Per Share	Total Number Of Shares Purchased As Part Of Publicly Announced Plans	Approximate Dollar Value Of Shares That May Yet Be Purchased Under The Plans
October 1 through October 31, 2020	150,000	$ 52.89	150,000	$ 40,533
November 1 through November 30, 2020	159,000	54.73	159,000	31,827
December 1 through December 31, 2020	137,000	73.35	137,000	21,827
Total	446,000	59.81	446,000	

The following table provides purchases made by the Company of shares of its common stock under each share repurchase program in effect during 2020 (dollars in thousands):

Plan Authorization Date	Plan Completion Date	Dollar Amount Authorized	Shares Purchased in 2020	Dollar Amount Purchased in 2020	Remaining Dollar Amount Authorized For Future Purchases
October 24, 2018	January 30, 2020	$ 100,000	344,000	$ 28,797	$ —
January 28, 2020	Currently active	100,000	1,083,000	78,173	21,827
Total			1,427,000	$ 106,970	$ 21,827

Performance Graph

The graph set forth below compares the cumulative total stockholder return on the common stock of the Company for the period from December 31, 2015 through December 31, 2020, with the cumulative total return on the Standard & Poor's ("S&P") MidCap 400 Index and the Russell 2000 Index, representing broad-based equity market indexes, and the S&P MidCap 400 Financials Index and the S&P MidCap 400 Consumer Discretionary Index, representing industry-based indexes, over the same period (assuming the investment of $100 on December 31, 2015 and assuming the reinvestment of all dividends on the date paid). The Company has previously included a peer group index, however believes the comparison to the above mentioned industry-based indexes is a more applicable comparison. As a result, the performance graph below does not include a peer group index. Note that historic performance is not necessarily indicative of future performance.



Item 6. Selected Financial Data

The information below should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's consolidated financial statements and related notes thereto in "Item 8. Financial Statements and Supplementary Data." The information below is derived from and qualified by reference to the Company's audited financial statements for each of the five years ended December 31, 2020.

	Year Ended December 31,				
	2020	2019	2018	2017	2016
	(in thousands, except per share amounts and location counts)				
Income Statement Data [1]:					
Revenue:					
Retail merchandise sales	**$ 1,075,518**	$ 1,175,561	$ 1,091,614	$ 1,051,099	$ 669,131
Pawn loan fees	**457,517**	564,824	525,146	510,905	312,757
Wholesale scrap jewelry sales	**96,233**	103,876	107,821	140,842	62,638
Consumer loan and credit services fees	**2,016**	20,178	56,277	76,976	43,851
Total revenue	**1,631,284**	1,864,439	1,780,858	1,779,822	1,088,377
Cost of revenue:					
Cost of retail merchandise sold	**641,087**	745,861	696,666	679,703	418,556
Cost of wholesale scrap jewelry sold	**79,546**	96,072	99,964	132,794	53,025
Consumer loan and credit services loss provision	**(488)**	4,159	17,461	19,819	11,993
Total cost of revenue	**720,145**	846,092	814,091	832,316	483,574
Net revenue	**911,139**	1,018,347	966,767	947,506	604,803
Expenses and other income:					
Store operating expenses	**562,158**	595,539	563,321	552,191	327,062
Administrative expenses	**110,931**	122,334	120,042	122,473	96,537
Depreciation and amortization	**42,105**	41,904	42,961	55,233	31,865
Interest expense, net	**27,804**	32,980	26,729	22,438	19,569
Merger and acquisition expenses	**1,316**	1,766	7,643	9,062	36,670
Loss (gain) on foreign exchange	**884**	(787)	762	(317)	952
Loss on extinguishment of debt	**11,737**	—	—	14,114	—
Write-offs and impairments of certain lease intangibles and other assets	**10,505**	—	—	—	—
Net gain on sale of common stock of Enova	**—**	—	—	—	(1,299)
Total expenses and other income	**767,440**	793,736	761,458	775,194	511,356
Income before income taxes	**143,699**	224,611	205,309	172,312	93,447
Provision for income taxes	**37,120**	59,993	52,103	28,420	33,320
Net income	**$ 106,579**	$ 164,618	$ 153,206	$ 143,892	$ 60,127
Dividends declared per common share	**$ 1.08**	$ 1.02	$ 0.91	$ 0.77	$ 0.565

	Year Ended December 31,				
	2020	2019	2018	2017	2016
Income Statement Data (Continued) [(1)]:					
Earnings per share:					
Basic	**$ 2.57**	$ 3.83	$ 3.42	$ 3.01	$ 1.72
Diluted	**2.56**	3.81	3.41	3.00	1.72
Balance Sheet Data:					
Inventories	**$ 190,352**	$ 265,256	$ 275,130	$ 276,771	$ 330,683
Pawn loans	**308,231**	369,527	362,941	344,748	350,506
Net working capital	**418,159**	538,087	656,847	721,626	748,507
Total assets	**2,372,197**	2,439,440	2,107,974	2,062,784	2,145,203
Long-term liabilities	**881,976**	886,503	656,825	466,880	551,589
Total liabilities	**1,088,382**	1,089,405	789,870	587,451	695,217
Stockholders' equity	**1,283,815**	1,350,035	1,318,104	1,475,333	1,449,986
Statement of Cash Flows Data:					
Net cash flows provided by (used in):					
Operating activities	**$ 222,264**	$ 231,596	$ 243,429	$ 220,357	$ 96,854
Investing activities	**(20,352)**	(137,053)	(159,247)	1,397	(25,967)
Financing activities	**(186,502)**	(120,806)	(127,061)	(197,506)	(58,713)
Location Counts:					
Pawn stores	**2,748**	2,673	2,456	2,039	2,012
Consumer loan stores	**—**	6	17	72	73
	2,748	2,679	2,473	2,111	2,085

(1) See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Information—Adjusted Net Income and Adjusted Diluted Earnings Per Share" for additional information about certain 2020, 2019 and 2018 income and expense items that affected the Company's consolidated net income and diluted earnings per share.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

The Company is a leading operator of retail-based pawn stores with 2,748 store locations in the U.S. and Latin America. The Company's pawn stores generate retail sales primarily from the merchandise acquired through collateral forfeitures and over-the-counter purchases from customers. In addition, the stores help customers meet small short-term cash needs by providing non-recourse pawn loans and buying merchandise directly from customers. Personal property, such as jewelry, electronics, tools, appliances, sporting goods and musical instruments, is pledged as collateral for the pawn loans and held by the Company over the typical 30-day term of the loan plus a stated grace period.

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 item is returned to inventory and all or a portion of previous payments are typically forfeited to the Company. Deposits and interim payments from customers on layaway sales are recorded as deferred revenue and subsequently recorded as retail merchandise sales revenue when the merchandise is delivered to the customer upon receipt of final payment or when previous payments are forfeited to the Company. Some jewelry inventory is melted and 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.

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, district managers and other operations management personnel, accounting, legal and other administrative costs, information technology costs, liability and casualty insurance, outside legal and accounting fees and stockholder-related expenses. Merger and acquisition expenses primarily include incremental costs directly associated with merger and acquisition activities, including professional fees, outside legal expenses, severance, retention and other employee-related costs, contract breakage costs and costs related to consolidation of technology systems and corporate facilities.

The Company organizes its operations into two reportable segments. The U.S. operations segment consists of all operations in the U.S. and the Latin America operations segment consists of all operations in Mexico, Guatemala, Colombia and El Salvador. Financial information regarding the Company's revenue and long-lived assets by geographic areas is provided in Note 15 of Notes to Consolidated Financial Statements.

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.

The Company's management reviews and analyzes 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 wholesale scrap jewelry sales in Latin America are priced and settled in U.S. dollars, and are not affected by foreign currency translation, as are a small percentage of the operating and administrative expenses in Latin America, which are billed and paid in U.S. dollars. Amounts presented on a constant currency basis are denoted as such. See "Non-GAAP Financial Information" for additional discussion of constant currency operating results.

Business operations in Mexico, Guatemala and Colombia are transacted in Mexican pesos, Guatemalan quetzales and Colombian pesos. 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:

	2020		2019		2018
	Rate	**% Change Over Prior-Year Period Favorable / (Unfavorable)**	Rate	% Change Over Prior-Year Period Favorable / (Unfavorable)	Rate
Mexican peso / U.S. dollar exchange rate:					
End-of-period	**19.9**	**(6)%**	18.8	5 %	19.7
Twelve months ended	**21.5**	**(11)%**	19.3	(1)%	19.2
Guatemalan quetzal / U.S. dollar exchange rate:					
End-of-period	**7.8**	**(1)%**	7.7	— %	7.7
Twelve months ended	**7.7**	**— %**	7.7	(3)%	7.5
Colombian peso / U.S. dollar exchange rate:					
End-of-period	**3,433**	**(5)%**	3,277	(1)%	3,250
Twelve months ended	**3,693**	**(13)%**	3,280	(11)%	2,956

The following table details income statement items as a percent of total revenue and other operating metrics:

	Year Ended December 31,		
	2020	2019	2018
Revenue:			
Retail merchandise sales	**65.9 %**	63.0 %	61.3 %
Pawn loan fees	**28.1**	30.3	29.5
Wholesale scrap jewelry sales	**5.9**	5.6	6.0
Consumer loan and credit services fees [(1)]	**0.1**	1.1	3.2
Cost of revenue:			
Cost of retail merchandise sold	**39.3**	40.0	39.1
Cost of wholesale scrap jewelry sold	**4.8**	5.2	5.6
Consumer loan and credit services loss provision [(1)]	**—**	0.2	1.0
Net revenue	**55.9**	54.6	54.3
Expenses and other income:			
Store operating expenses	**34.5**	31.9	31.6
Administrative expenses	**6.8**	6.6	6.8
Depreciation and amortization	**2.6**	2.2	2.4
Interest expense, net	**1.7**	1.8	1.5
Merger and acquisition expenses	**0.1**	0.1	0.4
Loss (gain) on foreign exchange	**0.1**	—	0.1
Loss on extinguishment of debt	**0.7**	—	—
Write-offs and impairments of certain lease intangibles and other assets	**0.6**	—	—
Income before income taxes	**8.8**	12.0	11.5
Provision for income taxes	**2.3**	3.2	2.9
Net income	**6.5**	8.8	8.6

(1) Effective June 30, 2020, the Company ceased offering unsecured consumer lending and credit services products, which include all payday and installment loans, in the U.S.

Critical Accounting Policies

The preparation of financial statements in conformity with 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 include the following:

Pawn loans and revenue recognition - Pawn loans are secured by the customer's pledge of tangible personal property, which the Company holds during the term of the loan. If a pawn loan defaults, the Company relies on the sale of the pawned property to recover the principal amount of an unpaid pawn loan, plus a yield on the investment, as the Company's pawn loans are non-recourse against the customer. The customer's creditworthiness does not affect the Company's financial position or results of operations. The Company accrues pawn loan fee revenue on a constant-yield basis over the life of the pawn loan for all pawns for which the Company deems collection to be probable based on historical pawn redemption statistics. If the pawn loan is not repaid prior to the expiration of the loan term, including any extension or grace period, if applicable, the principal amount loaned becomes the inventory carrying value of the forfeited collateral, which is typically recovered through sales of the forfeited items at prices well above the carrying value. The Company has determined no allowance related to credit losses on pawn loans is required, as the fair value of the pledged collateral is significantly in excess of the pawn loan amount.

Inventories and merchandise sales revenue recognition - Inventories represent merchandise acquired from forfeited pawns and merchandise purchased directly from the general public. The Company also retails limited quantities of new or refurbished merchandise obtained directly from wholesalers and manufacturers. Inventories from forfeited pawns are recorded at the amount of the pawn principal on the unredeemed goods, exclusive of accrued interest. Inventories purchased directly from customers, wholesalers and manufacturers are recorded at cost. The cost of inventories is determined on the specific identification method. Inventories are stated at the lower of cost or net realizable value and, accordingly, inventory valuation allowances are established if inventory carrying values are in excess of estimated selling prices, net of direct costs of disposal. Management has evaluated inventories and determined that a valuation allowance is not necessary.

The Company's pawn merchandise sales are primarily retail sales to the general public in its pawn stores. The Company records sales revenue at the time of the sale. The Company presents merchandise sales net of any sales or value-added taxes collected. Some jewelry inventory is melted and 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.

Layaway plan and deferred revenue - 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 item is returned to inventory and all or a portion of previous payments are typically forfeited to the Company. Deposits and interim payments from customers on layaway sales are recorded as deferred revenue and subsequently recorded as retail merchandise sales revenue when the merchandise is delivered to the customer upon receipt of final payment or when previous payments are forfeited to the Company. Layaway payments from customers are included in customer deposits in the accompanying consolidated balance sheets.

Goodwill and other indefinite-lived intangible assets - Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in each business combination. The Company performs its goodwill impairment assessment annually as of December 31, and between annual assessments if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company's reporting units, which are tested for impairment, are U.S. operations and Latin America operations. The Company assesses goodwill for impairment at a reporting unit level by first assessing a range of qualitative factors, including, but not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for the Company's products and services, regulatory and political developments, entity specific factors such as strategy and changes in key personnel, and overall financial performance. If, after completing this assessment, it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value, the Company proceeds to the impairment testing methodology.

The Company's other material indefinite-lived intangible assets consist of trade names and pawn licenses. The Company performs its indefinite-lived intangible asset impairment assessment annually as of December 31, and between annual assessments if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

Foreign currency transactions - The Company has operations in Mexico, Guatemala and Colombia where the functional currency is the Mexican peso, Guatemalan quetzal and Colombian peso. Accordingly, the assets and liabilities of these subsidiaries are translated into U.S. dollars at the exchange rate in effect at each balance sheet date, and the resulting adjustments are accumulated in other comprehensive income (loss) as a separate component of stockholders' equity. Revenues and expenses are translated at the average exchange rates occurring during the respective period. Prior to translation, U.S. dollar-denominated transactions of the foreign subsidiaries are remeasured into their functional currency using current rates of exchange for monetary assets and liabilities and historical rates of exchange for non-monetary assets and liabilities. Gains and losses from remeasurement of dollar-denominated monetary assets and liabilities in Mexico, Guatemala and Colombia are accumulated in loss (gain) on foreign exchange in the consolidated statements of income. Deferred taxes are not currently recorded on cumulative foreign currency translation adjustments, as the Company indefinitely reinvests earnings of its foreign subsidiaries. The Company also has operations in El Salvador where the reporting and functional currency is the U.S. dollar.

Results of Operations

2020 Consolidated Operating Results Highlights

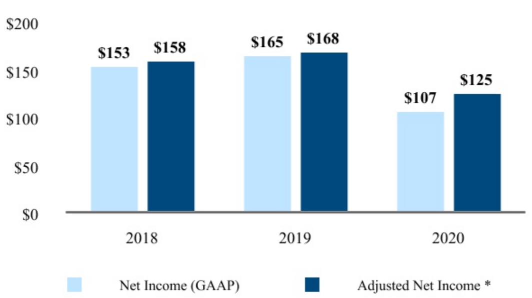
The following table sets forth revenue, net income, diluted earnings per share, adjusted net income, adjusted diluted earnings per share, EBITDA and adjusted EBITDA for the year ended December 31, 2020 as compared to the year ended December 31, 2019 (in thousands, except per share amounts):

	Year Ended December 31,			
	As Reported (GAAP)		Adjusted (Non-GAAP)	
	2020	2019	**2020**	2019
Revenue	**$ 1,631,284**	$ 1,864,439	**$ 1,631,284**	$ 1,864,439
Net income	**$ 106,579**	$ 164,618	**$ 125,153**	$ 167,900
Diluted earnings per share	**$ 2.56**	$ 3.81	**$ 3.01**	$ 3.89
EBITDA (non-GAAP measure)	**$ 213,608**	$ 299,495	**$ 236,974**	$ 303,782
Weighted-average diluted shares	**41,600**	43,208	**41,600**	43,208

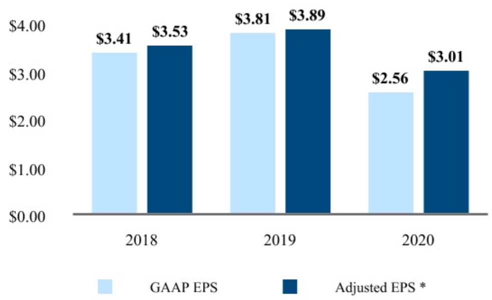
See "Non-GAAP Financial Information—Adjusted Net Income and Adjusted Diluted Earnings Per Share and —Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA" below.

The following charts present net income, adjusted net income, diluted earnings per share, adjusted diluted earnings per share, EBITDA, adjusted EBITDA and store count for the years ended December 31, 2020, 2019 and 2018 (in millions, except per share and store count amounts):

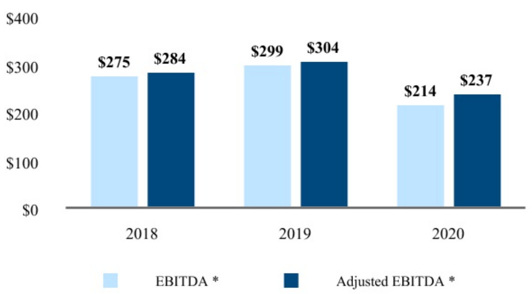
Net Income



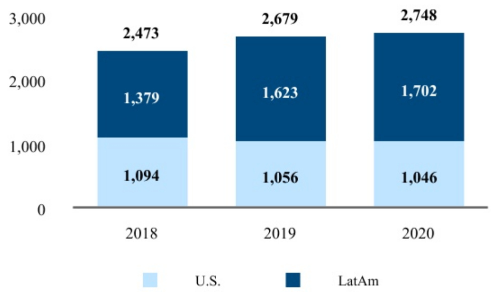
Diluted Earnings Per Share



EBITDA



Store Count



* Non-GAAP financial measures. See "Non-GAAP Financial Information" for additional discussion of non-GAAP financial measures.

Operating Results for the Twelve Months Ended December 31, 2020 Compared to the Twelve Months Ended December 31, 2019

In December 2019, a novel strain of coronavirus ("COVID-19") surfaced in China and rapidly spread throughout the world. In March of 2020, the World Health Organization declared the outbreak a pandemic. During the end of the first quarter of 2020 and the first part of the second quarter of 2020, many countries, states and other local government officials reacted by instituting quarantines, shelter-in-place and other orders mandating non-essential business closures, travel restrictions and other measures in an effort to reduce the spread of COVID-19, in addition to instituting broad-based stimulus, relief and forbearance programs in an effort to mitigate the economic impact of the pandemic. The impact of COVID-19 on the Company's results of operations in each segment are more fully described in the discussion below.

The following tables and related discussion set forth key operating and financial data for the Company's operations by reporting segment as of and for the years ended December 31, 2020 and 2019. For similar operating and financial data and discussion of the Company's 2019 results compared to its 2018 results, refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" under Part II of the Company's Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the SEC on February 3, 2020.

U.S. Operations Segment

The following table details earning assets, which consist of pawn loans, inventories and unsecured consumer loans, net, as well as other earning asset metrics of the U.S. operations segment as of December 31, 2020 as compared to December 31, 2019 (dollars in thousands, except as otherwise noted):

	As of December 31,		Increase /
	2020	2019	(Decrease)
U.S. Operations Segment			
Earning assets:			
Pawn loans	**$ 220,391**	$ 268,793	(18)%
Inventories	**136,109**	181,320	(25)%
Consumer loans, net [(1)]	**—**	751	(100)%
	$ 356,500	$ 450,864	(21)%
Average outstanding pawn loan amount (in ones)	**$ 198**	$ 177	12 %
Composition of pawn collateral:			
General merchandise	**33 %**	34 %	
Jewelry	**67 %**	66 %	
	100 %	100 %	
Composition of inventories:			
General merchandise	**46 %**	47 %	
Jewelry	**54 %**	53 %	
	100 %	100 %	
Percentage of inventory aged greater than one year	**2 %**	3 %	
Inventory turns (trailing twelve months cost of merchandise sales divided by average inventories)	**3.2 times**	2.8 times	

(1) Effective June 30, 2020, the Company ceased offering unsecured consumer lending and credit services products, which include all payday and installment loans, in the U.S.

The following table presents segment pre-tax operating income and other operating metrics of the U.S. operations segment for the year ended December 31, 2020 as compared to the year ended December 31, 2019 (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.

	Year Ended December 31,		Increase /
	2020	2019	(Decrease)
U.S. Operations Segment			
Revenue:			
Retail merchandise sales	**$ 720,281**	$ 722,127	— %
Pawn loan fees	**310,437**	379,395	(18)%
Wholesale scrap jewelry sales	**45,405**	71,813	(37)%
Consumer loan and credit services fees [1]	**2,016**	20,178	(90)%
Total revenue	**1,078,139**	1,193,513	(10)%
Cost of revenue:			
Cost of retail merchandise sold	**415,938**	447,911	(7)%
Cost of wholesale scrap jewelry sold	**39,584**	65,941	(40)%
Consumer loan and credit services loss provision [1]	**(488)**	4,159	(112)%
Total cost of revenue	**455,034**	518,011	(12)%
Net revenue	**623,105**	675,502	(8)%
Segment expenses:			
Store operating expenses	**396,627**	412,508	(4)%
Depreciation and amortization	**21,743**	20,860	4 %
Total segment expenses	**418,370**	433,368	(3)%
Segment pre-tax operating income	**$ 204,735**	$ 242,134	(15)%
Operating metrics:			
Retail merchandise sales margin	**42 %**	38 %	
Wholesale scrap jewelry sales margin	**13 %**	8 %	
Net revenue margin	**58 %**	57 %	
Segment pre-tax operating margin	**19 %**	20 %	

(1) Effective June 30, 2020, the Company ceased offering unsecured consumer lending and credit services products, which include all payday and installment loans, in the U.S.

Retail Merchandise Sales Operations

U.S. retail merchandise sales declined less than 1% to $720.3 million during 2020 compared to $722.1 million for 2019. Same-store retail sales also decreased less than 1% during 2020 compared to 2019. Offsetting the small decline in retail sales revenue, the gross profit margin on retail merchandise sales in the U.S. was 42% compared to a margin of 38% during 2019, which resulted in an 11% increase in net revenue (gross profit) from retail sales for 2020 compared to 2019.

U.S. inventories decreased 25% from $181.3 million at December 31, 2019 to $136.1 million at December 31, 2020. Inventories aged greater than one year in the U.S. were 2% at December 31, 2020 compared to 3% at December 31, 2019.

In general, in most jurisdictions where the Company has stores, pawnshops were designated an essential service by federal guidelines and/or local regulations and were allowed to remain open during the broad shutdowns in response to COVID-19. As a result, retail sales during the second quarter, which increased 24% compared to the prior-year quarter, benefited from strong demand for stay-at-home products, such as consumer electronics, tools and sporting goods and were further enhanced by federal stimulus payments made directly to consumers, which drove additional demand across most product categories, including jewelry. As a result of the significant second quarter increase in retail sales and less forfeited inventory from lower pawn receivable balances (as described below), inventory balances were negatively impacted and decreased 30% at June 30, 2020 compared to the prior year-quarter. The lower inventory balances negatively impacted retail sales during the third and fourth quarters but were offset by an increase in retail sales margin, which was primarily a result of continued retail demand for value-priced pre-owned merchandise, increased buying of merchandise directly from customers and lower levels of aged inventory, all of which limited the need for normal discounting.

Pawn Lending Operations

U.S. pawn loan fees decreased 18% to $310.4 million during 2020 compared to $379.4 million for 2019. Same-store pawn fees also decreased 18% during 2020 compared to 2019. Pawn loan receivables as of December 31, 2020 decreased 18% in total and 19% on a same-store basis compared to December 31, 2019.

The broad shutdowns in response to COVID-19 caused significantly reduced levels of personal spending by consumers in the U.S. Further improving U.S. consumer liquidity during the second quarter were federal stimulus payments, forbearance programs and enhanced unemployment benefits. The additional consumer liquidity resulted in a significant decline in pawn lending activities, including increased redemptions of existing loans and decreased originations of new loans. Pawn loans as of June 30, 2020 were 40% lower than the prior year before beginning to recover. The recovery in pawn loans continued throughout the third and fourth quarters, although pawn loan balances as of December 31, 2020 were still lower than prior-year balances. Resulting pawn loan fees were negatively impacted during the second, third and fourth quarters of 2020 as a result of the lower pawn loan balances.

Wholesale Scrap Jewelry Operations

U.S. wholesale scrap jewelry revenue, consisting primarily of gold sales, decreased 37% to $45.4 million during 2020 compared to $71.8 million during 2019. The decline in scrap revenue relates primarily to reductions in inventory levels as discussed above. The scrap jewelry gross profit margin in the U.S. was 13% compared to the prior-year margin of 8%, with the increase in scrap margin primarily due to an increase in the average selling price of gold during 2020 compared to 2019.

Consumer Lending Operations

The Company ceased offering unsecured consumer lending and credit services products (collectively, consumer lending operations), which include all payday and installment loans, in the U.S. effective June 30, 2020. As a result, service fees from U.S. consumer lending operations decreased 90% to $2.0 million during 2020 compared to $20.2 million during 2019.

Segment Expenses and Segment Pre-Tax Operating Income

U.S. store operating expenses decreased 4% to $396.6 million during 2020 compared to $412.5 million during 2019 and same-store operating expenses decreased 3% compared with the prior-year period. The decrease in same-store operating expenses was primarily due to payroll savings realized through normal employee attrition, reduced store operating hours and other cost saving initiatives as a result of COVID-19, partially offset by an increase in store-level incentive based compensation, primarily as a result of the significant increase in retail sales during the second quarter and increased margins as described above.

U.S. store depreciation and amortization increased 4% to $21.7 million during 2020 compared to $20.9 million during 2019.

The U.S. segment pre-tax operating income for 2020 was $204.7 million, which generated a pre-tax segment operating margin of 19% compared to $242.1 million and 20% in the prior year, respectively. The decrease in the segment pre-tax operating income and margin reflected decreases in pawn fee revenue as a result of the decline in pawn loan receivables and net revenue from consumer loan and credit services products as a result of discontinuing consumer lending operations, partially offset by an increase in gross profit from retail sales and a decrease in operating expenses.

Latin America Operations Segment

The Company's management reviews and analyzes 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 wholesale scrap jewelry sales in Latin America are priced and settled in U.S. dollars and are not affected by foreign currency translation, as are a small percentage of the operating and administrative expenses in Latin America, which are billed and paid in U.S. dollars.

Latin American results of operations for 2020 compared to 2019 were impacted by an 11% 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 December 31, 2020 compared to December 31, 2019 was also impacted by a 6% 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 and inventories as well as other earning asset metrics of the Latin America operations segment as of December 31, 2020 as compared to December 31, 2019 (dollars in thousands, except as otherwise noted):

	As of December 31,		Increase /	Constant Currency Basis	
				As of December 31, 2020	Increase / (Decrease)
	2020	2019	(Decrease)	**(Non-GAAP)**	(Non-GAAP)
Latin America Operations Segment					
Earning assets:					
Pawn loans	**$ 87,840**	$ 100,734	(13)%	**$ 92,802**	(8)%
Inventories	**54,243**	83,936	(35)%	**57,289**	(32)%
	$ 142,083	$ 184,670	(23)%	**$ 150,091**	(19)%
Average outstanding pawn loan amount (in ones)	**$ 78**	$ 71	10 %	**$ 82**	15 %
Composition of pawn collateral:					
General merchandise	**64 %**	67 %			
Jewelry	**36 %**	33 %			
	100 %	100 %			
Composition of inventories:					
General merchandise	**56 %**	66 %			
Jewelry	**44 %**	34 %			
	100 %	100 %			
Percentage of inventory aged greater than one year	**2 %**	1 %			
Inventory turns (trailing twelve months cost of merchandise sales divided by average inventories)	**4.3 times**	3.8 times			

The following table presents segment pre-tax operating income and other operating metrics of the Latin America operations segment for the year ended December 31, 2020 as compared to the year ended December 31, 2019 (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.

	Year Ended December 31,		Increase /	Constant Currency Basis	
	2020	2019	(Decrease)	**Year Ended December 31, 2020 (Non-GAAP)**	Increase / (Decrease) (Non-GAAP)
Latin America Operations Segment					
Revenue:					
Retail merchandise sales	**$ 355,237**	$ 453,434	(22)%	**$ 394,691**	(13)%
Pawn loan fees	**147,080**	185,429	(21)%	**163,459**	(12)%
Wholesale scrap jewelry sales	**50,828**	32,063	59 %	**50,828**	59 %
Total revenue	**553,145**	670,926	(18)%	**608,978**	(9)%
Cost of revenue:					
Cost of retail merchandise sold	**225,149**	297,950	(24)%	**250,095**	(16)%
Cost of wholesale scrap jewelry sold	**39,962**	30,131	33 %	**44,433**	47 %
Total cost of revenue	**265,111**	328,081	(19)%	**294,528**	(10)%
Net revenue	**288,034**	342,845	(16)%	**314,450**	(8)%
Segment expenses:					
Store operating expenses	**165,531**	183,031	(10)%	**182,532**	— %
Depreciation and amortization	**15,816**	14,626	8 %	**17,411**	19 %
Total segment expenses	**181,347**	197,657	(8)%	**199,943**	1 %
Segment pre-tax operating income	**$ 106,687**	$ 145,188	(27)%	**$ 114,507**	(21)%
Operating metrics:					
Retail merchandise sales margin	**37 %**	34 %		**37 %**	
Wholesale scrap jewelry sales margin	**21 %**	6 %		**13 %**	
Net revenue margin	**52 %**	51 %		**52 %**	
Segment pre-tax operating margin	**19 %**	22 %		**19 %**	

Retail Merchandise Sales Operations

Latin America retail merchandise sales decreased 22% (13% on a constant currency basis) to $355.2 million during 2020 compared to $453.4 million for 2019. Same-store retail sales decreased 25% (17% on a constant currency basis). The gross profit margin on retail merchandise sales was 37% during 2020 compared to 34% during 2019.

Inventories in Latin America decreased 35% (32% on a constant currency basis) from $83.9 million at December 31, 2019 to $54.2 million at December 31, 2020. Inventories aged greater than one year in Latin America were 2% at December 31, 2020 and 1% at December 31, 2019.

In general, in most Latin American jurisdictions where the Company has stores, pawnshops were designated an essential service by federal guidelines and/or local regulations and were allowed to remain open during the broad shutdowns in response to COVID-19. However, a regulatory prohibition of retail transactions was enacted in Mexico during the last three weeks of May and all stores were closed in Colombia and El Salvador during much of the second quarter due to broad government shutdowns. Although the Company experienced strong demand for stay-at-home products, such as consumer electronics, tools and sporting goods, retail sales were negatively impacted by government operating restrictions and closures. In addition, inventory balances decreased 36% (24% on a constant currency basis) as of June 30, 2020 compared to the prior-year quarter as a result of less forfeited inventory being generated from lower pawn receivable balances and an increase in scrapping activities, primarily in markets impacted by retail restrictions, which limited retail sales during the third and fourth quarters. The lower retail sales volume was partially offset by an increase in retail sales margin, which was primarily a result of continued retail demand for value-priced pre-owned merchandise and increased buying of merchandise directly from customers, which limited the need for normal discounting.

Pawn Lending Operations

Pawn loan fees in Latin America decreased 21% (12% on a constant currency basis) totaling $147.1 million during 2020 compared to $185.4 million for 2019. Same-store pawn fees decreased 24% (16% on a constant currency basis) during 2020 compared to 2019. Pawn loan receivables decreased 13% (8% on a constant currency basis) as of December 31, 2020 compared to December 31, 2019, while same-store pawn receivables decreased by 15% (10% on a constant currency basis).

The broad shutdowns in response to COVID-19 caused significantly reduced levels of personal spending by consumers in Latin America. While there were limited government stimulus programs in the region in response to the pandemic, increased cross-border remittance payments from the U.S. to many Latin American countries further improved consumer liquidity during the second quarter. The additional consumer liquidity resulted in a significant decline in pawn lending activities, including increased redemptions of existing loans and decreased originations of new loans. Pawn loans as of June 30, 2020 were 36% lower (24% on a constant currency basis) than the prior year before beginning to recover. The recovery in pawn loans continued throughout the third and fourth quarters, although pawn loan balances as of December 31, 2020 were still lower than prior-year balances. Resulting pawn loan fees were negatively impacted during the second, third and fourth quarters of 2020 as a result of the lower pawn loan balances.

Wholesale Scrap Jewelry Operations

Latin America wholesale scrap jewelry revenue, consisting primarily of gold sales, increased 59% (also 59% on a constant currency basis) to $50.8 million during 2020 compared to $32.1 million during 2019. The increase was primarily due to an increase in scrapping activities mostly in markets impacted by retail restrictions and government shutdowns and increased volume contributions from recently acquired stores which carried a greater percentage of jewelry inventories. The scrap jewelry gross profit margin in Latin America was 21% (13% on a constant currency basis) compared to the prior-year margin of 6%, with the increase in scrap margin primarily due to an increase in the average selling price of gold during 2020 compared to 2019.

Segment Expenses and Segment Pre-Tax Operating Income

Store operating expenses decreased 10% (flat on a constant currency basis) to $165.5 million during 2020 compared to $183.0 million during 2019. Total store operating expenses decreased primarily due to cost saving initiatives as a result of COVID-19, partially offset by the 8% increase in the Latin America weighted-average store count. Same-store operating expenses decreased 15% (6% on a constant currency basis) compared to the prior-year period.

Latin America store depreciation and amortization increased 8% (19% on a constant currency basis) to $15.8 million during 2020 compared to $14.6 million during 2019 primarily due to the increase in the store count.

The segment pre-tax operating income for 2020 was $106.7 million, which generated a pre-tax segment operating margin of 19% compared to $145.2 million and 22% in the prior year, respectively. The decline in the segment pre-tax operating income and margin was primarily due to declines in retail sales and pawn loan fees and an 11% unfavorable change in the average value of the Mexican peso, partially offset by an increase in gross profit from scrapping activities and declines in store operating expenses.

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 year ended December 31, 2020 as compared to the year ended December 31, 2019 (dollars in thousands):

	Year Ended December 31,		Increase /
	2020	2019	(Decrease)
Consolidated Results of Operations			
Segment pre-tax operating income:			
U.S. operations	**$ 204,735**	$ 242,134	(15)%
Latin America operations	**106,687**	145,188	(27)%
Consolidated segment pre-tax operating income	**311,422**	387,322	(20)%
Corporate expenses and other income:			
Administrative expenses	**110,931**	122,334	(9)%
Depreciation and amortization	**4,546**	6,418	(29)%
Interest expense	**29,344**	34,035	(14)%
Interest income	**(1,540)**	(1,055)	46 %
Merger and acquisition expenses	**1,316**	1,766	(25)%
Loss (gain) on foreign exchange	**884**	(787)	212 %
Loss on extinguishment of debt	**11,737**	—	— %
Write-offs and impairments of certain lease intangibles and other assets	**10,505**	—	— %
Total corporate expenses and other income	**167,723**	162,711	3 %
Income before income taxes	**143,699**	224,611	(36)%
Provision for income taxes	**37,120**	59,993	(38)%
Net income	**$ 106,579**	$ 164,618	(35)%

Corporate Expenses and Taxes

Administrative expenses decreased 9% to $110.9 million during 2020 compared to $122.3 million during 2019, primarily due to a reduction in executive incentive-based compensation expense, reduced travel costs, other cost saving initiatives as a result of COVID-19 and an 11% unfavorable change in the average value of the Mexican peso resulting in lower U.S. dollar translated expenses, partially offset by a 4% increase in the consolidated weighted-average store count. Administrative expenses were 7% of revenue during both 2020 and 2019.

Corporate depreciation and amortization decreased to $4.5 million during 2020 compared to $6.4 million during 2019, primarily due to the realization of depreciation and amortization synergies from the Company's merger with Cash America and a reduction in corporate capital spending compared to levels prior to the Cash America merger.

Interest expense decreased 14% to $29.3 million during 2020 compared to $34.0 million for 2019, primarily due to lower average balances outstanding on the Company's unsecured credit facilities and lower average interest rates during 2020 compared to 2019. See "Liquidity and Capital Resources."

Interest income increased to $1.5 million during 2020 compared to $1.1 million for 2019, primarily due to increased levels of invested cash balances in Mexico due to a decreased level of acquisition activity during 2020 compared to 2019, partially offset by lower average interest rates during 2020 compared to 2019.

Merger and acquisition expenses decreased to $1.3 million during 2020 compared to $1.8 million during 2019, reflecting a decreased level of acquisition activity in 2020 compared to 2019.

During 2020, the Company redeemed its outstanding $300.0 million, 5.375% senior notes due 2024, incurring a loss on extinguishment of debt of $11.7 million, which includes an early redemption premium and other redemption costs of $8.8 million and the write-off of unamortized debt issuance costs of $2.9 million.

During 2020, the Company recorded a $7.1 million write-off of certain merger related lease intangibles, a $1.9 million impairment of other assets and a $1.5 million impairment of property and equipment. The lease intangibles, which are included in the operating lease right of use asset on the consolidated balance sheets, were recorded in conjunction with the Cash America merger and were written-off primarily as a result of the Company purchasing the store real estate from the landlords of certain existing legacy Cash America stores. The $1.9 million impairment related to a non-operating asset in which the Company determined that an other than temporary impairment existed as of March 31, 2020. The $1.5 million impairment related to certain property and equipment for which the Company determined the carrying value exceeded its fair value as of December 31, 2020.

Consolidated effective income tax rates for 2020 and 2019 were 25.8% and 26.7%, respectively. The decrease in the effective tax rate was primarily due to the Internal Revenue Service finalizing regulations in July 2020 for the global intangible low-taxed income tax (“GILTI”) provisions for foreign operations in the U.S. federal tax code as well as a reduction in certain non-deductible executive incentive-based compensation in 2020 compared to 2019. The GILTI tax became effective in 2018, and based on preliminary IRS guidance, the impact to the Company had been included in its tax provisions since 2018. The finalized regulations effectively eliminated the impact of the incremental GILTI tax to the Company and permitted retroactive application. See Note 10 of Notes to Consolidated Financial Statements.

Liquidity and Capital Resources

As of December 31, 2020, the Company’s primary sources of liquidity were $65.9 million in cash and cash equivalents, $403.7 million of available and unused funds under the Company's revolving unsecured credit facilities, subject to certain financial covenants, $349.3 million in customer loans and fees and service charges receivable and $190.4 million in inventories. The Company had working capital of $418.2 million as of December 31, 2020.

The Company’s cash and cash equivalents as of December 31, 2020 included $28.3 million held by its foreign subsidiaries. These cash balances, which are primarily held in Mexican pesos, are associated with foreign earnings the Company has asserted are indefinitely reinvested and which the Company primarily plans to use to support its continued growth plans outside the U.S. through funding of capital expenditures, acquisitions, operating expenses or other similar cash needs of the Company’s foreign operations. Primarily as a result of increased cash flows in Latin America from a net reduction in pawn loans outstanding and reduced store opening and acquisition activity, both due primarily to the impacts of COVID-19, the Company elected to repatriate $43.0 million from certain foreign subsidiaries during 2020.

As of December 31, 2020, the Company maintained an unsecured line of credit with a group of U.S. based commercial lenders (the “Credit Facility”) in the amount of $500.0 million. The Credit Facility matures on December 19, 2024. On November 9, 2020, the Credit Facility was amended (the “2020 Amendment”). Under the 2020 Amendment, the annual commitment fee on the average daily unused portion of the Credit Facility was reduced from 50 basis points to 32.5 basis points. In addition, certain financial covenants were amended temporarily, as described below, due to the expected short-term impact of COVID-19 on the Company’s earnings.

The permitted domestic leverage ratio and consolidated leverage ratio were temporarily increased under the 2020 Amendment. The domestic leverage ratio will remain at the current level of 4.5 times domestic EBITDA, adjusted for certain customary items as more fully set forth in the Credit Facility (“Adjusted Domestic EBITDA”), through December 31, 2020, then increases to 4.75 times Adjusted Domestic EBITDA through June 30, 2021 and then decreases to 4.5 times Adjusted Domestic EBITDA through December 31, 2021. The consolidated leverage ratio was increased from 2.75 to 3.25 times consolidated EBITDA, adjusted for certain customary items as more fully set forth in the Credit Facility (“Adjusted EBITDA”), through December 31, 2020 and then increases to 3.5 times Adjusted EBITDA through June 30, 2021 and then it decreases to 3.25 times Adjusted EBITDA through December 31, 2021. The temporary changes to the leverage ratios as provided in the 2020 Amendment will revert to the previously scheduled ratios of 4.0 times Adjusted Domestic EBITDA and 3.0 times Adjusted EBITDA effective January 1, 2022. The 2020 Amendment also includes additional limits to certain restricted payments when the domestic leverage ratio is equal to or greater than 4.0 times Adjusted Domestic EBITDA or when the consolidated leverage ratio is equal to or greater than 3.25 times Adjusted EBITDA, which are more fully described in the 2020 Amendment.

As of December 31, 2020, the Company had $123.0 million in outstanding borrowings and $3.4 million in outstanding letters of credit under the Credit Facility, leaving $373.6 million available for future borrowings, subject to certain financial covenants. The Credit Facility is unsecured and bears interest, at the Company’s option, of either (1) the prevailing 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 (2) 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 0.325% on the average daily unused portion of the Credit Facility commitment. The weighted-average interest rate on amounts outstanding under the Credit Facility at December 31, 2020 was 2.63% 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 covenants of the Credit Facility as of December 31, 2020, and currently has the capacity to borrow a significant amount of the availability under the Credit Facility under the most restrictive covenant. During 2020, the Company made net payments of $212.0 million pursuant to the Credit Facility.

During March 2020, the Company’s primary subsidiary in Mexico, First Cash S.A. de C.V., entered into an unsecured and uncommitted line of credit guaranteed by FirstCash, Inc. with a bank in Mexico (the “Mexico Credit Facility”) in the amount of $600.0 million Mexican pesos. The Mexico Credit Facility bears interest at the Mexican Central Bank’s interbank equilibrium rate (“TIIE”) plus a fixed spread of 2.5% and matures on March 9, 2023. Under the terms of the Mexico Credit Facility, the Company is required to maintain certain financial ratios and comply with certain financial covenants. The Company was in compliance with the covenants of the Mexico Credit Facility as of December 31, 2020. At December 31, 2020, the Company had no amount outstanding under the Mexico Credit Facility and $600.0 million Mexican pesos available for borrowings.

On August 26, 2020, the Company completed an offering of $500.0 million of 4.625% senior unsecured notes due on September 1, 2028 (the “Notes”), all of which are currently outstanding. Interest on the Notes is payable semi-annually in arrears on March 1 and September 1, commencing on March 1, 2021. The Notes were sold in a private placement in reliance on Rule 144A and Regulation S under the Securities Act of 1933, as amended (the “Securities Act”). The Company used the proceeds from the offering to redeem its outstanding $300.0 million, 5.375% senior notes due 2024 (the “2024 Notes”), to repay a portion of the Credit Facility and to pay for related fees and expenses associated with the offering and the redemption of the 2024 Notes. The Company capitalized approximately $7.3 million in debt issuance costs, which consisted primarily of the initial purchaser’s discount and fees and legal and other professional expenses. The debt issuance costs are being amortized over the life of the Notes as a component of interest expense and are carried as a direct deduction from the carrying amount of the Notes in the accompanying consolidated balance sheets.

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 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 2.75 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 December 31, 2020, the Net Debt Ratio was 2.4 to 1. See “Non-GAAP Financial Information” for additional information on the calculation of the Net Debt Ratio.

The Company may redeem some or all of the Notes at any time on or after September 1, 2023, at the redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any. In addition, prior to September 1, 2023, the Company may redeem some or all of the Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, plus a “make-whole” premium set forth in the Indenture. The Company may redeem up to 40% of the Notes on or prior to September 1, 2023 with the proceeds of certain equity offerings at the redemption prices set forth in the Indenture. If the Company sells certain assets or consummates certain change in control transactions, the Company will be required to make an offer to repurchase the Notes.

During 2020, the Company redeemed all outstanding 2024 Notes. As a result, the Company recognized a loss on extinguishment of debt of $11.7 million, which includes the redemption premium paid over the outstanding $300.0 million principal amount of the 2024 Notes and other redemption costs of $8.8 million and the write-off of unamortized debt issuance costs of $2.9 million.

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

The continued developments and fluidity of the COVID-19 situation make it difficult to predict the ongoing impact of COVID-19 on the Company's liquidity and presents a material uncertainty which could adversely affect the Company's results of operations, financial condition and cash flows in the future. The Company's cash flows depend heavily on the uninterrupted operation of its stores with sufficient customer activity as the Company does not currently offer an online pawn lending or payment platform. If the Company became subject to closure or customer demand for the Company's retail and lending products materially declines, the Company's cash flows would be materially impaired and the Company could seek to raise additional funds from a variety of sources, including but not limited to, repatriation of excess cash held in Latin America, the sale of assets, reductions in operating expenses, capital expenditures and dividends, the forbearance or deferral of operating expenses, the issuance of debt or equity securities, leveraging currently unencumbered real estate owned by the Company and/or changes to its management of current assets. The characteristics of the Company's current assets, specifically the ability to rapidly liquidate gold jewelry inventory, which accounts for approximately 51% of total inventory, gives the Company flexibility to quickly increase cash flow, if necessary.

Other factors, such as changes in general customer traffic and demand, loan balances, loan-to-value ratios, 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 expansion and acquisitions, affect the Company's liquidity. Regulatory developments affecting the Company's operations may also impact profitability and liquidity. See "Item 1. Business—Governmental Regulation." A prolonged reduction in earnings and EBITDA could limit the Company's future ability to fully borrow under its lines of credit under its current leverage covenants. Additionally, potential disruptions to the Company's business resulting from COVID-19 could adversely impact the Company's liquidity in the future.

The Company intends to continue expansion through new store openings in Latin America and through acquisitions both in the U.S. and Latin America. Additionally, as opportunities arise at reasonable valuations, the Company may continue to purchase real estate from its landlords at existing stores or in conjunction with pawn store acquisitions.

The impacts of COVID-19 limited the number of 2020 new store openings to 75. For 2021, the Company expects to add approximately 50 to 60 de novo full-service pawn locations in Latin America. Future store openings remain subject to uncertainties related to the COVID-19 pandemic, including but not limited to, the ability to continue construction projects and obtain necessary licenses and permits, utility services, store equipment, supplies and staffing.

The Company continually looks for, and is presented with, potential acquisition opportunities and 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. The Company acquired 40 pawn stores in Latin America and 22 pawn stores in the U.S. during 2020 for a cumulative purchase price of $43.6 million, net of cash acquired and subject to future post-closing adjustments. In addition, the Company purchased the real estate at 43 store locations, primarily from landlords at existing stores, for a cumulative purchase price of $45.5 million during 2020.

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):

	Year Ended December 31,		
	2020	2019	2018
Cash flow provided by operating activities	**$ 222,264**	$ 231,596	$ 243,429
Cash flow used in investing activities	**(20,352)**	(137,053)	(159,247)
Cash flow used in financing activities	**(186,502)**	(120,806)	(127,061)

	As of December 31,		
	2020	2019	2018
Net working capital (1)	**$ 418,159**	$ 538,087	$ 656,847
Current ratio (1)	**3.0:1**	3.7:1	5.9:1
Liabilities to equity (2)	**0.8:1**	0.8:1	0.6:1
Net Debt Ratio (3)	**2.4:1**	1.9:1	1.8:1

(1) Current liabilities as of December 31, 2020 and 2019 include an $88.6 million and $86.5 million, respectively, current lease liability as a result of the adoption of ASC 842 that is not included in current liabilities as of December 31, 2018, thereby impacting comparability of this metric.

(2) Total liabilities as of December 31, 2020 and 2019 include a total of $283.5 million and $280.0 million, respectively, in lease liabilities as a result of the adoption of ASC 842 that is not included in total liabilities as of December 31, 2018, thereby impacting comparability of this metric.

(3) 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 decreased $9.3 million, or 4%, from $231.6 million for 2019 to $222.3 million for 2020, due to net changes in certain non-cash adjustments to reconcile net income to operating cash flow and net changes in other operating assets and liabilities (as detailed in the consolidated statements of cash flows), including a decrease in net income of $58.0 million.

Net cash used in investing activities decreased $116.7 million, or 85%, from $137.1 million during 2019 to $20.4 million during 2020. Cash flows from investing activities are utilized primarily to fund pawn store acquisitions, purchases of furniture, fixtures, equipment and improvements, which includes capital expenditures for improvements to existing stores and for new store openings and other corporate assets, and discretionary purchases of store real property. In addition, cash flows related to net fundings/repayments of pawn and consumer loans are included in investing activities. The Company paid $44.3 million in cash related to current and prior-year store acquisitions, $37.5 million for furniture, fixtures, equipment and improvements and $45.5 million for discretionary store real property purchases during 2020 compared to $52.5 million, $44.3 million and $74.7 million in 2019, respectively. The Company received funds from a net decrease in pawn and consumer loans of $107.0 million during 2020 compared to $34.4 million during 2019.

Net cash used in financing activities increased $65.7 million, or 54%, from $120.8 million during 2019 to $186.5 million during 2020. Net payments on the credit facilities were $215.5 million during 2020 compared to net borrowings of $40.0 million during 2019. During 2020, the Company received $500.0 million in proceeds from the private offering of the Notes and paid $8.0 million in debt issuance costs. Using part of the proceeds from the Notes, the Company redeemed the $300.0 million 2024 Notes and paid redemption premiums over the face value of the 2024 Notes and other redemption costs of $8.8 million during 2020. The Company funded $107.0 million worth of share repurchases and paid dividends of $44.8 million during 2020, compared to funding $116.1 million worth of share repurchases and dividends paid of $44.0 million during 2019. In addition, the Company paid $3.7 million in withholding taxes on net share settlements of restricted stock unit awards and stock options exercised and received $1.1 million in proceeds from the exercise of stock options during 2020, compared to receiving $0.4 million proceeds from the exercise of stock options during 2019.

In January 2021, the Company’s Board of Directors declared a $0.27 per share first quarter cash dividend on common shares outstanding, or an aggregate of $11.1 million based on the December 31, 2020 share count, to be paid on February 26, 2021 to stockholders of record as of February 12, 2021. While the Company currently expects to continue the payment of quarterly cash dividends, 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, debt covenant restrictions and other relevant factors including the impact of COVID-19.

During 2020, the Company repurchased a total of 1,427,000 shares of common stock at an aggregate cost of $107.0 million and an average cost per share of $74.96, and during 2019, repurchased 1,305,000 shares of common stock at an aggregate cost of $114.0 million and an average cost per share of $87.37. The Company intends to continue repurchases under its active share repurchase programs, including through open market transactions under trading plans in accordance with Rule 10b5-1 and Rule 10b-18 under the Exchange Act of 1934, as amended, subject to a variety of factors, including, but not limited to, the level of cash balances, credit availability, debt covenant restrictions, general business conditions, regulatory requirements, the market price of the Company’s stock, dividend policy, the availability of alternative investment opportunities, including acquisitions, and the impact of COVID-19.

The following table provides purchases made by the Company of shares of its common stock under each share repurchase program in effect during 2020 (dollars in thousands):

Plan Authorization Date	Plan Completion Date	Dollar Amount Authorized	Shares Purchased in 2020	Dollar Amount Purchased in 2020	Remaining Dollar Amount Authorized For Future Purchases
October 24, 2018	January 30, 2020	$ 100,000	344,000	$ 28,797	$ —
January 28, 2020	Currently active	100,000	1,083,000	78,173	21,827
Total			1,427,000	$ 106,970	$ 21,827

As of December 31, 2020, the Company had contractual commitments to deliver a total of 24,500 gold ounces between the months of January and December 2021 at a weighted-average price of $1,840 per ounce. The ounces required to be delivered over this time period are within historical scrap gold volumes and the Company expects to have the required gold ounces to meet the commitments as they come due.

Non-GAAP Financial Information

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

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

The Company has certain leases in Mexico which are denominated in U.S. dollars. The lease liability of these U.S. dollar denominated leases, which is considered a monetary liability, is remeasured into Mexican pesos using current period exchange rates resulting in the recognition of foreign currency exchange gains or losses. The Company has adjusted the applicable financial measures to exclude these remeasurement gains or losses because they are non-cash, non-operating items that could create volatility in the Company’s consolidated results of operations due to the magnitude of the end of period lease liability being remeasured and to improve comparability of current periods presented with prior periods due to the adoption of ASC 842 on January 1, 2019.

In conjunction with the Cash America merger in 2016, the Company recorded certain lease intangibles related to above or below market lease liabilities of Cash America which are included in the operating lease right of use asset on the consolidated balance sheets. As the Company continues to opportunistically purchase real estate from landlords at certain Cash America stores, the associated lease intangible, if any, is written-off and gain or loss is recognized. The Company has adjusted the applicable financial measures to exclude these gains or losses given the variability in size and timing of these transactions and because they are non-cash, non-operating gains or losses. The Company believes this improves comparability of operating results for current periods presented with prior periods.

Adjusted Net Income and Adjusted Diluted Earnings Per Share

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

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

	Year Ended December 31,					
	2020		2019		2018	
	In Thousands	Per Share	In Thousands	Per Share	In Thousands	Per Share
Net income and diluted earnings per share, as reported	**$ 106,579**	**$ 2.56**	$ 164,618	$ 3.81	$ 153,206	$ 3.41
Adjustments, net of tax:						
Merger and acquisition expenses	**991**	**0.02**	1,276	0.03	5,412	0.12
Non-cash foreign currency loss (gain) related to lease liability	**874**	**0.02**	(653)	(0.01)	—	—
Loss on extinguishment of debt	**9,037**	**0.22**	—	—	—	—
Non-cash write-off of certain Cash America merger related lease intangibles	**5,432**	**0.13**	—	—	—	—
Non-cash impairment of certain other assets [(1)]	**1,463**	**0.04**	—	—	—	—
Accrual of pre-merger Cash America income tax liability	**693**	**0.02**	—	—	—	—
Consumer lending wind-down costs and asset impairments	**84**	**—**	2,659	0.06	1,166	0.03
Net tax benefit from Tax Cuts and Jobs Act	**—**	**—**	—	—	(1,494)	(0.03)
Adjusted net income and diluted earnings per share	**$ 125,153**	**$ 3.01**	$ 167,900	$ 3.89	$ 158,290	$ 3.53

(1) Impairment related to a non-operating asset in which the Company determined that an other than temporary impairment existed as of March 31, 2020.

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

	Year Ended December 31,								
	2020			2019			2018		
	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax
Merger and acquisition expenses	**$ 1,316**	**$ 325**	**$ 991**	$ 1,766	$ 490	$ 1,276	$ 7,643	$ 2,231	$ 5,412
Non-cash foreign currency loss (gain) related to lease liability	**1,249**	**375**	**874**	(933)	(280)	(653)	—	—	—
Loss on extinguishment of debt	**11,737**	**2,700**	**9,037**	—	—	—	—	—	—
Non-cash write-off of certain Cash America merger related lease intangibles	**7,055**	**1,623**	**5,432**	—	—	—	—	—	—
Non-cash impairment of certain other assets	**1,900**	**437**	**1,463**	—	—	—	—	—	—
Accrual of pre-merger Cash America income tax liability	**—**	**(693)**	**693**	—	—	—	—	—	—
Consumer lending wind-down costs and asset impairments	**109**	**25**	**84**	3,454	795	2,659	1,514	348	1,166
Net tax benefit from Tax Cuts and Jobs Act	**—**	**—**	**—**	—	—	—	—	1,494	(1,494)
Total adjustments	**$ 23,366**	**$ 4,792**	**$ 18,574**	$ 4,287	$ 1,005	$ 3,282	$ 9,157	$ 4,073	$ 5,084

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 unsecured notes covenants. The following table provides a reconciliation of net income to EBITDA and adjusted EBITDA (unaudited, dollars in thousands):

	Year Ended December 31,		
	2020	2019	2018
Net income	**$ 106,579**	$ 164,618	$ 153,206
Income taxes	**37,120**	59,993	52,103
Depreciation and amortization	**42,105**	41,904	42,961
Interest expense	**29,344**	34,035	29,173
Interest income	**(1,540)**	(1,055)	(2,444)
EBITDA	**213,608**	299,495	274,999
Adjustments:			
Merger and acquisition expenses	**1,316**	1,766	7,643
Non-cash foreign currency loss (gain) related to lease liability	**1,249**	(933)	—
Loss on extinguishment of debt	**11,737**	—	—
Non-cash write-off of certain Cash America merger related lease intangibles	**7,055**	—	—
Non-cash impairment of certain other assets	**1,900**	—	—
Consumer lending wind-down costs and asset impairments	**109**	3,454	1,514
Adjusted EBITDA	**$ 236,974**	$ 303,782	$ 284,156
Net Debt Ratio calculation:			
Total debt (outstanding principal)	**$ 623,000**	$ 635,000	$ 595,000
Less: cash and cash equivalents	**(65,850)**	(46,527)	(71,793)
Net debt	**$ 557,150**	$ 588,473	$ 523,207
Adjusted EBITDA	**$ 236,974**	$ 303,782	$ 284,156
Net Debt Ratio (Net Debt divided by Adjusted EBITDA)	**2.4 :1**	1.9 :1	1.8 :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 furniture, fixtures, equipment and improvements 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. Adjusted free cash flow is defined as free cash flow adjusted for merger and acquisition expenses paid that management considers to be non-operating in nature.

Free cash flow and adjusted free cash flow are commonly used by investors as 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 (unaudited, in thousands):

	Year Ended December 31,		
	2020	2019	2018
Cash flow from operating activities	**$ 222,264**	$ 231,596	$ 243,429
Cash flow from investing activities:			
Loan receivables, net [1]	**107,008**	34,406	10,125
Purchases of furniture, fixtures, equipment and improvements	**(37,543)**	(44,311)	(35,677)
Free cash flow	**291,729**	221,691	217,877
Merger and acquisition expenses paid, net of tax benefit	**991**	1,276	7,072
Adjusted free cash flow	**$ 292,720**	$ 222,967	$ 224,949

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

Constant Currency Results

The Company's reporting currency is the U.S. dollar. However, certain performance metrics discussed in this report are presented on a "constant currency" basis, which is considered a non-GAAP financial measure. The Company's management uses constant currency results to evaluate operating results of business operations in Latin America, which are primarily transacted in local currencies.

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

Contractual Commitments

A tabular disclosure of contractual obligations at December 31, 2020 is as follows (in thousands):

	Payments Due by Period				
	Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
Operating leases	$ 325,352	$ 104,951	$ 144,825	$ 55,050	$ 20,526
Revolving unsecured credit facilities [1]	123,000	—	—	123,000	—
Senior unsecured notes	500,000	—	—	—	500,000
Interest on senior unsecured notes	185,385	23,510	46,250	46,250	69,375
Executive employment contracts [2]	5,741	4,751	990	—	—
Total	$ 1,139,478	$ 133,212	$ 192,065	$ 224,300	$ 589,901

(1) Excludes interest obligations under the Company's revolving unsecured credit facilities. See Note 9 of Notes to Consolidated Financial Statements.

(2) The employment contracts provide for certain severance payments and other benefits in the event of the executive's termination of employment or a change in control of the Company. Further information regarding the executive employment contracts is provided under the heading "Executive Compensation - Employment Agreements and Change in Control Provisions" of the 2021 Proxy Statement.

Off-Balance Sheet Arrangements

As of December 31, 2020, the Company had no material off-balance sheet arrangements.

Inflation

The Company does not believe inflation has had a material effect on the volume of customer loans originated, merchandise sales, or results of operations.

Seasonality

The Company's business is subject to seasonal variations, and operating results for each 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 typical 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 in the U.S.

Recent Accounting Pronouncements

See discussion in Note 2 of Notes to Consolidated Financial Statements.

Item 7A. 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. The impact of current-year fluctuations in gold prices and foreign currency exchange rates, in particular, are further discussed in Part II, Item 7 herein. The Company does not engage in speculative or leveraged transactions, nor does it hold or issue financial instruments for trading purposes.

Gold Price Risk

The Company has significant holdings of gold in the form of jewelry inventories and pawn collateral, and a significant portion of retail merchandise sales are gold jewelry as are most of the wholesale scrap jewelry sales. At December 31, 2020, the Company held approximately $97.1 million in jewelry inventories, which was primarily gold, representing 51% of total inventory. In addition, approximately $178.8 million, or 58%, of total pawn loans were collateralized by jewelry, which was also primarily gold. Of the Company's total retail merchandise revenue during 2020, approximately $376.4 million, or 35%, was from jewelry sales. During 2020, the average market price of gold increased by 27%, from $1,393 to $1,769 per ounce. The price of gold at December 31, 2020 was $1,888 per ounce, compared to $1,515 at December 31, 2019. A significant and sustained decline in the price of gold would negatively impact the value of jewelry inventories held by the Company and the value of gold jewelry pledged as collateral by pawn customers. As a result, the Company's profit margins from the sale of existing jewelry inventories could be negatively impacted, as could the potential profit margins on gold jewelry currently pledged as collateral by pawn customers in the event it was forfeited by the customer. In addition, a decline in gold prices could result in a lower balance of pawn loans outstanding for the Company, as customers generally would receive lower loan amounts for individual pieces of pledged gold jewelry, although the Company believes that many customers would be willing to add additional items of value to their pledge in order to obtain the desired loan amount, thus mitigating a portion of this risk.

Foreign Currency Risk

The financial statements of the Company's subsidiaries in Mexico, Guatemala and Colombia are translated into U.S. dollars using period-end exchange rates for assets and liabilities and average exchange rates for revenues and expenses. Adjustments resulting from translating net assets are reported as a separate component of accumulated other comprehensive income (loss) within stockholders' equity under the caption "currency translation adjustment." Exchange rate gains or losses related to foreign currency transactions are recognized as transaction gains or losses in the Company's income statement as incurred. The Company also has operations in El Salvador where the reporting and functional currency is the U.S. dollar.

On a dollar translated basis, Latin America revenues and cost of revenues account for 34% and 37%, respectively, of consolidated amounts for the year ended December 31, 2020. The majority of Latin America revenues and expenses are denominated in currencies other than the U.S. dollar and the Company, therefore, has foreign currency risk related to these currencies, which are primarily the Mexican peso, and to a much lesser extent, the Guatemalan quetzal and Colombian peso.

Accordingly, changes in exchange rates, and in particular a weakening of foreign currencies relative to the U.S. dollar, may negatively affect the Company's revenue and earnings of its Latin America operations as expressed in U.S. dollars. For the year ended December 31, 2020, the Company's Latin America revenues and pre-tax operating income would have been approximately $55.8 million and $7.8 million higher, respectively, had foreign currency exchange rates remained consistent with those for the year ended December 31, 2019. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations" for further discussion of Latin America constant currency results.

The Company does not typically use long-term foreign exchange contracts or derivatives to hedge foreign currency exposures. The volatility of exchange rates depends on many factors that it cannot forecast with reliable accuracy. The Company's continued Latin America expansion increases exposure to exchange rate fluctuations and, as a result, such fluctuations could have a significant impact on future results of operations. The average value of the Mexican peso to the U.S. dollar exchange rate for 2020 was 21.5 to 1, compared to 19.3 to 1 in 2019 and 19.2 to 1 in 2018. A one point change in the average Mexican peso to the U.S. dollar exchange rate would have impacted 2020 annual earnings by approximately $2.0 million. The impact of foreign exchange rates in Guatemala and Colombia are not material to the Company's financial position or results of operations.

Interest Rate Risk

The Company is potentially exposed to market risk in the form of interest rate risk in regards to its long-term unsecured lines of credit. At December 31, 2020, the Company had $123.0 million outstanding under its revolving lines of credit. The revolving lines of credit are generally priced with a variable rate based on a fixed spread over LIBOR or TIIE and reprice with any changes in LIBOR or TIIE. Based on the average outstanding indebtedness during 2020, a 1% (100 basis points) increase in interest rates would have increased the Company's interest expense by approximately $2.2 million for 2020.

Interest rate fluctuations will generally not affect the Company's future earnings or cash flows on its fixed rate debt unless such instruments mature or are otherwise terminated. However, interest rate changes will affect the fair value of the Company's fixed rate instruments. At December 31, 2020, the fair value of the Company's fixed rate debt was approximately $516.0 million and the outstanding principal of the Company's fixed rate debt was $500.0 million. The fair value estimate of the Company's fixed rate debt was estimated based on quoted prices in markets that are not active. Changes in assumptions or estimation methodologies may have a material effect on this estimated fair value. As the Company has the ability to hold its fixed rate instruments to maturity and the amounts due under such instruments would be limited to the outstanding principal balance and any accrued and unpaid interest, the Company does not expect that fluctuations in interest rates, and the resulting change in fair value of its fixed rate instruments, would have a significant impact on the Company's operations.

The Company's cash and cash equivalents are sometimes invested in money market accounts. Accordingly, the Company is subject to changes in market interest rates. However, the Company does not believe a change in these rates would have a material adverse effect on the Company's operating results, financial condition, or cash flows.

Item 8. Financial Statements and Supplementary Data

The financial statements prepared in accordance with Regulation S-X are included in a separate section of this report. See the index to Financial Statements at Item 15(a)(1) and (2) of this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. 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 Exchange Act) as of December 31, 2020 (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.

Limitations on Effectiveness of Controls and Procedures

The Company's management, including its Chief Executive Officer and Chief Financial Officer, does not expect 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.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of the Company's internal control over financial reporting. Internal control over financial reporting (as defined in Rules 13a-15(f) and 15d(f) under the Exchange Act) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with GAAP. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, (3) provide reasonable assurance that receipts and expenditures are being made only in accordance with appropriate authorization of management and the board of directors, and (4) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations, therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. To make this assessment, management used the criteria for effective internal control over financial reporting described in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that, as of December 31, 2020, the Company's internal control over financial reporting is effective based on those criteria.

The Company's internal control over financial reporting as of December 31, 2020, has been audited by RSM US LLP, the independent registered public accounting firm that audited the Company's financial statements included in this report, and RSM's attestation report is included below.

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 December 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of FirstCash, Inc.

Opinion on the Internal Control Over Financial Reporting

We have audited FirstCash, Inc. and its subsidiaries (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2020 and the related notes to the consolidated financial statements of the Company and our report dated February 1, 2021 expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ RSM US LLP

Dallas, Texas
February 1, 2021

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 to this Annual Report on Form 10-K with respect to the directors, executive officers and compliance with Section 16(a) of the Exchange Act is incorporated herein by reference from the information provided under the headings “Election of Directors,” “Executive Officers” and “Corporate Governance, Board Matters and Director Compensation,” contained in the Company’s Proxy Statement to be filed with the SEC in connection with the solicitation of proxies for the Company’s 2021 Annual Meeting of Stockholders to be held on or about June 3, 2021 (the “2021 Proxy Statement”).

The Company has adopted a Code of Ethics that applies to all of its directors, officers, and employees. This Code of Ethics is publicly available on the Company’s website at **www.firstcash.com**. The Company intends to disclose future amendments to, or waivers from, certain provisions of its Code of Ethics on its website in accordance with applicable Nasdaq and SEC requirements. Copies of the Company’s Code of Ethics are also available, free of charge, by submitting a written request to FirstCash, Inc., Investor Relations, 1600 West 7th Street, Fort Worth, Texas 76102.

Item 11. Executive Compensation

The information required by Item 11 to this Annual Report on Form 10-K is incorporated herein by reference from the information provided under the headings “Executive Compensation” and “Compensation Committee Interlocks and Insider Participation” of the 2021 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 to this Annual Report on Form 10-K is incorporated herein by reference from the information provided under the heading “Equity Compensation Plan Information” and “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” of the 2021 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 to this Annual Report on Form 10-K is incorporated herein by reference from the information provided under the headings “Certain Relationships and Related Person Transactions” and “Corporate Governance, Board Matters and Director Compensation” of the 2021 Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required by Item 14 to this Annual Report on Form 10-K is incorporated herein by reference from the information provided under the heading “Ratification of Independent Registered Public Accounting Firm” of the 2021 Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

(1) Consolidated Financial Statements:

(2) All schedules are omitted because they are not applicable or the required information is shown in the financial statements or the notes thereto.

(3) Exhibits:

		Incorporated by Reference				
Exhibit No.	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
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	3.1	04/24/2019	
4.1	Common Stock Specimen	S-1	33-48436	4.2a	06/05/1992	
4.2	Indenture, dated as of May 30, 2017, by and among FirstCash, Inc., the guarantors listed therein and BOKF, NA (including the form of Note attached as an exhibit thereto)	8-K	001-10960	4.1	05/31/2017	
4.3	Indenture, dated as of August 26, 2020, by and among FirstCash, Inc., the guarantors listed therein and BOKF, NA (including the form of Note attached as an exhibit thereto).	8-K	001-10960	4.1	08/26/2020	
4.4	Description of Securities					X
10.1	First Cash Financial Services, Inc. 2004 Long-Term Incentive Plan *	DEF 14A	0-19133	C	04/29/2004	
10.2	First Cash Financial Services, Inc. 2011 Long-Term Incentive Plan *	DEF 14A	0-19133	A	04/28/2011	
10.3	Amendment to the FirstCash, Inc. 2011 Long-Term Incentive Plan *	S-8	333-214452	99.2	11/04/2016	
10.4	First Cash 401(k) Profit Sharing Plan, as amended effective as of October 1, 2010 (executed on August 5, 2010)	S-8	333-106881	4(g)	05/31/2012	
10.5	Amended and Restated Credit Agreement, dated July 25, 2016, between First Cash Financial Services, Inc., Certain Subsidiaries of the Borrower From Time to Time Party Thereto, the Lenders Party Thereto, and Wells Fargo Bank, National Association	8-K	0-19133	10.1	07/26/2016	
10.6	Employment Agreement between Rick L. Wessel and First Cash Financial Services, Inc., dated August 26, 2016 *	8-K	0-19133	10.1	08/26/2016	

Exhibit No.	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
10.7	Employment Agreement between T. Brent Stuart and First Cash Financial Services, Inc., dated August 26, 2016 *	8-K	0-19133	10.2	08/26/2016	
10.8	Employment Agreement between R. Douglas Orr and First Cash Financial Services, Inc., dated August 26, 2016 *	8-K	0-19133	10.3	08/26/2016	
10.9	Performance-Based Restricted Stock Unit Award Agreement *	10-Q	001-10960	10.1	05/05/2017	
10.10	First Amendment to Amended and Restated Credit Agreement and Waiver, dated May 30, 2017, between FirstCash, Inc., certain subsidiaries of the borrower from time to time party thereto, the lenders party thereto, and Wells Fargo Bank, National Association	8-K	001-10960	10.1	05/31/2017	
10.11	Employment agreement between Raul Ramos and FirstCash, Inc., dated July 30, 2018 *	10-Q	001-10960	10.1	08/01/2018	
10.12	Employment agreement between Anna M. Alvarado and FirstCash, Inc., dated July 30, 2018 *	10-Q	001-10960	10.2	08/01/2018	
10.13	Second Amendment to Amended and Restated Credit Agreement, dated October 4, 2018, between FirstCash, Inc., certain subsidiaries of the borrower from time to time party thereto, the lenders party thereto, and Wells Fargo Bank, National Association	8-K	001-10960	10.1	10/04/2018	
10.14	FirstCash, Inc. 2019 Long-Term Incentive Plan *	DEF 14A	001-10960	B	04/26/2019	
10.15	Third Amendment to Amended and Restated Credit Agreement, dated December 19, 2019, between FirstCash, Inc., certain subsidiaries of the borrower from time to time party thereto, the lenders party thereto, and Wells Fargo Bank, National Association	8-K	001-10960	10.1	12/19/2019	
10.16	Employment agreement between Daniel R. Feehan and FirstCash, Inc., dated January 28, 2020 *	10-K	001-10960	10.16	02/03/2020	
10.17	Fourth Amendment to Amended and Restated Credit Agreement, dated November 9, 2020, between FirstCash, Inc., certain subsidiaries of the borrower from time to time party thereto, the lenders party thereto, and Wells Fargo Bank, National Association.	8-K	001-10960	10.1	11/10/2020	
21.1	Subsidiaries					X
23.1	Consent of Independent Registered Public Accounting Firm, RSM US LLP					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

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 provided by R. Douglas Orr, Chief Financial Officer					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document contained in Exhibit 101)					X

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

Item 16. Form 10-K Summary

None.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: February 1, 2021	FIRSTCASH, INC. (Registrant) /s/ RICK L. WESSEL Rick L. Wessel Chief Executive Officer (On behalf of the Registrant)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ RICK L. WESSEL Rick L. Wessel	Vice-Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 1, 2021
/s/ R. DOUGLAS ORR R. Douglas Orr	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 1, 2021
/s/ DANIEL R. FEEHAN Daniel R. Feehan	Chairman of the Board	February 1, 2021
/s/ DANIEL E. BERCE Daniel E. Berce	Director	February 1, 2021
/s/ MIKEL D. FAULKNER Mikel D. Faulkner	Director	February 1, 2021
/s/ PAULA K. GARRETT Paula K. Garrett	Director	February 1, 2021
/s/ JAMES H. GRAVES James H. Graves	Director	February 1, 2021
/s/ RANDEL G. OWEN Randel G. Owen	Director	February 1, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of FirstCash, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of FirstCash, Inc. and its subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated February 1, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter described below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition—Accrual of Pawn Loan Fees

As described in Note 2 of the consolidated financial statements, the Company's revenue recognition policy for pawn loan fees is to accrue 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 pawn redemption statistics. The Company's accrual for earned but uncollected pawn loan fees as of December 31, 2020 was $41,110,000, which is included in fees and service charges receivable in the accompanying consolidated balance sheet. The determination of the accrual for pawn loan fees is subjective and requires management to make significant judgements related to the probability of collection and the expected effective yield of the pawn loan portfolio at the measurement date. We identified the accrual for pawn loan fees as a critical audit matter as auditing the probability of collection and the expected yield of the pawn loan portfolio was complex and required a high degree of auditor judgement and subjectivity due to the significant judgements applied by management noted above.

Our audit procedures related to the Company’s accrual of pawn loan fees included the following, among others:

- We obtained an understanding of the relevant controls related to the accrual of pawn loan fees and tested such controls for design and operating effectiveness, including the determination of key assumptions and the completeness and accuracy of data inputs.

- We obtained management’s calculation of the accrual for pawn loan fees and tested the calculation for completeness and accuracy of data used as inputs.

- We evaluated the methodology and assumptions used by management to develop the effective pawn loan yield, including consideration of historical patterns and the probability of collection.

- We independently recalculated certain key inputs used in management’s calculation of the accrual for pawn loan fees.

- We assessed the validity of data used in the calculation of the accrual for pawn loan fees by agreeing, on a sample basis, key data inputs to source documents

/s/ RSM US LLP

We have served as the Company’s auditor since 2016.

Dallas, Texas
February 1, 2021

FIRSTCASH, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	December 31, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	**$ 65,850**	$ 46,527
Fees and service charges receivable	**41,110**	46,686
Pawn loans	**308,231**	369,527
Consumer loans, net	**—**	751
Inventories	**190,352**	265,256
Income taxes receivable	**9,634**	875
Prepaid expenses and other current assets	**9,388**	11,367
Total current assets	**624,565**	740,989
Property and equipment, net	**373,667**	336,167
Operating lease right of use asset	**298,957**	304,549
Goodwill	**977,381**	948,643
Intangible assets, net	**83,651**	85,875
Other assets	**9,818**	11,506
Deferred tax assets	**4,158**	11,711
Total assets	**$ 2,372,197**	$ 2,439,440
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	**$ 81,917**	$ 72,398
Customer deposits	**34,719**	39,736
Income taxes payable	**1,148**	4,302
Lease liability, current	**88,622**	86,466
Total current liabilities	**206,406**	202,902
Revolving unsecured credit facilities	**123,000**	335,000
Senior unsecured notes	**492,916**	296,568
Deferred tax liabilities	**71,173**	61,431
Lease liability, non-current	**194,887**	193,504
Total liabilities	**1,088,382**	1,089,405
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock; $0.01 par value; 90,000 shares authorized; **49,276** and 49,276 shares issued, respectively; **41,038** and 42,329 shares outstanding, respectively	**493**	493
Additional paid-in capital	**1,221,788**	1,231,528
Retained earnings	**789,303**	727,476
Accumulated other comprehensive loss	**(118,432)**	(96,969)
Common stock held in treasury, 8,238 and 6,947 shares at cost, respectively	**(609,337)**	(512,493)
Total stockholders' equity	**1,283,815**	1,350,035
Total liabilities and stockholders' equity	**$ 2,372,197**	$ 2,439,440

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

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

	Year Ended December 31,		
	2020	2019	2018
Revenue:			
Retail merchandise sales	**$ 1,075,518**	$ 1,175,561	$ 1,091,614
Pawn loan fees	**457,517**	564,824	525,146
Wholesale scrap jewelry sales	**96,233**	103,876	107,821
Consumer loan and credit services fees	**2,016**	20,178	56,277
Total revenue	**1,631,284**	1,864,439	1,780,858
Cost of revenue:			
Cost of retail merchandise sold	**641,087**	745,861	696,666
Cost of wholesale scrap jewelry sold	**79,546**	96,072	99,964
Consumer loan and credit services loss provision	**(488)**	4,159	17,461
Total cost of revenue	**720,145**	846,092	814,091
Net revenue	**911,139**	1,018,347	966,767
Expenses and other income:			
Store operating expenses	**562,158**	595,539	563,321
Administrative expenses	**110,931**	122,334	120,042
Depreciation and amortization	**42,105**	41,904	42,961
Interest expense	**29,344**	34,035	29,173
Interest income	**(1,540)**	(1,055)	(2,444)
Merger and acquisition expenses	**1,316**	1,766	7,643
Loss (gain) on foreign exchange	**884**	(787)	762
Loss on extinguishment of debt	**11,737**	—	—
Write-offs and impairments of certain lease intangibles and other assets	**10,505**	—	—
Total expenses and other income	**767,440**	793,736	761,458
Income before income taxes	**143,699**	224,611	205,309
Provision for income taxes	**37,120**	59,993	52,103
Net income	**$ 106,579**	$ 164,618	$ 153,206
Earnings per share:			
Basic	**$ 2.57**	$ 3.83	$ 3.42
Diluted	**2.56**	3.81	3.41

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

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

	Year Ended December 31,		
	2020	2019	2018
Net income	**$ 106,579**	$ 164,618	$ 153,206
Other comprehensive income:			
Currency translation adjustment	**(21,463)**	16,148	(1,240)
Comprehensive income	**$ 85,116**	$ 180,766	$ 151,966

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

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

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Common Stock Held in Treasury		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
As of 12/31/2019	49,276	$ 493	$ 1,231,528	$ 727,476	$ (96,969)	6,947	$ (512,493)	$ 1,350,035
Shares issued under share-based com-pensation plan, net of 46 shares net-settled	—	—	(10,663)	—	—	(98)	7,337	(3,326)
Exercise of stock options, net of 22 shares net-settled	—	—	(1,991)	—	—	(38)	2,789	798
Share-based compensation expense	—	—	2,914	—	—	—	—	2,914
Net income	—	—	—	106,579	—	—	—	106,579
Cash dividends ($1.08 per share)	—	—	—	(44,752)	—	—	—	(44,752)
Currency translation adjustment	—	—	—	—	(21,463)	—	—	(21,463)
Purchases of treasury stock	—	—	—	—	—	1,427	(106,970)	(106,970)
As of 12/31/2020	**49,276**	**$ 493**	**$ 1,221,788**	**$ 789,303**	**$ (118,432)**	**8,238**	**$ (609,337)**	**$ 1,283,815**

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

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

	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	
As of 12/31/2018	49,276	$ 493	$ 1,224,608	$ 606,810	$ (113,117)	5,673	$ (400,690)	$ 1,318,104
Shares issued under share-based compensation plan	—	—	(1,441)	—	—	(21)	1,441	—
Exercise of stock options	—	—	(319)	—	—	(10)	719	400
Share-based compensation expense	—	—	8,680	—	—	—	—	8,680
Net income	—	—	—	164,618	—	—	—	164,618
Cash dividends ($1.02 per share)	—	—	—	(43,952)	—	—	—	(43,952)
Currency translation adjustment	—	—	—	—	16,148	—	—	16,148
Purchases of treasury stock	—	—	—	—	—	1,305	(113,963)	(113,963)
As of 12/31/2019	49,276	$ 493	$ 1,231,528	$ 727,476	$ (96,969)	6,947	$ (512,493)	$ 1,350,035

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

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

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Common Stock Held in Treasury		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
As of 12/31/2017	49,276	$ 493	$ 1,220,356	$ 494,457	$ (111,877)	2,362	$ (128,096)	$ 1,475,333
Shares issued under share-based compensation plan	—	—	(1,240)	—	—	(22)	1,240	—
Exercise of stock options	—	—	(294)	—	—	(10)	694	400
Share-based compensation expense	—	—	5,786	—	—	—	—	5,786
Net income	—	—	—	153,206	—	—	—	153,206
Cash dividends ($0.91 per share)	—	—	—	(40,853)	—	—	—	(40,853)
Currency translation adjustment	—	—	—	—	(1,240)	—	—	(1,240)
Purchases of treasury stock	—	—	—	—	—	3,343	(274,528)	(274,528)
As of 12/31/2018	49,276	$ 493	$ 1,224,608	$ 606,810	$ (113,117)	5,673	$ (400,690)	$ 1,318,104

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

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

	Year Ended December 31,		
	2020	2019	2018
Cash flow from operating activities:			
Net income	**$ 106,579**	$ 164,618	$ 153,206
Adjustments to reconcile net income to net cash flow provided by operating activities:			
Non-cash portion of consumer loan credit loss provision	**(839)**	2,395	9,405
Share-based compensation expense	**2,914**	8,680	5,786
Depreciation and amortization expense	**42,105**	41,904	42,961
Amortization of debt issuance costs	**1,649**	1,430	1,920
Amortization of favorable/(unfavorable) lease intangibles, net	**—**	—	(259)
Loss on extinguishment of debt	**11,737**	—	—
Non-cash write-offs and impairments of certain lease intangibles and other assets	**10,505**	—	1,514
Deferred income taxes, net	**14,476**	7,008	7,427
Changes in operating assets and liabilities, net of business combinations:			
Fees and service charges receivable	**5,474**	110	(432)
Inventories purchased directly from customers, wholesalers or manufacturers	**29,174**	5,842	3,321
Prepaid expenses and other assets	**1,400**	(1,049)	681
Accounts payable, accrued liabilities and other liabilities	**8,621**	(3,383)	3,077
Income taxes	**(11,531)**	4,041	14,822
Net cash flow provided by operating activities	**222,264**	231,596	243,429
Cash flow from investing activities:			
Loan receivables, net [1]	**107,008**	34,406	10,125
Purchases of furniture, fixtures, equipment and improvements	**(37,543)**	(44,311)	(35,677)
Purchases of store real property	**(45,502)**	(74,661)	(19,996)
Acquisitions of pawn stores, net of cash acquired	**(44,315)**	(52,487)	(113,699)
Net cash flow used in investing activities	**(20,352)**	(137,053)	(159,247)
Cash flow from financing activities:			
Borrowings from unsecured credit facilities	**354,425**	257,000	416,000
Repayments of unsecured credit facilities	**(569,933)**	(217,000)	(228,000)
Issuance of senior unsecured notes due 2028	**500,000**	—	—
Redemption of senior unsecured notes due 2024	**(300,000)**	—	—
Redemption premium and other redemption costs on senior unsecured notes due 2024	**(8,781)**	—	—
Debt issuance costs paid	**(7,963)**	(1,149)	(948)
Purchases of treasury stock	**(106,970)**	(116,105)	(273,660)
Proceeds from exercise of stock options	**1,140**	400	400
Payment of withholding taxes on net share settlements of restricted stock unit awards and stock options exercised	**(3,668)**	—	—
Dividends paid	**(44,752)**	(43,952)	(40,853)
Net cash flow used in financing activities	**(186,502)**	(120,806)	(127,061)
Effect of exchange rates on cash	**3,913**	997	249
Change in cash and cash equivalents	**19,323**	(25,266)	(42,630)
Cash and cash equivalents at beginning of the year	**46,527**	71,793	114,423
Cash and cash equivalents at end of the year	**$ 65,850**	$ 46,527	$ 71,793

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

	Year Ended December 31,		
	2020	2019	2018
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	**$ 21,033**	$ 32,680	$ 27,121
Income taxes	**34,186**	48,867	29,597
Supplemental disclosure of non-cash investing and financing activity:			
Non-cash transactions in connection with pawn loans settled through forfeitures of collateral transferred to inventories	**$ 340,891**	$ 500,744	$ 492,743

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

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

FIRSTCASH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL

Organization and Nature of the Company

FirstCash, Inc., (together with its wholly-owned subsidiaries, the "Company") is incorporated in the state of Delaware. The Company is engaged in the operation of pawn stores, which generate retail sales primarily from the merchandise acquired through collateral forfeitures and over-the-counter purchases from customers. In addition, the stores help customers meet small short-term cash needs by providing non-recourse pawn loans and buying merchandise directly from customers. As of December 31, 2020, the Company owned and operated 2,748 stores in 24 U.S. states and the District of Columbia, all 32 states in Mexico and the countries of Guatemala,Colombia and El Salvador.

Effective June 30, 2020, the Company ceased offering domestic payday and installment loans and no longer has any unsecured consumer lending or credit services operations in the U.S. or Latin America.

Impact of COVID-19

In December 2019, a novel strain of coronavirus ("COVID-19") surfaced in China and rapidly spread throughout the world. In March of 2020, the World Health Organization declared the outbreak a pandemic. During the end of the first quarter of 2020 and the first part of the second quarter of 2020, many countries, states and other local government officials reacted by instituting quarantines, shelter-in-place and other orders mandating non-essential business closures, travel restrictions and other measures in an effort to reduce the spread of COVID-19, in addition to instituting broad-based stimulus, relief and forbearance programs in an effort to mitigate the economic impact of the pandemic.

The broad shutdowns in response to COVID-19 caused significantly reduced levels of personal spending by consumers in the U.S. and Latin America. Further impacting consumer liquidity in the U.S. during the second quarter were federal stimulus payments, forbearance programs and enhanced unemployment benefits. While there were limited government stimulus programs in Latin America in response to the pandemic, increased cross-border remittance payments from the U.S. to many Latin American countries further impacted Latin America consumer liquidity during the second quarter. The additional consumer liquidity resulted in a significant decline in pawn lending activities, including increased redemptions of existing loans and decreased originations of new loans. Pawn loans as of June 30, 2020 were 39% lower than the prior year, before beginning to recover. The recovery in pawn loans continued throughout the third and fourth quarters, although pawn loan balances as of December 31, 2020 were still lower than prior-year balances. Resulting pawn loan fees were negatively impacted during the second, third and fourth quarters of 2020 as a result of the lower pawn loan balances.

In general, in most jurisdictions where the Company has stores, pawnshops were designated an essential service by federal guidelines and/or local regulations and were allowed to remain open during the broad shutdowns in response to COVID-19. As a result, retail sales in the U.S. during the second quarter increased 24% compared to the prior-year quarter, benefiting from strong demand for stay-at-home products, such as consumer electronics, tools and sporting goods, and were further enhanced by federal stimulus payments made directly to consumers in the U.S. Although the Company experienced strong demand in Latin America for stay-at-home products, retail sales were negatively impacted by a regulatory prohibition of retail transactions enacted in Mexico during the last three weeks of May and the closure of all stores in Colombia and El Salvador during much of the second quarter due to broad government shutdowns. As a result of the significant second quarter increase in retail sales in the U.S. and less forfeited inventory from lower pawn receivable balances, inventory balances were negatively impacted and decreased 32% at June 30, 2020 compared to the prior year-quarter. The lower inventory balances and the lack of government stimulus and a more limited economic recovery in Latin America during the second half of 2020 compared to the U.S. negatively impacted retail sales during the third and fourth quarters but was offset by an increase in retail sales margin, which was primarily a result of continued retail demand for value-priced pre-owned merchandise, increased buying of merchandise directly from customers and lower levels of aged inventory, all of which limited the need for normal discounting.

In addition, the economic global uncertainty resulting from COVID-19 has resulted in increased currency volatility, which caused adverse currency rate fluctuations, especially with respect to the Mexican peso.

The extent to which COVID-19 impacts the Company's operations, results of operations, liquidity and financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions taken to contain its impact, as well as further actions, such as additional stimulus programs, taken to limit the resulting economic impact, among others.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

Principles of consolidation - The accompanying consolidated financial statements include the accounts of FirstCash, Inc. and its wholly-owned subsidiaries. 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. See Note 3.

Cash and cash equivalents - The Company considers any highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents. As of December 31, 2020, the amount of cash associated with indefinitely reinvested foreign earnings was $28.3 million, which is primarily held in Mexican pesos.

Pawn loans and revenue recognition - Pawn loans are secured by the customer's pledge of tangible personal property, which the Company holds during the term of the loan. If a pawn loan defaults, the Company relies on the sale of the pawned property to recover the principal amount of an unpaid pawn loan, plus a yield on the investment, as the Company's pawn loans are non-recourse against the customer. The customer's creditworthiness does not affect the Company's financial position or results of operations. The Company accrues pawn loan fee revenue on a constant-yield basis over the life of the pawn loan for all pawns for which the Company deems collection to be probable based on historical pawn redemption statistics. If the pawn loan is not repaid prior to the expiration of the loan term, including any extension or grace period, if applicable, the principal amount loaned becomes the inventory carrying value of the forfeited collateral, which is typically recovered through sales of the forfeited items at prices well above the carrying value. The Company has determined no allowance related to credit losses on pawn loans is required, as the fair value of the pledged collateral is significantly in excess of the pawn loan amount.

Inventories and merchandise sales revenue recognition - Inventories represent merchandise acquired from forfeited pawn loans and merchandise purchased directly from the general public. The Company also retails limited quantities of new or refurbished merchandise obtained directly from wholesalers and manufacturers. Inventories from forfeited pawn loans are recorded at the amount of the pawn principal on the unredeemed goods, exclusive of accrued interest. Inventories purchased directly from customers, wholesalers and manufacturers are recorded at cost. The cost of inventories is determined on the specific identification method. Inventories are stated at the lower of cost or net realizable value and, accordingly, inventory valuation allowances are established if inventory carrying values are in excess of estimated selling prices, net of direct costs of disposal. Management has evaluated inventories and determined that a valuation allowance is not necessary.

The Company's pawn merchandise sales are primarily retail sales to the general public in its pawn stores. The Company records sales revenue at the time of the sale. The Company presents merchandise sales net of any sales or value-added taxes collected. Some jewelry inventory is melted and 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.

Layaway plan and deferred revenue - 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 item is returned to inventory and all or a portion of previous payments are typically forfeited to the Company. Deposits and interim payments from customers on layaway sales are recorded as deferred revenue and subsequently recorded as retail merchandise sales revenue when the merchandise is delivered to the customer upon receipt of final payment or when previous payments are forfeited to the Company. Layaway payments from customers are included in customer deposits in the accompanying consolidated balance sheets.

Foreign currency transactions - The Company has operations in Mexico, Guatemala and Colombia where the functional currency is the Mexican peso, Guatemalan quetzal and Colombian peso. Accordingly, the assets and liabilities of these subsidiaries are translated into U.S. dollars at the exchange rate in effect at each balance sheet date, and the resulting adjustments are accumulated in other comprehensive income (loss) as a separate component of stockholders' equity. Revenues and expenses are translated at the average exchange rates occurring during the respective period. Prior to translation, U.S. dollar-denominated transactions of the foreign subsidiaries are remeasured into their functional currency using current rates of exchange for monetary assets and liabilities and historical rates of exchange for non-monetary assets and liabilities. Gains and losses from remeasurement of dollar-denominated monetary assets and liabilities in Mexico, Guatemala and Colombia are included in (gain) loss on foreign exchange in the consolidated statements of income. Deferred taxes are not currently recorded on cumulative foreign currency translation adjustments as the Company indefinitely reinvests earnings of its foreign subsidiaries. The Company also has operations in El Salvador where the reporting and functional currency is the U.S. dollar.

The average value of the Mexican peso to the U.S. dollar exchange rate for 2020 was 21.5 to 1, compared to 19.3 to 1 in 2019 and 19.2 to 1 in 2018. The average value of the Guatemalan quetzal to the U.S. dollar exchange rate for 2020 was 7.7 to 1, compared to 7.7 to 1 in 2019 and 7.5 to 1 in 2018. The average value of the Colombian peso to the U.S. dollar exchange rate for 2020 was 3,693 to 1, compared to 3,280 to 1 in 2019 and 2,956 to 1 in 2018.

Store operating expenses - Costs incurred in operating the Company's stores have been classified as store operating expenses. 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.

Property and equipment - Property and equipment are recorded at cost. Depreciation is recorded on the straight-line method generally based on estimated useful lives of 30 to 40 years for buildings and three to five years for furniture, fixtures and equipment. The costs of improvements on leased stores are capitalized as leasehold improvements and are depreciated using the straight-line method over the applicable lease period, or useful life, if shorter. Maintenance and repairs are charged to expense as incurred and renewals and betterments are charged to the appropriate property and equipment accounts. Upon sale or retirement of depreciable assets, the cost and related accumulated depreciation is removed from the accounts, and the resulting gain or loss is included in the results of operations in the period the assets are sold or retired.

Goodwill and other indefinite-lived intangible assets - Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in each business combination. The Company performs its goodwill impairment assessment annually as of December 31, and between annual assessments if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company's reporting units, which are tested for impairment, are U.S. operations and Latin America operations. The Company assesses goodwill for impairment at a reporting unit level by first assessing a range of qualitative factors, including, but not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for the Company's products and services, regulatory and political developments, entity specific factors, such as strategy and changes in key personnel, and overall financial performance. If, after completing this assessment, it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value, the Company proceeds to the impairment testing methodology. See Note 12.

The Company's other material indefinite-lived intangible assets consist of trade names and pawn licenses. The Company performs its indefinite-lived intangible asset impairment assessment annually as of December 31, and between annual assessments if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. See Note 12.

Merger and acquisition expenses - The Company incurs incremental costs directly associated with merger and acquisition activity, including, but not limited to, 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. The Company presents merger and acquisition expenses separately in the consolidated statements of income to identify these incremental activities apart from the expenses incurred to operate the business.

Long-lived assets - Property and equipment, intangible assets subject to amortization and non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the net book value of the asset may not be recoverable. An impairment loss is recognized if the sum of the expected future cash flows (undiscounted and before interest) from the use of the asset is less than the net book value of the asset. Generally, the amount of the impairment loss is measured as the difference between the net book value of the asset and the estimated fair value of the related asset.

During 2020, the Company recorded a $1.9 million impairment of other assets and a $1.5 million impairment of property and equipment, and during 2018, the Company recorded a $1.5 million impairment of property and equipment. The Company did not record any impairment loss for the year ended December 31, 2019.

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. All fair value measurements related to acquisitions are level 3, non-recurring measurements, based on unobservable inputs. Unless otherwise disclosed, the fair values of financial instruments approximate their recorded values, due primarily to their short-term nature. See Note 6.

Income taxes - The Company uses the asset and liability method of computing deferred income taxes on all material temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. See Note 10.

Advertising - The Company expenses the costs of advertising the first time the advertising takes place. Advertising expense for the years ended December 31, 2020, 2019 and 2018, was $1.1 million, $1.2 million, and $1.4 million, respectively.

Share-based compensation - All share-based payments to employees and directors are recognized in the financial statements based on the grant date or if applicable, the subsequent modification date fair value. The Company recognizes compensation cost net of estimated forfeitures and recognizes the compensation cost for only those awards expected to vest on a straight-line basis over the requisite service period of the award, which is generally the vesting term. The Company records share-based compensation cost as an administrative expense. See Note 13.

Forward sales commitments - The Company periodically uses forward sale agreements with a major gold bullion bank to sell a portion of the expected amount of scrap gold, which is typically jewelry that is broken or of low retail value, produced in the normal course of business from its liquidation of such merchandise. These commitments qualify for an exemption from derivative accounting as normal sales, based on historical terms, conditions and quantities, and are therefore not recorded on the Company's balance sheet.

Earnings per share - Basic earnings per share is computed by dividing net income by the weighted-average number of shares outstanding during the year. Diluted earnings per share is calculated by giving effect to the potential dilution that could occur if securities or other contracts to issue common shares were exercised and converted into common shares during the year.

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

	Year Ended December 31,		
	2020	2019	2018
Numerator:			
Net income	**$ 106,579**	$ 164,618	$ 153,206
Denominator:			
Weighted-average common shares for calculating basic earnings per share	**41,502**	43,020	44,777
Effect of dilutive securities:			
Stock options and restricted stock unit awards	**98**	188	107
Weighted-average common shares for calculating diluted earnings per share	**41,600**	43,208	44,884
Earnings per share:			
Basic	**$ 2.57**	$ 3.83	$ 3.42
Diluted	**2.56**	3.81	3.41

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and related revenue and expenses, and the disclosure of gain and loss contingencies at the date of the financial statements. Such estimates and assumptions are subject to a number of risks and uncertainties, which may cause actual results to differ materially from the Company’s estimates. The extent to which COVID-19 impacts the Company’s operations, results of operations, liquidity and financial condition, including estimates and assumptions used by the Company in the calculation and evaluation of the accrual for earned but uncollected pawn loan fees, impairment of goodwill and other intangible assets and current and deferred tax assets and liabilities, will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions taken to contain its impact, as well as actions taken to limit the resulting economic impact, among others. The Company's future assessment of the magnitude and duration of the COVID-19 pandemic, as well as other factors, could result in material impacts to the Company's financial statements in future reporting periods.

Reclassification - Certain amounts in the Notes to Consolidated Financial Statements for the years ended December 31, 2019 and 2018 have been reclassified in order to conform to the 2020 presentation.

Recent accounting pronouncements - 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. In November 2018, the Financial Accounting Standards Board issued ASU No. 2018-19, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses" ("ASU 2018-19"), which clarifies that receivables arising from operating leases are accounted for using lease guidance and not as financial instruments. In April 2019, the Financial Accounting Standards Board issued ASU No. 2019-04, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments" ("ASU 2019-04"), which clarifies the treatment of certain credit losses. In May 2019, the Financial Accounting Standards Board issued ASU No. 2019-05, "Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief" ("ASU 2019-05"), which provides an option to irrevocably elect to measure certain individual financial assets at fair value instead of amortized cost. In November 2019, the Financial Accounting Standards Board issued ASU No. 2019-11, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses" ("ASU 2019-11"), which provides guidance around how to report expected recoveries. In February 2020, the Financial Accounting Standards Board issued ASU No. 2020-02, "Financial Instruments - Credit Losses (Topic 326) ("ASU 2020-02") which provides updated guidance on how an entity should measure credit losses on financial instruments and delayed the effective date of the original pronouncement for smaller reporting companies. ASU 2016-13, ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-11 and ASU 2020-02 (collectively, "ASC 326") are effective for public entities for fiscal years beginning after December 15, 2019, with early adoption permitted. The adoption of ASC 326 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"), which eliminates step two from the goodwill impairment test and, instead, requires an entity to perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. 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 and should be adopted on a prospective basis. The adoption of ASU 2017-04 did not have a material effect on the Company's current financial position, results of operations or financial statement disclosures.

In August 2018, the Financial Accounting Standards Board issued ASU No. 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement" ("ASU 2018-13"). ASU 2018-13 modifies the disclosure requirements on fair value measurements. ASU 2018-13 is effective for public entities for fiscal years beginning after December 15, 2019, with early adoption permitted for any removed or modified disclosures. The adoption of ASU 2018-13 did not have a material effect on the Company's current financial position, results of operations or financial statement disclosures.

In December 2019, the Financial Accounting Standards Board issued ASU No 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes" ("ASU 2019-12"). ASU 2019-12 removes certain exceptions to the general principles in Topic 740 in Generally Accepted Accounting Principles. ASU 2019-12 is effective for public entities for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company does not expect ASU 2019-12 to have a material effect on the Company's current financial position, results of operations or financial statement disclosures.

In March 2020, the Financial Accounting Standards Board issued ASU 2020-03, "Codification Improvements to Financial Instruments" ("ASU 2020-03"). ASU 2020-03 improves and clarifies various financial instruments topics. ASU 2020-03 includes seven different issues that describe the areas of improvement and the related amendments to GAAP, intended to make the standards easier to understand and apply by eliminating inconsistencies and providing clarifications. The Company adopted ASU 2020-03 upon issuance, which did not have a material effect on the Company's current financial position, results of operations or financial statement disclosures.

In March 2020, the Financial Accounting Standards Board issued ASU No 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting” (“ASU 2020-04”). ASU 2020-04 provides temporary optional expedients and exceptions to the GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (“LIBOR”) and other interbank offered rates to alternative reference rates. ASU 2020-04 is effective beginning on March 12, 2020, and the Company may elect to apply the amendments prospectively through December 31, 2022. The Company does not expect ASU 2020-04 to have a material effect on the Company’s current financial position, results of operations or financial statement disclosures.

In October 2020, the Financial Accounting Standards Board issued ASU No 2020-10, “Codification Improvements” (“ASU 2020-10”). ASU 2020-10 updates various codification topics by clarifying or improving disclosure requirements. ASU 2020-10 is effective for public entities for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company adopted ASU 2020-10 upon issuance, which did not have a material effect on the Company’s current financial position, results of operations or financial statement disclosures.

NOTE 3 - ACQUISITIONS

2020 Acquisitions

Consistent with the Company’s strategy to continue its expansion of pawn stores in selected markets, during 2020, the Company acquired 40 pawn stores in Mexico in two separate transactions and 22 pawn stores in the U.S. in two separate transactions. The aggregate purchase price for these acquisitions totaled $43.6 million, net of cash acquired and subject to future post-closing adjustments. The aggregate purchase price was composed of $41.4 million in cash paid during 2020 and remaining short-term amounts payable to the sellers of approximately $2.2 million. During 2020, the Company also paid $2.9 million of purchase price amounts payable related to prior-year acquisitions.

The purchase price of each of the 2020 acquisitions was allocated to assets acquired and liabilities assumed based upon the estimated fair market values at the date of acquisition. The excess purchase price over the estimated fair market value of the net assets acquired has been recorded as goodwill. The goodwill arising from these acquisitions consists largely of the synergies and economies of scale expected from combining the operations of the Company and the pawn stores acquired. These acquisitions were not material individually or in the aggregate to the Company’s consolidated financial statements.

The estimated fair value of the assets acquired and liabilities assumed are preliminary, as the Company is gathering information to finalize the valuation of these assets and liabilities. The preliminary allocation of the aggregate purchase prices for these individually immaterial acquisitions during 2020 is as follows (in thousands):

Pawn loans	$	5,839
Pawn loan fees receivable		644
Inventories		3,594
Other current assets		154
Property and equipment		241
Goodwill [1]		33,434
Intangible assets		190
Other non-current assets		40
Current liabilities		(547)
Aggregate purchase price	$	43,589

[1] Goodwill associated with the U.S. operations segment and the Latin America operations segment was $29.0 million and $4.5 million, respectively. Substantially all of the goodwill is expected to be deductible for respective U.S. and Mexico income tax purposes.

The results of operations for the acquired stores have been consolidated since the respective acquisition dates. During 2020, revenue from the acquired stores was $7.5 million and the earnings from the combined acquisitions since the acquisition dates (including $1.0 million of transaction and integration costs, net of tax) was approximately $0.3 million.

Historical pre-acquisition financial statements of the two separate Mexico acquisitions were created in local country GAAP and the Company did not obtain pre-acquisition financial statements prepared in accordance with U.S. GAAP. As a result, and due to the insignificance of the acquisitions, it is impractical for the Company to adequately present supplemental pro forma information.

2019 Acquisitions

During 2019, the Company acquired 163 pawn stores in Mexico in 13 separate transactions and 27 pawn stores in the U.S. in nine separate transactions. The aggregate purchase price for these acquisitions totaled $46.8 million, net of cash acquired. The aggregate purchase price was composed of $44.9 million in cash paid during 2019 and remaining short-term amounts payable to the sellers of approximately $1.9 million.

NOTE 4 - OPERATING LEASES

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

Leased facilities are generally leased for a term of three to five years with one or more options to renew for an additional three to five years, typically at the Company's sole discretion. In addition, the majority of these leases can be terminated early upon an adverse change in law which negatively affects the store's profitability. The Company regularly evaluates renewal and termination options to determine if the Company is reasonably certain to exercise the option, and excludes these options from the lease term included in the recognition of the operating lease right of use asset and lease liability until such certainty exists. The weighted-average remaining lease term for operating leases as of December 31, 2020 and 2019 was 4.0 years and 3.9 years, respectively.

The operating lease right of use asset and lease liability is recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. The Company's leases do not provide an implicit rate and therefore, it uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments. The Company utilizes a portfolio approach for determining the incremental borrowing rate to apply to groups of leases with similar characteristics. The weighted-average discount rate used to measure the lease liability as of December 31, 2020 and 2019 was 7.0% and 7.8%, respectively.

The Company has certain operating leases in Mexico which are denominated in U.S. dollars. The liability related to these leases is considered a monetary liability, and requires remeasurement each reporting period into the functional currency (Mexican pesos) using reporting date exchange rates. The remeasurement results in the recognition of foreign currency exchange gains or losses each reporting period, which can produce a certain level of earnings volatility. The Company recognized a foreign currency loss of $1.2 million and gain of $0.9 million during the year ended December 31, 2020 and 2019, respectively, related to the remeasurement of these U.S. dollar denominated operating leases, which is included in loss (gain) on foreign exchange in the accompanying consolidated statements of income.

Lease expense is recognized on a straight-line basis over the lease term, with variable lease expense recognized in the period such payments are incurred. The following table details the components of lease expense included in store operating expenses in the consolidated statements of income during the year ended December 31, 2020 and 2019 (in thousands):

	Year Ended December 31,	
	2020	2019
Operating lease expense	**$ 121,649**	$ 124,082
Variable lease expense [(1)]	**14,444**	7,775
Total operating lease expense	**$ 136,093**	$ 131,857

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

The following table details the maturity of lease liabilities for all operating leases as of December 31, 2020 (in thousands):

2021	$	104,951
2022		82,580
2023		62,245
2024		39,501
2025		15,549
Thereafter		20,526
Total	$	325,352
Less amount of lease payments representing interest		(41,843)
Total present value of lease payments	$	283,509

The following table details supplemental cash flow information related to operating leases for the year ended December 31, 2020 and 2019 (in thousands):

	Year Ended December 31,			
	2020		2019	
Cash paid for amounts included in the measurement of operating lease liabilities	**$**	**110,965**	$	116,448
Leased assets obtained in exchange for new operating lease liabilities	**$**	**104,576**	$	71,117

NOTE 5 - STOCKHOLDERS' EQUITY

During 2020, the Company repurchased a total of 1,427,000 shares of common stock at an aggregate cost of $107.0 million and an average cost per share of $74.96, and during 2019, repurchased 1,305,000 shares of common stock at an aggregate cost of $114.0 million and an average cost per share of $87.37. The Company intends to continue repurchases under its active share 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, the availability of alternative investment opportunities, including acquisitions, and the impact of COVID-19.

The following table provides purchases made by the Company of shares of its common stock under each share repurchase program in effect during 2020 (dollars in thousands):

Plan Authorization Date	Plan Completion Date	Dollar Amount Authorized		Shares Purchased in 2020	Dollar Amount Purchased in 2020		Remaining Dollar Amount Authorized For Future Purchases	
October 24, 2018	January 30, 2020	$	100,000	344,000	$	28,797	$	—
January 28, 2020	Currently active		100,000	1,083,000		78,173		21,827
Total				1,427,000	$	106,970	$	21,827

Total cash dividends paid in 2020 and 2019 were $44.8 million and $44.0 million, respectively. 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.

NOTE 6 - 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 December 31, 2020 and 2019, the Company did not have any financial assets or liabilities that are measured at fair value on a recurring basis.

Fair Value Measurements on a Non-Recurring Basis

The Company measures non-financial assets and liabilities, such as property and equipment and intangible assets, at fair value on a non-recurring basis, or when events or circumstances indicate that the carrying amount of the assets may be impaired. During 2020, the Company recorded a $1.9 million impairment of other assets and a $1.5 million impairment of property and equipment.

Financial Assets and Liabilities Not Measured at Fair Value

The Company’s financial assets and liabilities as of December 31, 2020 and 2019 that are not measured at fair value in the consolidated balance sheets are as follows (in thousands):

	Carrying Value	Estimated Fair Value			
	December 31,	**December 31,**	Fair Value Measurements Using		
	2020	**2020**	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	**$ 65,850**	**$ 65,850**	**$ 65,850**	**$ —**	**$ —**
Fees and service charges receivable	**41,110**	**41,110**	**—**	**—**	**41,110**
Pawn loans	**308,231**	**308,231**	**—**	**—**	**308,231**
	$ 415,191	**$ 415,191**	**$ 65,850**	**$ —**	**$ 349,341**
Financial liabilities:					
Revolving unsecured credit facilities	**$ 123,000**	**$ 123,000**	**$ —**	**$ 123,000**	**$ —**
Senior unsecured notes (outstanding principal)	**500,000**	**516,000**	**—**	**516,000**	**—**
	$ 623,000	**$ 639,000**	**$ —**	**$ 639,000**	**$ —**

	Carrying Value	Estimated Fair Value			
	December 31, 2019	December 31, 2019	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 46,527	$ 46,527	$ 46,527	$ —	$ —
Fees and service charges receivable	46,686	46,686	—	—	46,686
Pawn loans	369,527	369,527	—	—	369,527
Consumer loans, net	751	751	—	—	751
	$ 463,491	$ 463,491	$ 46,527	$ —	$ 416,964
Financial liabilities:					
Revolving unsecured credit facility	$ 335,000	$ 335,000	$ —	$ 335,000	$ —
Senior unsecured notes (outstanding principal)	300,000	310,000	—	310,000	—
	$ 635,000	$ 645,000	$ —	$ 645,000	$ —

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. Therefore, the carrying value approximates the fair value.

The carrying value of the unsecured credit facilities approximate fair value as of December 31, 2020 and 2019. The fair value of the unsecured credit facilities is estimated based on market values for debt issuances with similar characteristics or rates currently available for debt with similar terms. In addition, the unsecured credit facilities have a variable interest rate based on a fixed spread over LIBOR or the Mexican Central Bank's interbank equilibrium rate ("TIIE") and reprice with any changes in LIBOR or TIIE. The fair value of the senior unsecured notes is estimated based on quoted prices in markets that are not active.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following (in thousands):

	As of December 31,	
	2020	2019
Land	**$ 83,458**	$ 66,198
Buildings	**150,132**	123,397
Furniture, fixtures, equipment and improvements	**425,360**	398,905
	658,950	588,500
Less: accumulated depreciation	**(285,283)**	(252,333)
	$ 373,667	$ 336,167

Depreciation expense for the years ended December 31, 2020, 2019 and 2018 was $39.8 million, $39.1 million and $36.4 million, respectively.

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following (in thousands):

	As of December 31,	
	2020	2019
Sales, property, and payroll taxes payable	**$ 24,984**	$ 15,237
Accrued compensation	**21,874**	27,738
Accrued interest payable	**8,121**	1,459
Trade accounts payable	**7,187**	5,871
Acquisition purchase price amounts payable to sellers	**5,965**	6,374
Benefits liabilities and withholding payable	**2,852**	3,353
Other accrued liabilities	**10,934**	12,366
	$ 81,917	$ 72,398

NOTE 9 - LONG-TERM DEBT

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

	As of December 31,	
	2020	2019
Revolving unsecured credit facility, maturing 2024 (1)	**$ 123,000**	$ 335,000
5.375% senior unsecured notes due 2024 (2)	**—**	296,568
4.625% senior notes due 2028 (3)	**492,916**	—
Total long-term debt	**$ 615,916**	$ 631,568

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

(2) As of December 31, 2019, deferred debt issuance costs of $3.4 million are included as a direct deduction from the carrying amount of the senior unsecured notes in the accompanying consolidated balance sheets.

(3) As of December 31, 2020, deferred debt issuance costs of $7.1 million are included as a direct deduction from the carrying amount of the senior unsecured notes in the accompanying consolidated balance sheets.

As of December 31, 2020, annual maturities of the outstanding long-term debt for each of the five years after December 31, 2020 are as follows (in thousands):

2021	$ —
2022	—
2023	—
2024	123,000
2025	—
Thereafter	500,000
	$ 623,000

Revolving Unsecured Credit Facility

As of December 31, 2020, the Company maintained an unsecured line of credit with a group of U.S. based commercial lenders (the "Credit Facility") in the amount of $500.0 million. The Credit Facility matures on December 19, 2024. On November 9, 2020, the Credit Facility was amended (the "2020 Amendment"). Under the 2020 Amendment, the annual commitment fee on the average daily unused portion of the Credit Facility was reduced from 50 basis points to 32.5 basis points. In addition, certain financial covenants were amended temporarily, as described below, due to the expected short-term impact of COVID-19 on the Company's earnings.

The permitted domestic leverage ratio and consolidated leverage ratio were temporarily increased under the 2020 Amendment. The domestic leverage ratio will remain at the current level of 4.5 times domestic EBITDA, adjusted for certain customary items as more fully set forth in the Credit Facility ("Adjusted Domestic EBITDA"), through December 31, 2020, then increases to 4.75 times Adjusted Domestic EBITDA through June 30, 2021 and then decreases to 4.5 times Adjusted Domestic EBITDA through December 31, 2021. The consolidated leverage ratio was increased from 2.75 to 3.25 times consolidated EBITDA, adjusted for certain customary items as more fully set forth in the Credit Facility ("Adjusted EBITDA"), through December 31, 2020 and then increases to 3.5 times Adjusted EBITDA through June 30, 2021 and then it decreases to 3.25 times Adjusted EBITDA through December 31, 2021. The temporary changes to the leverage ratios as provided in the 2020 Amendment will revert to the previously scheduled ratios of 4.0 times Adjusted Domestic EBITDA and 3.0 times Adjusted EBITDA effective January 1, 2022. The 2020 Amendment also includes additional limits to certain restricted payments when the domestic leverage ratio is equal to or greater than 4.0 times Adjusted Domestic EBITDA or when the consolidated leverage ratio is equal to or greater than 3.25 times Adjusted EBITDA, which are more fully described in the 2020 Amendment.

As of December 31, 2020, the Company had $123.0 million in outstanding borrowings and $3.4 million in outstanding letters of credit under the Credit Facility, leaving $373.6 million available for future borrowings, subject to certain financial covenants. The Credit Facility is unsecured and bears interest, at the Company's option, of either (1) the prevailing 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 (2) 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 0.325% on the average daily unused portion of the Credit Facility commitment. The weighted-average interest rate on amounts outstanding under the Credit Facility at December 31, 2020 was 2.63% 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 covenants of the Credit Facility as of December 31, 2020. During 2020, the Company made net payments of $212.0 million pursuant to the Credit Facility.

Revolving Unsecured Uncommitted Credit Facility

During March 2020, the Company's primary subsidiary in Mexico, First Cash S.A. de C.V., entered into an unsecured and uncommitted line of credit guaranteed by FirstCash, Inc. with a bank in Mexico (the "Mexico Credit Facility") in the amount of $600.0 million Mexican pesos. The Mexico Credit Facility bears interest at TIIE plus a fixed spread of 2.5% and matures on March 9, 2023. Under the terms of the Mexico Credit Facility, the Company is required to maintain certain financial ratios and comply with certain financial covenants. The Company was in compliance with the covenants of the Mexico Credit Facility as of December 31, 2020. At December 31, 2020, the Company had no amount outstanding under the Mexico Credit Facility and $600.0 million Mexican pesos available for borrowings.

Senior Unsecured Notes Due 2028

On August 26, 2020, the Company completed an offering of $500.0 million of 4.625% senior unsecured notes due on September 1, 2028 (the "Notes"), all of which are currently outstanding. Interest on the Notes is payable semi-annually in arrears on March 1 and September 1, commencing on March 1, 2021. The Notes were sold in a private placement in reliance on Rule 144A and Regulation S under the Securities Act of 1933, as amended (the "Securities Act"). The Company used the proceeds from the offering to redeem its outstanding $300.0 million, 5.375% senior notes due 2024 (the "2024 Notes"), to repay a portion of the Credit Facility and to pay for related fees and expenses associated with the offering and the redemption of the 2024 Notes. The Company capitalized approximately $7.3 million in debt issuance costs, which consisted primarily of the initial purchaser's discount and fees and legal and other professional expenses. The debt issuance costs are being amortized over the life of the Notes as a component of interest expense and are carried as a direct deduction from the carrying amount of the Notes in the accompanying consolidated balance sheets.

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 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 2.75 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.

The Company may redeem some or all of the Notes at any time on or after September 1, 2023, at the redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any. In addition, prior to September 1, 2023, the Company may redeem some or all of the Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, plus a “make-whole” premium set forth in the Indenture. The Company may redeem up to 40% of the Notes on or prior to September 1, 2023 with the proceeds of certain equity offerings at the redemption prices set forth in the Indenture. If the Company sells certain assets or consummates certain change in control transactions, the Company will be required to make an offer to repurchase the Notes.

Redemption of 2024 Notes

During 2020, the Company redeemed all outstanding 2024 Notes. As a result, the Company recognized a loss on extinguishment of debt of $11.7 million, which includes the redemption premium paid over the outstanding $300.0 million principal amount of the 2024 Notes and other redemption costs of $8.8 million and the write-off of unamortized debt issuance costs of $2.9 million.

NOTE 10 - INCOME TAXES

Components of the provision for income taxes and the income to which it relates for the years ended December 31, 2020, 2019 and 2018 consist of the following (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Income before income taxes [1]:			
Domestic	**$ 98,111**	$ 145,570	$ 125,056
Foreign	**45,588**	79,041	80,253
Income before income taxes	**$ 143,699**	$ 224,611	$ 205,309
Current income taxes:			
Federal	**$ 14,951**	$ 26,624	$ 18,751
Foreign	**9,909**	21,904	23,231
U.S. state and local	**2,158**	2,553	2,506
Current provision for income taxes	**27,018**	51,081	44,488
Deferred provision (benefit) for income taxes:			
Federal	**4,485**	7,498	7,621
Foreign	**5,287**	863	(566)
U.S. state and local	**330**	551	560
Total deferred provision for income taxes	**10,102**	8,912	7,615
Provision for income taxes	**$ 37,120**	$ 59,993	$ 52,103

(1) Includes the allocation of certain administrative expenses and intercompany payments, such as royalties and interest, between domestic and foreign subsidiaries.

At December 31, 2020, the cumulative amount of undistributed earnings of foreign subsidiaries was $225.2 million. The Tax Cuts and Jobs Act imposed a mandatory transition tax on accumulated foreign earnings and generally eliminated U.S. federal income taxes on dividends from foreign subsidiaries with the exception of foreign withholding taxes and other foreign local tax. During 2020, the Company repatriated $43.0 million from certain foreign subsidiaries, which was not subject to withholding or federal income tax. It is the Company's intent to indefinitely reinvest the remaining undistributed earnings and future earnings of these subsidiaries outside the U.S. and, therefore, deferred taxes are not currently recorded on cumulative foreign currency translation adjustments.

The principal deferred tax assets and liabilities consist of the following (in thousands):

	As of December 31,	
	2020	2019
Deferred tax assets:		
Property and equipment	**$ 9,905**	$ 10,407
Accrued fees on forfeited pawn loans	**5,246**	8,006
Deferred cost of goods sold deduction	**3,622**	5,721
Accrued compensation, payroll taxes and employee benefits	**4,235**	2,163
U.S. state and certain foreign net operating losses	**5,942**	6,012
Other	**3,364**	4,428
Total deferred tax assets	**32,314**	36,737
Deferred tax liabilities:		
Intangible assets	**81,749**	71,814
Net operating lease asset	**4,188**	5,819
Property and equipment	**3,759**	—
Other	**3,691**	2,812
Total deferred tax liabilities	**93,387**	80,445
Net deferred tax liabilities before valuation allowance	**(61,073)**	(43,708)
Valuation allowance	**(5,942)**	(6,012)
Net deferred tax liabilities	**$ (67,015)**	$ (49,720)
Reported as:		
Deferred tax assets	**$ 4,158**	$ 11,711
Deferred tax liabilities	**(71,173)**	(61,431)
Net deferred tax liabilities	**$ (67,015)**	$ (49,720)

The Company has a valuation allowance of $5.9 million and $6.0 million as of December 31, 2020 and 2019, respectively, related to the deferred tax assets associated with its U.S. state and certain foreign net operating losses. The Company has evaluated the nature and timing of its other deferred tax assets and concluded that no additional valuation allowance is necessary.

The following is a reconciliation of income taxes calculated at the U.S. federal statutory rate to the provision for income taxes (dollars in thousands):

	Year Ended December 31,		
	2020	2019	2018
U.S. federal statutory rate	**21 %**	21 %	21 %
Tax at the U.S. federal statutory rate	**$ 30,177**	$ 47,168	$ 43,115
U.S. state income tax, net of federal tax benefit of **$522**, $652 and $644, respectively	**1,965**	2,452	2,422
Net incremental income tax expense from foreign earnings (1)	**5,732**	6,314	6,031
Non-deductible compensation expense	**1,050**	2,074	1,827
Global intangible low-taxed income tax (2)	**(1,863)**	1,100	763
Net tax benefit resulting from the enactment of the Tax Act	**—**	—	(1,494)
Other taxes and adjustments, net	**59**	885	(561)
Provision for income taxes	**$ 37,120**	$ 59,993	$ 52,103
Effective tax rate	**25.8 %**	26.7 %	25.4 %

(1) Includes a $2.0 million, $2.3 million and $3.3 million foreign permanent tax benefit related to an inflation index adjustment allowed under Mexico tax law for the years ended December 31, 2020, 2019 and 2018, respectively.

(2) The global intangible low-taxed income tax ("GILTI tax") provisions for foreign operations in the U.S. federal tax code became effective in 2018, and based on preliminary IRS guidance, the Company recognized $1.1 million and $0.8 million of income tax expense in 2019 and 2018, respectively, as a result of the GILTI tax. In July 2020, the Internal Revenue Service finalized regulations for the GILTI tax. The finalized regulations effectively eliminated the impact of the incremental GILTI tax to the Company and permitted retroactive application. As a result, the Company recognized a $1.9 million income tax benefit in 2020 related to the reversal of the 2019 and 2018 GILTI tax expense.

The Company's foreign operating subsidiaries are owned by a wholly-owned subsidiary located in the Netherlands. The foreign operating subsidiaries are subject to their respective foreign statutory rates, which differ from the U.S. federal statutory rate. The statutory tax rates in Mexico, Guatemala, Colombia and El Salvador are approximately 30%, 25%, 32% and 30%, respectively. The statutory tax rate in the Netherlands is 0% on eligible dividends received from its foreign subsidiaries.

The Company reviews the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. Interest and penalties related to income tax liabilities that could arise would be classified as interest expense in the Company's consolidated statements of income.

As of December 31, 2020 and 2019, the Company had no unrecognized tax benefits and, therefore, the Company did not have a liability for accrued interest and penalties and no such interest or penalties were incurred for the years ended December 31, 2020, 2019 and 2018.

The Company files federal income tax returns in the U.S., Mexico, Guatemala, Colombia, El Salvador and the Netherlands, as well as multiple state and local income tax returns in the U.S. The Company's U.S. federal returns are not subject to examination for tax years prior to 2016. The Company's U.S. state income tax returns are not subject to examination for the tax years prior to 2017 with the exception of six states, which are not subject to examination for tax years prior to 2016. With respect to federal tax returns in Mexico, Guatemala, Colombia, El Salvador and the Netherlands, the tax years prior to 2015 are closed to examination. There are no state income taxes in Mexico, Guatemala, Colombia, El Salvador or the Netherlands.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company, in the ordinary course of business, is a defendant (actual or threatened) in certain lawsuits, arbitration proceedings and other general claims. In management's opinion, any potential adverse result should not have a material adverse effect on the Company's financial position, results of operations, or cash flows.

Gold Forward Sales Contracts

As of December 31, 2020, the Company had contractual commitments to deliver a total of 24,500 gold ounces between the months of January and December 2021 at a weighted-average price of $1,840 per ounce. The ounces required to be delivered over this time period are within historical scrap gold volumes.

NOTE 12 - GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Changes in the carrying value of goodwill by segment were as follows (in thousands):

December 31, 2020	U.S. operations segment	Latin America operations segment	Total
Balance, beginning of year	**$ 771,311**	**$ 177,332**	**$ 948,643**
Acquisitions (see Note 3)	**28,978**	**4,456**	**33,434**
Effect of foreign currency translation	**—**	**(6,505)**	**(6,505)**
Other adjustments	**1,859**	**(50)**	**1,809**
Balance, end of year	**$ 802,148**	**$ 175,233**	**$ 977,381**
December 31, 2019			
Balance, beginning of year	$ 759,538	$ 157,881	$ 917,419
Acquisitions (see Note 3)	11,773	15,533	27,306
Effect of foreign currency translation	—	5,175	5,175
Other adjustments	—	(1,257)	(1,257)
Balance, end of year	$ 771,311	$ 177,332	$ 948,643

The Company performed its annual assessment of goodwill and determined there was no impairment as of December 31, 2020 and 2019.

Definite-Lived Intangible Assets

The following table summarizes the components of gross and net definite-lived intangible assets subject to amortization (in thousands):

	As of December 31,					
	2020			2019		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	**$ 25,782**	**$ (23,918)**	**$ 1,864**	$ 25,899	$ (21,681)	$ 4,218

Customer relationships are generally amortized using an accelerated amortization method that reflects the future cash flows expected from the returning pawn customers.

Amortization expense for definite-lived intangible assets was $2.3 million, $2.9 million and $6.6 million for the years ended December 31, 2020, 2019 and 2018, respectively. The remaining weighted-average amortization period for customer relationships is 0.9 years. Estimated future amortization expense is as follows (in thousands):

2021	$	1,299
2022		295
2023		230
2024		31
2025		9
	$	1,864

Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets as of December 31, 2020 and 2019 consist of the following (in thousands):

	As of December 31,			
	2020		2019	
Trade names	**$**	**46,300**	$	46,300
Pawn licenses [(1)]		**34,237**		34,107
Other indefinite-lived intangibles		**1,250**		1,250
	$	**81,787**	$	81,657

(1) Costs to renew licenses with indefinite lives are expensed as incurred and recorded in store operating expenses in the consolidated statements of income.

The Company performed its annual assessment of indefinite-lived intangible assets and determined there was no impairment as of December 31, 2020 and 2019.

NOTE 13 - EQUITY COMPENSATION PLANS AND SHARE-BASED COMPENSATION

The Company has previously adopted equity and share-based compensation plans to attract and retain executive officers, directors and key employees. Under these plans, the Company may grant qualified and non-qualified stock options, stock appreciation rights, restricted stock and restricted stock unit awards to executive officers, directors and other key employees. At December 31, 2020, 3,395,000 shares were reserved for future grants to all employees and directors under the plans.

Restricted Stock Unit Awards

The Company has granted time-based and performance-based restricted stock units under the Company's equity and share-based incentive compensation plans. The restricted stock units are settled in shares of common stock upon vesting and the Company typically issues treasury shares to satisfy vested restricted stock unit awards. The grant date fair value of restricted stock units is based on the Company's closing stock price on the day of the grant (or subsequent award modification date, if applicable), and the grant date fair value of performance-based awards is based on the maximum amount of the award expected to be achieved. The amount attributable to award grants is amortized to expense over the vesting periods.

The 2020 performance based awards were originally granted in January 2020, prior to the impacts of COVID-19 as described in Note 1, which caused the cumulative three-year performance targets to be deemed unattainable. The Compensation Committee of the Board of Directors canceled the original 2020 grant and replaced it with a new grant of performance-based awards in December 2020 with a reduced target award. Two-thirds of the replacement grant vests on December 31, 2022 based on a two-year cumulative performance period beginning on January 1, 2021 with performance measures tied to adjusted net income and store addition targets. The remaining one-third of the replacement grant vests on December 31, 2023 based on the Company's total shareholder return relative to a peer group over the three-year performance period from January 1, 2021 to December 31, 2023. The Company's achievement level of the performance goals at the end of each respective performance period will result in awards being earned between 0% and 150% of the target share award.

The 2019 and 2018 performance-based awards vest three years from the date of the grant. The performance period for these awards is a three-year cumulative period beginning in January of the respective grant year. The performance goals for the 2019 grant include net income, adjusted for certain non-core and/or non-recurring items, growth in constant currency pawn revenue (retail merchandise sales, pawn loan fees and wholesale scrap jewelry sales) and new (“de novo”) store openings over the three-year cumulative period. The performance goals for the 2018 grant include net income, adjusted for certain non-core and/or non-recurring items, and total store additions over the three-year cumulative period. The Company’s level of achievement of the performance goals at the end of each performance period will result in awards being earned between 0% and 150% of the target share award.

The time-based awards granted in 2020, 2019 and 2018 vest in equal annual installments, subject to continued employment with the Company, over a five year period from the grant date.

The following table summarizes the restricted stock unit award activity for the years ended December 31, 2020, 2019 and 2018 (shares in thousands):

	2020		2019		2018	
	Underlying Shares	**Weighted-Average Fair Value of Grant**	Underlying Shares	Weighted-Average Fair Value of Grant	Underlying Shares	Weighted-Average Fair Value of Grant
Outstanding at beginning of year	**357**	**$ 69.13**	254	$ 59.53	157	$ 47.36
Performance-based grants [1]	**238**	**78.40**	109	86.86	102	72.70
Time-based grants	**21**	**84.93**	19	86.86	17	72.70
Performance-based vested	**(117)**	**48.25**	(10)	45.93	(10)	45.93
Time-based vested	**(12)**	**76.84**	(15)	73.78	(12)	43.55
Performance-based canceled [2]	**(114)**	**84.93**	—	—	—	—
Outstanding at end of year	**373**	**$ 77.40**	357	$ 69.13	254	$ 59.53

(1) Represents the maximum possible award. The Company’s level of achievement of the respective performance goals will result in actual vesting of between zero shares and the maximum share award. Performance-based grants for 2020 include 114 shares which were subsequently cancelled in 2020 as described in footnote [2] below.

(2) Represents cancellation of performance-based awards granted in January of 2020 that were subsequently replaced with a new performance-based award granted in December 2020. The grant date fair value of the December 2020 replacement performance-based awards was $72.37 per share.

Restricted stock unit awards vesting in 2020, 2019 and 2018 had an aggregate intrinsic value of $9.4 million, $2.1 million and $1.6 million, respectively, based on the closing price of the Company’s stock on the date of vesting. The outstanding award units had an aggregate intrinsic value of $26.2 million at December 31, 2020.

Stock Options

The Company has not issued common stock options since 2011. Previous option awards have been granted to purchase the Company’s common stock at an exercise price equal to or greater than the fair market value at the date of grant and generally had a maximum duration of ten years. The Company typically issues treasury shares to satisfy stock option exercises.

The following table summarizes stock option activity for the years ended December 31, 2020, 2019 and 2018 (shares in thousands):

	2020		2019		2018	
	Underlying Shares	**Weighted-Average Exercise Price**	Underlying Shares	Weighted-Average Exercise Price	Underlying Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	**70**	**$ 38.86**	80	$ 39.00	90	$ 39.11
Exercised	**(60)**	**39.00**	(10)	40.00	(10)	40.00
Outstanding at end of year	**10**	**38.00**	70	38.86	80	39.00
Exercisable at end of year	**—**	**—**	40	39.00	30	39.33

At December 31, 2020, there was one remaining unvested option to purchase 10,000 shares of the Company's common stock at an exercise price equal to $38 per share, which expires in November 2021. The intrinsic value for the stock option outstanding was $0.3 million, none of which was exercisable at the end of the year. The intrinsic value reflects the total pre-tax intrinsic value (the difference between the Company's closing stock price on the last trading day of the period and the exercise price of the options, multiplied by the number of in-the-money options) that would have been received by the option holder had they exercised their options on December 31, 2020.

The total intrinsic value of options exercised for 2020, 2019 and 2018 was $1.8 million, $0.6 million and $0.5 million, respectively. The intrinsic values are based on the closing price of the Company's stock on the date of exercise.

Share-Based Compensation Expense

The Company's net income includes the following compensation costs related to share-based compensation arrangements (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Gross compensation costs:			
Restricted stock unit awards	**$ 2,899**	$ 8,637	$ 5,712
Stock options	**15**	43	74
Total gross compensation costs	**2,914**	8,680	5,786
Income tax benefits:			
Restricted stock unit awards	**(901)**	(302)	(1,320)
Exercise of stock options	**(94)**	(114)	(94)
Total income tax benefits	**(995)**	(416)	(1,414)
Net compensation expense	**$ 1,919**	$ 8,264	$ 4,372

As of December 31, 2020, the total compensation cost related to non-vested restricted stock unit awards not yet recognized was $13.5 million (based on maximum possible award vesting) and is expected to be recognized over the weighted-average period of 1.5 years. As of December 31, 2020, there was no remaining compensation cost related to non-vested stock options not yet recognized.

NOTE 14 - BENEFIT PLANS

The Company's 401(k) savings plan (the "Plan") is available to all full-time, U.S.-based employees who have been employed with the Company for six months or longer. Under the Plan, a participant may contribute up to 100% of earnings, with the Company matching the first 5% of contributions at a rate of 50%. The employee and Company contributions are paid to a corporate trustee and invested in various funds based on participant direction. Company contributions made to participants' accounts become fully vested upon completion of five years of service. The total Company matching contributions to the Plan were $3.3 million, $3.1 million and $3.1 million for the years ended December 31, 2020, 2019 and 2018, respectively.

NOTE 15 - SEGMENT AND GEOGRAPHIC INFORMATION

Segment Information

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

- U.S. operations
- Latin America operations - includes operations in Mexico, Guatemala, Colombia and El Salvador

Corporate expenses and income, which include administrative expenses, corporate depreciation and amortization, interest expense, interest income, merger and acquisition expenses and loss (gain) on foreign exchange, are incurred or earned in both the U.S. and Latin America, but presented on a consolidated basis and are not allocated between the U.S. operations segment and Latin America operations segment.

The following tables present reportable segment information for the years ended December 31, 2020, 2019 and 2018 as well as separately identified segment assets (in thousands):

	Year Ended December 31, 2020			
	U.S. Operations	Latin America Operations	Corporate	Consolidated
Revenue:				
Retail merchandise sales	$ 720,281	$ 355,237	$ —	$ 1,075,518
Pawn loan fees	310,437	147,080	—	457,517
Wholesale scrap jewelry sales	45,405	50,828	—	96,233
Consumer loan and credit services fees [(1)]	2,016	—	—	2,016
Total revenue	1,078,139	553,145	—	1,631,284
Cost of revenue:				
Cost of retail merchandise sold	415,938	225,149	—	641,087
Cost of wholesale scrap jewelry sold	39,584	39,962	—	79,546
Consumer loan and credit services loss provision [(1)]	(488)	—	—	(488)
Total cost of revenue	455,034	265,111	—	720,145
Net revenue	623,105	288,034	—	911,139
Expenses and other income:				
Store operating expenses	396,627	165,531	—	562,158
Administrative expenses	—	—	110,931	110,931
Depreciation and amortization	21,743	15,816	4,546	42,105
Interest expense	—	—	29,344	29,344
Interest income	—	—	(1,540)	(1,540)
Merger and acquisition expenses	—	—	1,316	1,316
Loss on foreign exchange	—	—	884	884
Loss on extinguishment of debt	—	—	11,737	11,737
Write-offs and impairments of certain lease intangibles and other assets	—	—	10,505	10,505
Total expenses and other income	418,370	181,347	167,723	767,440
Income (loss) before income taxes	$ 204,735	$ 106,687	$ (167,723)	$ 143,699

(1) Effective June 30, 2020, the Company no longer offers an unsecured consumer loan product in the U.S.

	As of December 31, 2020			
	U.S. Operations	Latin America Operations	Corporate	Consolidated
Pawn loans	**$ 220,391**	**$ 87,840**	**$ —**	**$ 308,231**
Inventories	**136,109**	**54,243**	**—**	**190,352**
Goodwill	**802,148**	**175,233**	**—**	**977,381**
Total assets	**1,718,975**	**540,473**	**112,749**	**2,372,197**

	Year Ended December 31, 2019			
	U.S. Operations	Latin America Operations	Corporate	Consolidated
Revenue:				
Retail merchandise sales	$ 722,127	$ 453,434	$ —	$ 1,175,561
Pawn loan fees	379,395	185,429	—	564,824
Wholesale scrap jewelry sales	71,813	32,063	—	103,876
Consumer loan and credit services fees	20,178	—	—	20,178
Total revenue	1,193,513	670,926	—	1,864,439
Cost of revenue:				
Cost of retail merchandise sold	447,911	297,950	—	745,861
Cost of wholesale scrap jewelry sold	65,941	30,131	—	96,072
Consumer loan and credit services loss provision	4,159	—	—	4,159
Total cost of revenue	518,011	328,081	—	846,092
Net revenue	675,502	342,845	—	1,018,347
Expenses and other income:				
Store operating expenses	412,508	183,031	—	595,539
Administrative expenses	—	—	122,334	122,334
Depreciation and amortization	20,860	14,626	6,418	41,904
Interest expense	—	—	34,035	34,035
Interest income	—	—	(1,055)	(1,055)
Merger and acquisition expenses	—	—	1,766	1,766
Gain on foreign exchange	—	—	(787)	(787)
Total expenses and other income	433,368	197,657	162,711	793,736
Income (loss) before income taxes	$ 242,134	$ 145,188	$ (162,711)	$ 224,611

	As of December 31, 2019			
	U.S. Operations	Latin America Operations	Corporate	Consolidated
Pawn loans	$ 268,793	$ 100,734	$ —	$ 369,527
Consumer loans, net	751	—	—	751
Inventories	181,320	83,936	—	265,256
Goodwill	771,311	177,332	—	948,643
Total assets	1,767,504	574,059	97,877	2,439,440

	Year Ended December 31, 2018			
	U.S. Operations	Latin America Operations	Corporate	Consolidated
Revenue:				
Retail merchandise sales	$ 709,594	$ 382,020	$ —	$ 1,091,614
Pawn loan fees	373,406	151,740	—	525,146
Wholesale scrap jewelry sales	85,718	22,103	—	107,821
Consumer loan and credit services fees	55,417	860	—	56,277
Total revenue	1,224,135	556,723	—	1,780,858
Cost of revenue:				
Cost of retail merchandise sold	450,516	246,150	—	696,666
Cost of wholesale scrap jewelry sold	78,308	21,656	—	99,964
Consumer loan and credit services loss provision	17,223	238	—	17,461
Total cost of revenue	546,047	268,044	—	814,091
Net revenue	678,088	288,679	—	966,767
Expenses and other income:				
Store operating expenses	414,097	149,224	—	563,321
Administrative expenses	—	—	120,042	120,042
Depreciation and amortization	21,021	11,333	10,607	42,961
Interest expense	—	—	29,173	29,173
Interest income	—	—	(2,444)	(2,444)
Merger and acquisition expenses	—	—	7,643	7,643
Loss on foreign exchange	—	—	762	762
Total expenses and other income	435,118	160,557	165,783	761,458
Income (loss) before income taxes	$ 242,970	$ 128,122	$ (165,783)	$ 205,309

	As of December 31, 2018			
	U.S. Operations	Latin America Operations	Corporate	Consolidated
Pawn loans	$ 271,584	$ 91,357	$ —	$ 362,941
Consumer loans, net	15,902	—	—	15,902
Inventories	199,978	75,152	—	275,130
Goodwill	759,538	157,881	—	917,419
Total assets	1,534,542	407,282	166,150	2,107,974

Geographic Information

The following table shows revenue and long-lived assets (all non-current assets except operating lease right of use asset, goodwill, intangibles, net and deferred tax assets) by geographic area (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Revenue:			
U.S.	**$ 1,078,139**	$ 1,193,513	$ 1,224,135
Mexico	**530,462**	641,505	531,744
Other Latin America	**22,683**	29,421	24,979
	$ 1,631,284	$ 1,864,439	$ 1,780,858
Long-lived assets:			
U.S.	**$ 286,079**	$ 254,395	$ 226,358
Mexico	**82,438**	80,385	65,260
Other Latin America	**14,968**	12,893	9,265
	$ 383,485	$ 347,673	$ 300,883

NOTE 16 - QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data for the years ended December 31, 2020 and 2019 are set forth in the table below (in thousands, except per share amounts). The Company's operations are subject to seasonal fluctuations. The Company computed the quarterly diluted earnings per share amounts as if each quarter was a discrete period based on that quarter's weighted-average shares outstanding. As a result, the sum of the diluted earnings per share by quarter will not necessarily total the annual diluted earnings per share.

	Quarter Ended			
	March 31	June 30	September 30	December 31
2020				
Total revenue	**$ 466,490**	**$ 412,746**	**$ 359,890**	**$ 392,158**
Total cost of revenue	**207,181**	**189,645**	**157,152**	**166,167**
Net revenue	**259,309**	**223,101**	**202,738**	**225,991**
Total expenses and other income	**213,592**	**185,912**	**185,052**	**182,884**
Net income	**32,918**	**25,873**	**15,062**	**32,726**
Diluted earnings per share	**0.78**	**0.62**	**0.36**	**0.79**
Diluted weighted-average shares	**42,007**	**41,531**	**41,536**	**41,331**
2019				
Total revenue	$ 467,604	$ 446,014	$ 452,459	$ 498,362
Total cost of revenue	211,805	201,709	201,480	231,098
Net revenue	255,799	244,305	250,979	267,264
Total expenses and other income	196,956	199,019	202,015	195,746
Net income	42,655	33,048	34,761	54,154
Diluted earnings per share	0.98	0.76	0.81	1.27
Diluted weighted-average shares	43,658	43,256	43,167	42,760

EXHIBIT 4.4

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2020, FirstCash, Inc. (the "Company," "us," "we," or "our") had one class of securities, our common stock, par value $0.01 per share, registered under Section 12 of the Securities Exchange Act of 1934, as amended.

Description of Common Stock

The following description of our Common Stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our amended and restated certificate of incorporation and our amended and restated bylaws, which are filed as exhibits to our Annual Report on Form 10-K and are incorporated by reference herein, as well as the applicable provisions of the Delaware General Corporation Law. We encourage you to carefully review our amended and restated certificate of incorporation, our amended and restated bylaws and the applicable provisions of the Delaware General Corporation Law, for additional information.

General

Our authorized capital stock consists of 90,000,000 shares of common stock, par value $0.01 per share, and 10,000,000 shares of preferred stock, par value $0.01 per share.

Voting Rights

Each share of our common stock is entitled to one vote per share of record on all matters to be voted upon by our stockholders. Generally, a matter submitted for stockholder action shall be decided by the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote thereon. Other than in a contested election where directors are elected by a plurality vote, each nominee for director shall be elected by the vote of the majority of the votes cast, in person or by proxy, with respect to the director nominee at the meeting.

Dividends

Subject to the preferential rights of the holders of any preferred stock that may at the time be outstanding, each share of common stock will entitle the holder of that share to an equal and ratable right to receive dividends or other distributions if declared from time to time by our board of directors and if there are sufficient funds to legally pay a dividend.

Rights Upon Liquidation

In the event of the Company's liquidation, dissolution or winding up, whether voluntary or involuntary, the holders of our common stock will be entitled to share ratably in all assets remaining after payments to creditors and after satisfaction of the liquidation preference, if any, of the holders of any preferred stock that may at the time be outstanding.

Other Rights

Holders of our common stock have no preemptive or redemption rights and will not be subject to further calls or assessments by the Company.

Preferred Stock

The authorized preferred stock will be available for issuance from, time to time, at the discretion of our board of directors without stockholder approval. Our board of directors has the authority to prescribe for each series of preferred stock it establishes the number of shares in that series, the number of votes, if any, to which the shares in that series are entitled, the consideration for the shares in that series and the powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, of the shares in that series. Depending upon the rights prescribed for a series of preferred stock, the issuance of preferred stock could have an adverse effect on the voting power of the holders of our common stock and could adversely affect holders of our common stock by delaying or preventing a change in control of the Company, making removal of the Company's management more difficult or imposing restrictions upon the payment of dividends and other distributions to the holders of our common stock.

Certain Provisions That May Have an Anti-Takeover Effect

Certain other provisions of our amended and restated certificate of incorporation and amended and restated bylaws may delay or make more difficult unsolicited acquisitions or changes of control of the Company. These provisions could have the effect of discouraging third parties from making proposals involving an unsolicited acquisition or change in control of the Company, although these proposals, if made, might be considered desirable by a majority of the Company's stockholders. These provisions may also have the effect of making it more difficult for third parties to cause the replacement of the current management without the concurrence of our board of directors. These provisions include:

- The division of our board of directors into three classes serving staggered terms of office of three years. With a classified board of directors, it would generally take a majority stockholder two annual meetings of stockholders to elect a majority of the board of directors. As a result, a classified board may discourage proxy contests for the election of directors or purchases of a substantial block of stock because it could operate to prevent obtaining control of the board in a relatively short period of time.

- A prohibition of stockholder action by written consent of stockholders. Action by written consent may, in some circumstances, permit the taking of stockholders' action opposed by the board of directors more rapidly than would be possible if a meeting of stockholders were required. The prohibition contained in the amended and restated certificate of incorporation will restrict the ability of controlling stockholders to take action at any time other than at an annual meeting and will generally force a takeover bidder to negotiate directly with the board of directors.

- Permitting only the Company's board of directors, a duly authorized committee of the board of directors, the chairman or the vice chairman of our board of directors or the chief executive officer to call a special meeting of the Company's stockholders. This provision could prevent a stockholder from, among other things, calling a special meeting of stockholders to consider the stockholder's proposed slate of directors or a transaction that might result in a change of control of the corporation.

- An advance notice procedure with regard to stockholder nomination of candidates for election as directors and other business to be brought before an annual meeting of our stockholders. Although our amended and restated bylaws will not give our board of directors any power to approve or disapprove stockholder nominations for the election of directors or other proposals for action, these advance notice procedures may have the effect of precluding a contest for the election of directors or the consideration of other stockholder proposals if the established procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve another proposal without regard to whether consideration of those nominees or proposals might be harmful or beneficial to the Company and our stockholders.

- Elimination, subject to certain exceptions, of the personal liability of directors of the Company for monetary damages for breaches of fiduciary duty by such directors. The amended and restated certificate of incorporation will not provide for the elimination of or any limitation on the personal liability of a director for (i) any breach of the director's duty of loyalty to the Company or its stockholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) unlawful corporate distributions, or (iv) any transaction from which such director derives an improper personal benefit. This provision of the amended and restated certificate of incorporation will limit the remedies available to a stockholder who is dissatisfied with a decision of the board of directors protected by this provision, and such stockholder's only remedy in that circumstance may be to bring a suit to prevent the action of the board. In many situations, this remedy may not be effective, as for example when stockholders are not aware of a transaction or an event prior to board action in respect of such transaction or event. In these cases, the stockholders and the corporation could be injured by the board's decision and have no effective remedy.

- Permitting the removal of directors only for cause by a vote of the holders of a majority of the outstanding shares of stock entitled to vote in an election of directors.

- Permitting the board of directors, in evaluating any takeover offer, to consider all relevant factors, including the potential economic and social impact of the offer on our stockholders, employees, customers, creditors, the communities in which the Company operates and any other factors the directors consider pertinent. Once the board, in exercising its business judgment, has determined that a proposed action is not in the best interests of the Company, it has no duty to remove any barriers to the success of the action, including a shareholder rights plan.

Section 203 of the Delaware General Corporation Law

The Company is subject to Section 203 ("Section 203") of the DGCL, which, subject to certain exceptions, prohibits a Delaware corporation from engaging in any business combinations with any interested stockholder for a period of three years following the date that such stockholder became an interested stockholder, unless (i) before such date the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder, (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (x) by persons who are directors and also officers and (y) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer, or (iii) on or after such date the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines business combination to include (i) any merger or consolidation involving the corporation and the interested stockholder, (ii) any sale, lease, exchange, mortgage, transfer, pledge or other disposition involving the interested stockholder of 10% or more of assets of the corporation, (iii) subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder, (iv) any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder or (v) the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation. In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by such an entity or person.

Section 203 may delay, prevent or make more difficult certain unsolicited acquisitions, tender offers or changes of control of the Company and also may have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions which our stockholders may otherwise deem to be in their best interest.

EXHIBIT 21.1

FIRSTCASH, INC.
SUBSIDIARIES

Subsidiary Name	Country/State of Formation	Percentage Owned By Registrant
FirstCash, Inc.	Delaware	100%
First Cash, Inc.	Nevada	100%
Famous Pawn, Inc.	Maryland	100%
FCFS OK, Inc.	Oklahoma	100%
FCFS MO, Inc.	Missouri	100%
FCFS IN, Inc.	Indiana	100%
FCFS SC, Inc.	South Carolina	100%
FCFS NC, Inc.	North Carolina	100%
FCFS OH, Inc.	Ohio	100%
Frontier Merger Sub, LLC	Texas	100%
Pawn TX, Inc.	Texas	100%
LWC, LLC	Kentucky	100%
FCFS KY, Inc.	Kentucky	100%
LTS, Incorporated	Colorado	100%
Mister Money RM, Inc.	Colorado	100%
FCFS CO, Inc.	Colorado	100%
FC International, LLC	Delaware	100%
FCFS Global, B.V.	Netherlands	100%
First Cash, S.A. de C.V.	Mexico	100%
American Loan Employee Services, S.A. de C.V.	Mexico	100%
Maxi Prenda, S.A. de C.V.	Mexico	100%
Empenos Mexicanos, S.A. de C.V.	Mexico	100%
Soluciones Prima, S.A. de C.V.	Mexico	100%
Comercializadora Maxi, Sociedad Anonima	Guatemala	100%
Maxi Prenda Guatemala, Sociedad Anonima	Guatemala	100%
Soluciones Administrativas de Guatemala, Sociedad Anonima	Guatemala	100%
Soluciones Prima Guatemala, Sociedad Anonima	Guatemala	100%
Maxi Realice Guatemala S.A. de C.V.	Guatemala	100%
First Cash SV, Limitada de C.V.	El Salvador	100%
First Cash Colombia, S.A.S.	Colombia	100%
Maxi Prenda Honduras, S.A. de C.V.	Honduras	100%
Almacenaje PRO., Ltda de C.V.	El Salvador	100%

FIRSTCASH, INC.
SUBSIDIARIES
(CONTINUED)

Subsidiary Name	Country/State of Formation	Percentage Owned By Registrant
Cash America Central, Inc.	Tennessee	100%
Cash America East, Inc.	Florida	100%
Cash America Holding, Inc.	Delaware	100%
Cash America Management L.P.	Delaware	100%
Cash America of Mexico, Inc.	Delaware	100%
Cash America Pawn L.P.	Delaware	100%
Cash America West, Inc.	Nevada	100%
Cash America, Inc.	Delaware	100%
Cash America, Inc. of Alaska	Alaska	100%
Cash America, Inc. of Illinois	Illinois	100%
Cash America, Inc. of Louisiana	Delaware	100%
Cash America, Inc. of North Carolina	North Carolina	100%
Cash America, Inc. of Oklahoma	Oklahoma	100%
Cash America of Missouri, Inc.	Missouri	100%
Creazione Estilo, S.A. de C.V. (in liquidation)	Mexico	100%
Georgia Cash America, Inc.	Georgia	100%
Mr. Payroll Corporation	Delaware	100%
Ohio Neighborhood Finance, Inc.	Delaware	100%
Ohio Neighborhood Credit Solutions, LLC	Delaware	100%

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos. 333-71077 and 333-106878 on Form S-3, and Nos. 333-73391, 333-106880, 333-106881, 333-132665, 333-181837, 333-214452, and 333-234350 on Form S-8 of our reports, dated February 1, 2021, relating to the consolidated financial statements of FirstCash, Inc. as of December 31, 2020 and 2019, and for the three years ended December 31, 2020, and to the effectiveness of internal control over financial reporting as of December 31, 2020, appearing in this Annual Report on Form 10-K of FirstCash, Inc.

/s/ RSM US LLP
Dallas, Texas
February 1, 2021

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Rick L. Wessel, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: February 1, 2021

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

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT

I, R. Douglas Orr, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: February 1, 2021

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

EXHIBIT 32.1

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

In connection with the Annual Report of FirstCash, Inc. (the "Company") on Form 10-K for the year ended December 31, 2020, 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: February 1, 2021

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

EXHIBIT 32.2

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

In connection with the Annual Report of FirstCash, Inc. (the "Company") on Form 10-K for the year ended December 31, 2020, 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: February 1, 2021

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