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

FORM 10-Q

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

For the Quarterly Period Ended September 30, 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

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)

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

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

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

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

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

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

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

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

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

As of October 20, 2020, there were 41,440,498 shares of common stock outstanding.

FIRSTCASH, INC.
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2020

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CAUTIONARY STATEMENT REGARDING RISKS AND UNCERTAINTIES THAT MAY AFFECT FUTURE RESULTS

Forward-Looking Information

This quarterly report contains forward-looking statements about the business, financial condition and prospects of FirstCash, Inc. and its wholly owned subsidiaries (together, the “Company”). Forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, can be identified by the use of forward-looking terminology such as “believes,” “projects,” “expects,” “may,” “estimates,” “should,” “plans,” “targets,” “intends,” “could,” “would,” “anticipates,” “potential,” “confident,” “optimistic” or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of strategy, objectives, estimates, guidance, expectations and future plans. Forward-looking statements can also be identified by the fact these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends or results. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties.

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 such forward-looking statements involve risks and uncertainties. Certain factors may cause results to differ materially from those anticipated by the forward-looking statements made in this quarterly report. Such factors may include, without limitation, the risks, uncertainties and regulatory developments (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, 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 the Company’s 2019 annual report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 3, 2020, including the risks described in Part 1, Item 1A, “Risk Factors” thereof, and other reports filed with the SEC, including the Company’s quarterly report on Form 10-Q filed with the SEC on April 27, 2020. Many of these risks and uncertainties are beyond the ability of the Company to control, nor can the Company predict, in many cases, all of the risks and uncertainties that could cause its actual results to differ materially from those indicated by the forward-looking statements. The forward-looking statements contained in this quarterly report speak only as of the date of this quarterly report, and the Company expressly disclaims any obligation or undertaking to report any updates or revisions to any such statement to reflect any change in the Company’s expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	September 30,		December 31,
	2020	2019	2019
ASSETS			
Cash and cash equivalents	**$ 78,844**	$ 61,183	$ 46,527
Fees and service charges receivable	**36,423**	48,587	46,686
Pawn loans	**270,619**	385,907	369,527
Consumer loans, net	**—**	895	751
Inventories	**168,664**	281,921	265,256
Income taxes receivable	**7,534**	1,944	875
Prepaid expenses and other current assets	**10,647**	9,275	11,367
Total current assets	**572,731**	789,712	740,989
Property and equipment, net	**341,827**	300,087	336,167
Operating lease right of use asset	**289,175**	288,460	304,549
Goodwill	**932,329**	936,562	948,643
Intangible assets, net	**83,837**	86,468	85,875
Other assets	**9,087**	10,880	11,506
Deferred tax assets	**6,509**	10,624	11,711
Total assets	**$ 2,235,495**	$ 2,422,793	$ 2,439,440
LIABILITIES AND STOCKHOLDERS' EQUITY			
Accounts payable and accrued liabilities	**$ 79,979**	$ 81,999	$ 72,398
Customer deposits	**36,189**	41,686	39,736
Income taxes payable	**183**	713	4,302
Lease liability, current	**84,970**	83,328	86,466
Total current liabilities	**201,321**	207,726	202,902
Revolving unsecured credit facilities	**40,000**	340,000	335,000
Senior unsecured notes	**492,775**	296,394	296,568
Deferred tax liabilities	**69,261**	61,240	61,431
Lease liability, non-current	**188,212**	181,257	193,504
Total liabilities	**991,569**	1,086,617	1,089,405
Stockholders' equity:			
Common stock	**493**	493	493
Additional paid-in capital	**1,226,512**	1,229,793	1,231,528
Retained earnings	**767,683**	684,865	727,476
Accumulated other comprehensive loss	**(164,877)**	(113,516)	(96,969)
Common stock held in treasury, at cost	**(585,885)**	(465,459)	(512,493)
Total stockholders' equity	**1,243,926**	1,336,176	1,350,035
Total liabilities and stockholders' equity	**$ 2,235,495**	$ 2,422,793	$ 2,439,440

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	**2020**	2019
Revenue:				
Retail merchandise sales	**$ 234,982**	$ 281,358	**$ 819,011**	$ 844,353
Pawn loan fees	**99,570**	142,879	**343,675**	420,994
Wholesale scrap jewelry sales	**25,281**	25,661	**74,437**	82,352
Consumer loan and credit services fees	**57**	2,561	**2,003**	18,378
Total revenue	**359,890**	452,459	**1,239,126**	1,366,077
Cost of revenue:				
Cost of retail merchandise sold	**137,230**	178,597	**493,436**	534,218
Cost of wholesale scrap jewelry sold	**19,818**	22,660	**61,022**	76,947
Consumer loan and credit services loss provision	**104**	223	**(480)**	3,829
Total cost of revenue	**157,152**	201,480	**553,978**	614,994
Net revenue	**202,738**	250,979	**685,148**	751,083
Expenses and other income:				
Store operating expenses	**132,061**	149,819	**426,612**	445,018
Administrative expenses	**24,354**	30,576	**85,642**	94,426
Depreciation and amortization	**10,426**	10,674	**31,424**	31,058
Interest expense	**6,561**	8,922	**21,953**	25,840
Interest income	**(499)**	(429)	**(1,209)**	(788)
Merger and other acquisition expenses	**7**	805	**209**	1,510
(Gain) loss on foreign exchange	**(432)**	1,648	**1,639**	926
Loss on extinguishment of debt	**11,737**	—	**11,737**	—
Write-offs and impairments of certain lease intangibles and other assets	**837**	—	**6,549**	—
Total expenses and other income	**185,052**	202,015	**584,556**	597,990
Income before income taxes	**17,686**	48,964	**100,592**	153,093
Provision for income taxes	**2,624**	14,203	**26,739**	42,629
Net income	**$ 15,062**	$ 34,761	**$ 73,853**	$ 110,464
Earnings per share:				
Basic	**$ 0.36**	$ 0.81	**$ 1.78**	$ 2.56
Diluted	**$ 0.36**	$ 0.81	**$ 1.77**	$ 2.55

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	**2020**	2019
Net income	**$ 15,062**	$ 34,761	**$ 73,853**	$ 110,464
Other comprehensive income:				
Currency translation adjustment	**7,273**	(9,584)	**(67,908)**	(399)
Comprehensive income	**$ 22,335**	$ 25,177	**$ 5,945**	$ 110,065

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

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

	Nine Months Ended September 30, 2020							
	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 12/31/2019	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	—	—	(10,266)	—	—	(93)	6,939	(3,327)
Share-based compensation expense	—	—	2,851	—	—	—	—	2,851
Net income	—	—	—	32,918	—	—	—	32,918
Cash dividends ($0.27 per share)	—	—	—	(11,268)	—	—	—	(11,268)
Currency translation adjustment	—	—	—	—	(83,503)	—	—	(83,503)
Purchases of treasury stock	—	—	—	—	—	981	(80,331)	(80,331)
As of 3/31/2020	49,276	$ 493	$ 1,224,113	$ 749,126	$ (180,472)	7,835	$ (585,885)	$ 1,207,375
Share-based compensation expense	—	—	2,399	—	—	—	—	2,399
Net income	—	—	—	25,873	—	—	—	25,873
Cash dividends ($0.27 per share)	—	—	—	(11,189)	—	—	—	(11,189)
Currency translation adjustment	—	—	—	—	8,322	—	—	8,322
As of 6/30/2020	49,276	$ 493	$ 1,226,512	$ 763,810	$ (172,150)	7,835	$ (585,885)	$ 1,232,780
Net income	—	—	—	15,062	—	—	—	15,062
Cash dividends ($0.27 per share)	—	—	—	(11,189)	—	—	—	(11,189)
Currency translation adjustment	—	—	—	—	7,273	—	—	7,273
As of 9/30/2020	**49,276**	**$ 493**	**$ 1,226,512**	**$ 767,683**	**$ (164,877)**	**7,835**	**$ (585,885)**	**$ 1,243,926**

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

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

Nine Months Ended September 30, 2019	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Common Stock Held in Treasury Shares	Common Stock Held in Treasury Amount	Total Stockholders' Equity
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	—
Share-based compensation expense	—	—	2,315	—	—	—	—	2,315
Net income	—	—	—	42,655	—	—	—	42,655
Cash dividends ($0.25 per share)	—	—	—	(10,891)	—	—	—	(10,891)
Currency translation adjustment	—	—	—	—	5,423	—	—	5,423
Purchases of treasury stock	—	—	—	—	—	343	(29,190)	(29,190)
As of 3/31/2019	49,276	$ 493	$ 1,225,482	$ 638,574	$ (107,694)	5,995	$ (428,439)	$ 1,328,416
Exercise of stock options	—	—	(319)	—	—	(10)	719	400
Share-based compensation expense	—	—	2,315	—	—	—	—	2,315
Net income	—	—	—	33,048	—	—	—	33,048
Cash dividends ($0.25 per share)	—	—	—	(10,777)	—	—	—	(10,777)
Currency translation adjustment	—	—	—	—	3,762	—	—	3,762
Purchases of treasury stock	—	—	—	—	—	328	(30,222)	(30,222)
As of 6/30/2019	49,276	$ 493	$ 1,227,478	$ 660,845	$ (103,932)	6,313	$ (457,942)	$ 1,326,942
Share-based compensation expense	—	—	2,315	—	—	—	—	2,315
Net income	—	—	—	34,761	—	—	—	34,761
Cash dividends ($0.25 per share)	—	—	—	(10,741)	—	—	—	(10,741)
Currency translation adjustment	—	—	—	—	(9,584)	—	—	(9,584)
Purchases of treasury stock	—	—	—	—	—	80	(7,517)	(7,517)
As of 9/30/2019	49,276	$ 493	$ 1,229,793	$ 684,865	$ (113,516)	6,393	$ (465,459)	$ 1,336,176

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

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

	Nine Months Ended September 30,	
	2020	2019
Cash flow from operating activities:		
Net income	**$ 73,853**	$ 110,464
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Non-cash portion of consumer loan credit loss provision	**(829)**	2,351
Share-based compensation expense	**5,250**	6,945
Depreciation and amortization expense	**31,424**	31,058
Amortization of debt issuance costs	**1,219**	1,429
Loss on extinguishment of debt	**11,737**	—
Non-cash write-offs and impairments of certain lease intangibles and other assets	**6,549**	—
Deferred income taxes, net	**11,401**	7,451
Changes in operating assets and liabilities, net of business combinations:		
Fees and service charges receivable	**8,291**	(2,475)
Inventories purchased directly from customers, wholesalers or manufacturers	**26,628**	(358)
Prepaid expenses and other assets	**75**	576
Accounts payable, accrued liabilities and other liabilities	**12,971**	7,020
Income taxes	**(11,203)**	(637)
Net cash flow provided by operating activities	**177,366**	163,824
Cash flow from investing activities:		
Loan receivables, net [1]	**145,930**	(2,998)
Purchases of furniture, fixtures, equipment and improvements	**(27,853)**	(33,104)
Purchases of store real property	**(20,946)**	(42,954)
Acquisitions of pawn stores, net of cash acquired	**(9,340)**	(41,986)
Net cash flow provided by (used in) investing activities	**87,791**	(121,042)
Cash flow from financing activities:		
Borrowings from unsecured credit facilities	**221,925**	191,000
Repayments of unsecured credit facilities	**(520,433)**	(146,000)
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	**(5,285)**	—
Purchases of treasury stock	**(80,331)**	(67,221)
Proceeds from exercise of stock options	**—**	400
Payment of withholding taxes on net share settlements of restricted stock unit awards	**(3,327)**	—
Dividends paid	**(33,646)**	(32,409)
Net cash flow used in financing activities	**(229,878)**	(54,230)
Effect of exchange rates on cash	**(2,962)**	838
Change in cash and cash equivalents	**32,317**	(10,610)
Cash and cash equivalents at beginning of the period	**46,527**	71,793
Cash and cash equivalents at end of the period	**$ 78,844**	$ 61,183

[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 (unaudited)

Note 1 - General

Basis of Presentation

The accompanying consolidated balance sheet as of December 31, 2019, which is derived from audited financial statements, and the unaudited consolidated financial statements, including the notes thereto, include the accounts of FirstCash, Inc. and its wholly-owned subsidiaries (together, the "Company"). The Company regularly makes acquisitions and the results of operations for the acquired stores have been consolidated since the acquisition dates. All significant intercompany accounts and transactions have been eliminated.

These unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the rules and regulations for reporting on Form 10-Q. Accordingly, they do not include certain information and disclosures required for comprehensive financial statements. These interim period financial statements should be read in conjunction with the Company's consolidated financial statements, which are included in the Company's annual report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission (the "SEC") on February 3, 2020. The consolidated financial statements as of September 30, 2020 and 2019, and for the three month and nine month periods ended September 30, 2020 and 2019, are unaudited, but in management's opinion include all adjustments (consisting of only normal recurring adjustments) considered necessary to present fairly the financial position, results of operations and cash flow for such interim periods. Operating results for the periods ended September 30, 2020 are not necessarily indicative of the results that may be expected for the full year.

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

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. Beginning at the end of the first quarter of 2020 and during 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. This resulted in a significant decline in pawn lending activities, including increased redemptions of existing loans and decreased originations of new loans. Further impacting pawn loan demand during the second quarter were federal stimulus payments, forbearance programs and enhanced unemployment benefits in the U.S. and increased cross-border remittance payments from the U.S. to many Latin American countries. Beginning in approximately May and continuing through September 30, 2020, pawn loan originations began to recover, although pawn loan balances as of September 30, 2020 were still significantly lower than balances in the prior year. Resulting pawn loan fees and inventory levels were negatively impacted during the second and third quarters as a result of the lower pawn loan balances.

As most of the Company's pawn stores were able to remain open as an essential business during the broad lock-downs, retail sales during the second 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 in the U.S., which drove additional demand across most product categories, including jewelry. These positive impacts on second quarter retail sales in Latin America were largely offset by a three-week regulatory prohibition of retail transactions in Mexico the last three weeks of May and closures of stores in El Salvador and Colombia during much of the second quarter. The strong retail demand experienced in the U.S. in the second quarter continued through much of the third quarter, although lower inventory balances also negatively impacted retail sales. Latin America's sales were further impacted by a slower economic recovery compared to the U.S. As a result of the increased retail sales, especially in the second quarter, and less forfeited inventory from lower pawn receivable balances, inventory balances as of September 30, 2020 were significantly lower than balances in the prior year.

In addition, the economic global uncertainty resulting from COVID-19 has resulted in increased currency volatility that has resulted in 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.

Use of Estimates

The preparation of interim financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and related revenue and expenses, and the disclosure of gain and loss contingencies at the date of the financial statements. 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.

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 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 impact on the Company's recognition of financial instruments within the scope of the standard.

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.

Note 2 - Earnings Per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	**2020**	2019
Numerator:				
Net income	**$ 15,062**	$ 34,761	**$ 73,853**	$ 110,464
Denominator:				
Weighted-average common shares for calculating basic earnings per share	**41,440**	42,957	**41,597**	43,183
Effect of dilutive securities:				
Stock options and restricted stock unit awards	**96**	210	**94**	175
Weighted-average common shares for calculating diluted earnings per share	**41,536**	43,167	**41,691**	43,358
Earnings per share:				
Basic	**$ 0.36**	$ 0.81	**$ 1.78**	$ 2.56
Diluted	**$ 0.36**	$ 0.81	**$ 1.77**	$ 2.55

Note 3 - Acquisitions

Consistent with the Company’s strategy to continue its expansion of pawn stores in selected markets, during the nine months ended September 30, 2020, the Company acquired 40 pawn stores in Mexico in two separate transactions. The aggregate purchase price for these acquisitions totaled $7.2 million, net of cash acquired and subject to future post-closing adjustments. The aggregate purchase price was composed of $6.4 million in cash paid during the nine months ended September 30, 2020 and remaining short-term amounts payable to the seller of approximately $0.8 million.

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.

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 September 30, 2020 and 2019 was 4.1 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 September 30, 2020 and 2019 was 7.2% and 7.6%, 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 gain of $0.4 million and a loss of $0.5 million during the three months ended September 30, 2020 and 2019, respectively, related to the remeasurement of these U.S. dollar denominated operating leases, which is included in (gain) loss on foreign exchange in the accompanying consolidated statements of income. During the nine months ended September 30, 2020 and 2019, the Company recognized a foreign currency loss of $3.5 million and a gain of $49,000, respectively, related to these U.S. dollar denominated leases.

Lease expense is recognized on a straight-line basis over the lease term, with variable lease expense recognized in the period such payments are incurred. The following table details the components of lease expense included in store operating expenses in the consolidated statements of income during the three and nine months ended September 30, 2020 and 2019 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	**2020**	2019
Operating lease expense	**$ 30,038**	$ 31,083	**$ 90,673**	$ 93,355
Variable lease expense [1]	**3,656**	2,860	**10,604**	7,114
Total operating lease expense	**$ 33,694**	$ 33,943	**$ 101,277**	$ 100,469

[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 September 30, 2020 (in thousands):

Three months ending December 31, 2020	$ 27,118
2021	96,255
2022	74,028
2023	54,502
2024	32,970
Thereafter	30,471
Total	$ 315,344
Less amount of lease payments representing interest	(42,162)
Total present value of lease payments	$ 273,182

The following table details supplemental cash flow information related to operating leases for the nine months ended September 30, 2020 and 2019 (in thousands):

	Nine Months Ended September 30,	
	2020	2019
Cash paid for amounts included in the measurement of operating lease liabilities	**$ 82,473**	$ 87,509
Leased assets obtained in exchange for new operating lease liabilities	**$ 81,151**	$ 43,616

Note 5 - 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 September 30,		As of December 31,
	2020	2019	2019
Revolving unsecured credit facility, maturing 2024 [(1)]	**$ 40,000**	$ 340,000	$ 335,000
5.375% senior unsecured notes due 2024 [(2)]	**—**	296,394	296,568
4.625% senior unsecured notes due 2028 [(3)]	**492,775**	—	—
Total long-term debt	**$ 532,775**	$ 636,394	$ 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 September 30, 2019 and December 31, 2019, deferred debt issuance costs of $3.6 million and $3.4 million, respectively, are included as a direct deduction from the carrying amount of the senior unsecured notes due 2024 in the accompanying consolidated balance sheets.

(3) As of September 30, 2020, deferred debt issuance costs of $7.2 million are included as a direct deduction from the carrying amount of the senior unsecured notes due 2028 in the accompanying consolidated balance sheets.

Revolving Unsecured Credit Facility

As of September 30, 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. As of September 30, 2020, the Company had $40.0 million in outstanding borrowings and $3.0 million in outstanding letters of credit under the Credit Facility, leaving $457.0 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 London Interbank Offered Rate ("LIBOR") (with interest periods of 1 week or 1, 2, 3 or 6 months at the Company's option) plus a fixed spread of 2.5% or (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 0.50% on the average daily unused portion of the Credit Facility commitment. The weighted-average interest rate on amounts outstanding under the Credit Facility at September 30, 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 September 30, 2020. During the nine months ended September 30, 2020, the Company made net payments of $295.0 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 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 September 30, 2020. At September 30, 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 pay down 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 the three months ended September 30, 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 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 September 30, 2020, 2019 and December 31, 2019, the Company did not have any financial assets or liabilities 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 the nine months ended September 30, 2020, the Company recorded a $1.9 million impairment related to a non-financial, non-operating asset that was included in other assets in the consolidated balance sheets.

Financial Assets and Liabilities Not Measured at Fair Value

The Company's financial assets and liabilities as of September 30, 2020, 2019 and December 31, 2019 that are not measured at fair value in the consolidated balance sheets are as follows (in thousands):

	Carrying Value	Estimated Fair Value			
			Fair Value Measurements Using		
	September 30, 2020	**September 30, 2020**	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	**$ 78,844**	**$ 78,844**	**$ 78,844**	**$ —**	**$ —**
Fees and service charges receivable	**36,423**	**36,423**	**—**	**—**	**36,423**
Pawn loans	**270,619**	**270,619**	**—**	**—**	**270,619**
	$ 385,886	**$ 385,886**	**$ 78,844**	**$ —**	**$ 307,042**
Financial liabilities:					
Revolving unsecured credit facilities	**$ 40,000**	**$ 40,000**	**$ —**	**$ 40,000**	**$ —**
Senior unsecured notes (outstanding principal)	**500,000**	**508,000**	**—**	**508,000**	**—**
	$ 540,000	**$ 548,000**	**$ —**	**$ 548,000**	**$ —**

	Carrying Value	Estimated Fair Value			
			Fair Value Measurements Using		
	September 30, 2019	September 30, 2019	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 61,183	$ 61,183	$ 61,183	$ —	$ —
Fees and service charges receivable	48,587	48,587	—	—	48,587
Pawn loans	385,907	385,907	—	—	385,907
Consumer loans, net	895	895	—	—	895
	$ 496,572	$ 496,572	$ 61,183	$ —	$ 435,389
Financial liabilities:					
Revolving unsecured credit facility	$ 340,000	$ 340,000	$ —	$ 340,000	$ —
Senior unsecured notes (outstanding principal)	300,000	309,000	—	309,000	—
	$ 640,000	$ 649,000	$ —	$ 649,000	$ —

	Carrying Value	Estimated Fair Value			
	December 31,	December 31,	Fair Value Measurements Using		
	2019	2019	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 September 30, 2020, 2019 and December 31, 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 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 - Segment Information

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

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

Corporate expenses and income, which include administrative expenses, corporate depreciation and amortization, interest expense, interest income, merger and other acquisition expenses and (gain) loss 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 three and nine month periods ended September 30, 2020 and 2019 (in thousands):

	Three Months Ended September 30, 2020			
	U.S. Operations	Latin America Operations	Corporate	Consolidated
Revenue:				
Retail merchandise sales	$ 151,618	$ 83,364	$ —	$ 234,982
Pawn loan fees	66,180	33,390	—	99,570
Wholesale scrap jewelry sales	12,692	12,589	—	25,281
Consumer loan and credit services fees	57	—	—	57
Total revenue	230,547	129,343	—	359,890
Cost of revenue:				
Cost of retail merchandise sold	84,673	52,557	—	137,230
Cost of wholesale scrap jewelry sold	10,316	9,502	—	19,818
Consumer loan and credit services loss provision	104	—	—	104
Total cost of revenue	95,093	62,059	—	157,152
Net revenue	135,454	67,284	—	202,738
Expenses and other income:				
Store operating expenses	92,678	39,383	—	132,061
Administrative expenses	—	—	24,354	24,354
Depreciation and amortization	5,390	3,903	1,133	10,426
Interest expense	—	—	6,561	6,561
Interest income	—	—	(499)	(499)
Merger and other acquisition expenses	—	—	7	7
Gain on foreign exchange	—	—	(432)	(432)
Loss on extinguishment of debt	—	—	11,737	11,737
Write-offs and impairments of certain lease intangibles and other assets	—	—	837	837
Total expenses and other income	98,068	43,286	43,698	185,052
Income (loss) before income taxes	$ 37,386	$ 23,998	$ (43,698)	$ 17,686

	Three Months Ended September 30, 2019			
	U.S. Operations	Latin America Operations	Corporate	Consolidated
Revenue:				
Retail merchandise sales	$ 168,092	$ 113,266	$ —	$ 281,358
Pawn loan fees	95,125	47,754	—	142,879
Wholesale scrap jewelry sales	18,369	7,292	—	25,661
Consumer loan and credit services fees	2,561	—	—	2,561
Total revenue	284,147	168,312	—	452,459
Cost of revenue:				
Cost of retail merchandise sold	103,728	74,869	—	178,597
Cost of wholesale scrap jewelry sold	16,217	6,443	—	22,660
Consumer loan and credit services loss provision	223	—	—	223
Total cost of revenue	120,168	81,312	—	201,480
Net revenue	163,979	87,000	—	250,979
Expenses and other income:				
Store operating expenses	103,315	46,504	—	149,819
Administrative expenses	—	—	30,576	30,576
Depreciation and amortization	5,213	3,795	1,666	10,674
Interest expense	—	—	8,922	8,922
Interest income	—	—	(429)	(429)
Merger and other acquisition expenses	—	—	805	805
Loss on foreign exchange	—	—	1,648	1,648
Total expenses and other income	108,528	50,299	43,188	202,015
Income (loss) before income taxes	$ 55,451	$ 36,701	$ (43,188)	$ 48,964

	Nine Months Ended September 30, 2020			
	U.S. Operations	Latin America Operations	Corporate	Consolidated
Revenue:				
Retail merchandise sales	$ 556,528	$ 262,483	$ —	$ 819,011
Pawn loan fees	235,937	107,738	—	343,675
Wholesale scrap jewelry sales	37,727	36,710	—	74,437
Consumer loan and credit services fees	2,003	—	—	2,003
Total revenue	832,195	406,931	—	1,239,126
Cost of revenue:				
Cost of retail merchandise sold	325,863	167,573	—	493,436
Cost of wholesale scrap jewelry sold	32,754	28,268	—	61,022
Consumer loan and credit services loss provision	(480)	—	—	(480)
Total cost of revenue	358,137	195,841	—	553,978
Net revenue	474,058	211,090	—	685,148
Expenses and other income:				
Store operating expenses	303,686	122,926	—	426,612
Administrative expenses	—	—	85,642	85,642
Depreciation and amortization	16,352	11,568	3,504	31,424
Interest expense	—	—	21,953	21,953
Interest income	—	—	(1,209)	(1,209)
Merger and other acquisition expenses	—	—	209	209
Loss on foreign exchange	—	—	1,639	1,639
Loss on extinguishment of debt	—	—	11,737	11,737
Write-offs and impairments of certain lease intangibles and other assets	—	—	6,549	6,549
Total expenses and other income	320,038	134,494	130,024	584,556
Income (loss) before income taxes	$ 154,020	$ 76,596	$ (130,024)	$ 100,592

	Nine Months Ended September 30, 2019			
	U.S. Operations	Latin America Operations	Corporate	Consolidated
Revenue:				
Retail merchandise sales	$ 523,825	$ 320,528	$ —	$ 844,353
Pawn loan fees	283,127	137,867	—	420,994
Wholesale scrap jewelry sales	56,942	25,410	—	82,352
Consumer loan and credit services fees	18,378	—	—	18,378
Total revenue	882,272	483,805	—	1,366,077
Cost of revenue:				
Cost of retail merchandise sold	326,134	208,084	—	534,218
Cost of wholesale scrap jewelry sold	52,340	24,607	—	76,947
Consumer loan and credit services loss provision	3,829	—	—	3,829
Total cost of revenue	382,303	232,691	—	614,994
Net revenue	499,969	251,114	—	751,083
Expenses and other income:				
Store operating expenses	310,208	134,810	—	445,018
Administrative expenses	—	—	94,426	94,426
Depreciation and amortization	15,527	10,679	4,852	31,058
Interest expense	—	—	25,840	25,840
Interest income	—	—	(788)	(788)
Merger and other acquisition expenses	—	—	1,510	1,510
Loss on foreign exchange	—	—	926	926
Total expenses and other income	325,735	145,489	126,766	597,990
Income (loss) before income taxes	$ 174,234	$ 105,625	$ (126,766)	$ 153,093

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

The following discussion of financial condition, results of operations, liquidity and capital resources of FirstCash, Inc. and its wholly-owned subsidiaries (together, the "Company") should be read in conjunction with the Company's consolidated financial statements and accompanying notes included under Part I, Item 1 of this quarterly report on Form 10-Q, as well as with the audited consolidated financial statements and accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's annual report on Form 10-K for the year ended December 31, 2019. References in this quarterly report on Form 10-Q to "year-to-date" refer to the nine month period from January 1, 2020 to September 30, 2020.

GENERAL

The Company is a leading operator of retail-based pawn stores with over 2,700 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'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. Pawn operations, which include retail merchandise sales, pawn loan fees and wholesale scrap jewelry sales, accounted for more than 99% and approximately 99% of the Company's consolidated revenue during the nine month periods ended September 30, 2020 and 2019, respectively.

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. See "Results of Operations - Consumer Lending Operations" for further discussion.

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 Latin America, which includes operations in Mexico, Guatemala, El Salvador and Colombia.

OPERATIONS AND LOCATIONS

As of September 30, 2020, the Company had 2,750 store locations composed of 1,030 stores in 24 U.S. states and the District of Columbia, 1,635 stores in 32 states in Mexico, 58 stores in Guatemala, 13 stores in El Salvador and 14 stores in Colombia.

The following tables detail store count activity:

	Three Months Ended September 30, 2020		
	U.S. Operations Segment [2]	Latin America Operations Segment [3]	Total Locations
Total locations, beginning of period	1,035	1,710	2,745
New locations opened	—	13	13
Consolidation of existing pawn locations	(5)	(3)	(8)
Total locations, end of period	1,030	1,720	2,750

	Nine Months Ended September 30, 2020		
	U.S. Operations Segment [2]	Latin America Operations Segment [3]	Total Locations
Total locations, beginning of period	1,056	1,623	2,679
New locations opened	—	64	64
Locations acquired	—	40	40
Closure of consumer loan stores [1]	(13)	—	(13)
Consolidation of existing pawn locations	(13)	(7)	(20)
Total locations, end of period	1,030	1,720	2,750

(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) The table does not include 42 Mr. Payroll check cashing locations operated by independent franchisees under franchising agreements with the Company.

(3) The table does not include 27 Prendamex pawn locations operated by independent franchisees under franchising agreements with the Company.

CRITICAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The significant accounting policies that the Company believes are the most critical to aid in fully understanding and evaluating its reported financial results have been reported in the Company's 2019 annual report on Form 10-K. There have been no changes to the Company's significant accounting policies for the nine months ended September 30, 2020.

RESULTS OF OPERATIONS (unaudited)

Continuing Impact of COVID-19

The broad shutdowns in response to COVID-19 during the end of the first quarter and the first part of the second quarter caused significantly reduced levels of personal spending by consumers in the U.S. and Latin America. This resulted in a significant decline in pawn lending activities, including increased redemptions of existing loans and decreased originations of new loans. Further impacting pawn loan demand during the second quarter were federal stimulus payments, forbearance programs and enhanced unemployment benefits in the U.S. and increased cross-border remittance payments from the U.S. to many Latin American countries. Beginning in approximately May and continuing through September 30, 2020, pawn loan originations began to recover, although pawn loan balances as of September 30, 2020 were still significantly lower than balances in the prior year. Resulting pawn loan fees and inventory levels were negatively impacted during the second and third quarters as a result of the lower pawn loan balances.

As most of the Company’s pawn stores were able to remain open as an essential business during the broad shutdowns, retail sales during the second 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 in the U.S., which drove additional demand across most product categories, including jewelry. These positive impacts on second quarter retail sales in Latin America were largely offset by a three-week regulatory prohibition of retail transactions in Mexico the last three weeks of May and closures of stores in El Salvador and Colombia during much of the second quarter. The strong retail demand experienced in the U.S. in the second quarter continued through much of the third quarter, although lower inventory balances also negatively impacted retail sales. Latin America’s sales were further impacted by a slower economic recovery compared to the U.S. As a result of the increased retail sales, especially in the second quarter, and less forfeited inventory from lower pawn receivable balances, inventory balances as of September 30, 2020 were significantly lower than balances in the prior year.

See also “Note 1 – General – Impact of COVID-19” of Notes to Consolidated Financial Statements for a further discussion on the impact of COVID-19 on the Company, its business and results of operations.

Constant Currency Results

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.

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

	September 30,		Favorable /
	2020	2019	(Unfavorable)
Mexican peso / U.S. dollar exchange rate:			
End-of-period	**22.5**	19.6	(15)%
Three months ended	**22.1**	19.4	(14)%
Nine months ended	**21.8**	19.3	(13)%
Guatemalan quetzal / U.S. dollar exchange rate:			
End-of-period	**7.8**	7.7	(1)%
Three months ended	**7.7**	7.7	— %
Nine months ended	**7.7**	7.7	— %
Colombian peso / U.S. dollar exchange rate:			
End-of-period	**3,879**	3,462	(12)%
Three months ended	**3,730**	3,339	(12)%
Nine months ended	**3,703**	3,239	(14)%

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

Operating Results for the Three Months Ended September 30, 2020 Compared to the Three Months Ended September 30, 2019

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 September 30, 2020 compared to September 30, 2019 (dollars in thousands, except as otherwise noted):

	As of September 30,		Increase /
	2020	2019	(Decrease)
U.S. Operations Segment			
Earning assets:			
Pawn loans	**$ 188,819**	$ 270,659	(30) %
Inventories	**120,397**	185,369	(35) %
Consumer loans, net [(1)]	**—**	895	(100) %
	$ 309,216	$ 456,923	(32) %
Average outstanding pawn loan amount (in ones)	**$ 188**	$ 167	13 %
Composition of pawn collateral:			
General merchandise	**34 %**	36 %	
Jewelry	**66 %**	64 %	
	100 %	100 %	
Composition of inventories:			
General merchandise	**42 %**	47 %	
Jewelry	**58 %**	53 %	
	100 %	100 %	
Percentage of inventory aged greater than one year	**2 %**	3 %	
Inventory turns (trailing twelve months retail 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. See "— Consumer Lending Operations" for further discussion.

The following table presents segment pre-tax operating income of the U.S. operations segment for the three months ended September 30, 2020 compared to the three months ended September 30, 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.

	Three Months Ended September 30,		Increase /
	2020	2019	(Decrease)
U.S. Operations Segment			
Revenue:			
Retail merchandise sales	**$ 151,618**	$ 168,092	(10)%
Pawn loan fees	**66,180**	95,125	(30)%
Wholesale scrap jewelry sales	**12,692**	18,369	(31)%
Consumer loan and credit services fees [1]	**57**	2,561	(98)%
Total revenue	**230,547**	284,147	(19)%
Cost of revenue:			
Cost of retail merchandise sold	**84,673**	103,728	(18)%
Cost of wholesale scrap jewelry sold	**10,316**	16,217	(36)%
Consumer loan and credit services loss provision [1]	**104**	223	(53)%
Total cost of revenue	**95,093**	120,168	(21)%
Net revenue	**135,454**	163,979	(17)%
Segment expenses:			
Store operating expenses	**92,678**	103,315	(10)%
Depreciation and amortization	**5,390**	5,213	3 %
Total segment expenses	**98,068**	108,528	(10)%
Segment pre-tax operating income	**$ 37,386**	$ 55,451	(33)%

(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. See "— Consumer Lending Operations" for further discussion.

Retail Merchandise Sales Operations

U.S. retail merchandise sales decreased 10% to $151.6 million during the third quarter of 2020 compared to $168.1 million for the third quarter of 2019. Same-store retail sales also decreased 10% in the third quarter of 2020 compared to the third quarter of 2019. The decrease in total and same-store retail sales was primarily due to lower inventory balances as described below. Offsetting the decline in retail sales revenue, the gross profit margin on retail merchandise sales in the U.S. was 44% during the third quarter of 2020 compared to a margin of 38% during the third quarter of 2019, which resulted in a 4% increase in net revenue (gross profit) from retail sales for the third quarter of 2020 compared to the third quarter of 2019. The increase in retail sales margin was primarily driven by continued retail demand, increased buying of fresh merchandise directly from customers and lower levels of aged inventory which limited the need for normal discounting.

U.S. inventories decreased 35% from $185.4 million at September 30, 2019 to $120.4 million at September 30, 2020. The decrease was primarily a result of lower than normal third quarter inventory levels as a result of record second quarter retail sales due to COVID-19 related demand and a decline in inventory generated from forfeited pawn loans. These decreases were partially offset by an increase in merchandise purchased directly from customers during the quarter compared to the prior-year quarter. Inventories aged greater than one year in the U.S. were 2% at September 30, 2020 compared to 3% at September 30, 2019.

Pawn Lending Operations

U.S. pawn loan fees decreased 30% to $66.2 million during the third quarter of 2020 compared to $95.1 million for the third quarter of 2019. Same-store pawn fees in the third quarter of 2020 also decreased 30% compared to the third quarter of 2019. Pawn loan receivables as of September 30, 2020 decreased 30% in total and on a same-store basis compared to September 30, 2019. The decline in total and same-store pawn receivables and resulting pawn loan fees was primarily due to the significant reduction in pawn loan originations during the second and third quarters of 2020. The reduced origination activity reflected improved customer liquidity due to reduced levels of personal spending during the COVID-19 lockdowns, government stimulus programs and consumer forbearance programs, among other things. Beginning in approximately May and continuing through the end of the third quarter of 2020, pawn loan originations improved compared to prior-year originations, which resulted in a 19% sequential increase in pawn receivables during the quarter.

Wholesale Scrap Jewelry Operations

U.S. wholesale scrap jewelry revenue, consisting primarily of gold sales, decreased 31% to $12.7 million during the third quarter of 2020 compared to $18.4 million during the third quarter of 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 19% compared to the prior-year margin of 12%, with the increase in scrap margin primarily due to an increase in the average selling price of gold during the third quarter of 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 were $57,000 during the third quarter of 2020 compared to $2.6 million for the third quarter of 2019.

Segment Expenses and Segment Pre-Tax Operating Income

U.S. store operating expenses decreased 10% to $92.7 million during the third quarter of 2020 compared to $103.3 million during the third quarter of 2019 and same-store operating expenses also decreased 10% compared with the prior-year period. The decrease in same-store operating expenses was primarily due to payroll savings from normal attrition, reduced store operating hours and other cost saving initiatives as a result of COVID-19.

U.S. store depreciation and amortization increased 3% to $5.4 million during the third quarter of 2020 compared to $5.2 million during the third quarter of 2019.

The U.S. segment pre-tax operating income for the third quarter of 2020 was $37.4 million, which generated a pre-tax segment operating margin of 16% compared to $55.5 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 both retail and scrap sales and a decrease in operating expenses.

Latin America Operations Segment

Latin American results of operations for the three months ended September 30, 2020 compared to the three months ended September 30, 2019 were impacted by a 14% 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 September 30, 2020 compared to September 30, 2019 was also impacted by a 15% 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 September 30, 2020 compared to September 30, 2019 (dollars in thousands, except as otherwise noted):

	As of September 30,			Constant Currency Basis	
	2020	2019	Decrease	**As of September 30, 2020 (Non-GAAP)**	Increase / (Decrease) (Non-GAAP)
Latin America Operations Segment					
Earning assets:					
Pawn loans	**$ 81,800**	$ 115,248	(29)%	**$ 93,105**	(19)%
Inventories	**48,267**	96,552	(50)%	**54,770**	(43)%
	$ 130,067	$ 211,800	(39)%	**$ 147,875**	(30)%
Average outstanding pawn loan amount (in ones)	**$ 64**	$ 66	(3)%	**$ 73**	11 %
Composition of pawn collateral:					
General merchandise	**66 %**	72 %			
Jewelry	**34 %**	28 %			
	100 %	100 %			
Composition of inventories:					
General merchandise	**60 %**	73 %			
Jewelry	**40 %**	27 %			
	100 %	100 %			
Percentage of inventory aged greater than one year	**2 %**	1 %			
Inventory turns (trailing twelve months retail sales divided by average inventories)	**4.1 times**	3.7 times			

The following table presents segment pre-tax operating income of the Latin America operations segment for the three months ended September 30, 2020 compared to the three months ended September 30, 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.

	Three Months Ended September 30,		Increase /	Constant Currency Basis	
				Three Months Ended September 30,	Increase /
	2020	2019	(Decrease)	**2020 (Non-GAAP)**	(Decrease) (Non-GAAP)
Latin America Operations Segment					
Revenue:					
Retail merchandise sales	**$ 83,364**	$ 113,266	(26)%	**$ 94,326**	(17)%
Pawn loan fees	**33,390**	47,754	(30)%	**37,869**	(21)%
Wholesale scrap jewelry sales	**12,589**	7,292	73 %	**12,589**	73 %
Total revenue	**129,343**	168,312	(23)%	**144,784**	(14)%
Cost of revenue:					
Cost of retail merchandise sold	**52,557**	74,869	(30)%	**59,447**	(21)%
Cost of wholesale scrap jewelry sold	**9,502**	6,443	47 %	**10,816**	68 %
Total cost of revenue	**62,059**	81,312	(24)%	**70,263**	(14)%
Net revenue	**67,284**	87,000	(23)%	**74,521**	(14)%
Segment expenses:					
Store operating expenses	**39,383**	46,504	(15)%	**44,204**	(5)%
Depreciation and amortization	**3,903**	3,795	3 %	**4,370**	15 %
Total segment expenses	**43,286**	50,299	(14)%	**48,574**	(3)%
Segment pre-tax operating income	**$ 23,998**	$ 36,701	(35)%	**$ 25,947**	(29)%

Retail Merchandise Sales Operations

Latin America retail merchandise sales decreased 26% (17% on a constant currency basis) to $83.4 million during the third quarter of 2020 compared to $113.3 million for the third quarter of 2019. The decrease was primarily due to lower inventory levels as noted below and limited economic recovery in Latin America in general, partially offset by additional revenue contributions from recent acquisitions and new store openings. Same-store retail sales decreased 29% (20% on a constant currency basis). Partially offsetting the declines in retail sales revenue, the gross profit margin on retail merchandise sales was 37% during the third quarter of 2020 compared to 34% during the third quarter of 2019, resulting in a decrease of 20% (9% on a constant currency basis) in net revenue (gross profit) from retail sales for the third quarter of 2020 compared to the third quarter of 2019. The increase in retail sales margin was primarily due to limited discounting on fresher inventories and increased focus on optimizing loan-to-value ratios.

Inventories in Latin America decreased 50% (43% on a constant currency basis) from $96.6 million at September 30, 2019 to $48.3 million at September 30, 2020. The decrease was primarily due to the decline in pawn receivable balances creating less forfeited inventory as noted below and an increase in scrapping activities. Inventories aged greater than one year in Latin America were 2% at September 30, 2020 and 1% at September 30, 2019.

Pawn Lending Operations

Pawn loan fees in Latin America decreased 30% (21% on a constant currency basis), totaling $33.4 million during the third quarter of 2020 compared to $47.8 million for the third quarter of 2019. Same-store pawn fees decreased 32% (23% on a constant currency basis) in the third quarter of 2020 compared to the third quarter of 2019. Pawn loan receivables decreased 29% (19% on a constant currency basis) as of September 30, 2020 compared to September 30, 2019, while same-store pawn receivables decreased 31% (21% on a constant currency basis). The decline in total and same-store pawn receivables and resulting pawn loan fees was primarily due to the significant reduction in pawn loan originations during the second and third quarters of 2020. The reduced origination activity reflected improved customer liquidity due to reduced levels of personal spending during the COVID-19 lockdowns, among other things. While there were limited government stimulus programs in the region in response to the pandemic, an increase in cross-border remittance payments from the U.S. also provided additional liquidity to consumers. Beginning in approximately May and continuing through the end of the third quarter of 2020, pawn loan originations improved compared to prior-year originations, which resulted in a 13% sequential increase in pawn receivables during the quarter.

Wholesale Scrap Jewelry Operations

Latin America wholesale scrap jewelry revenue, consisting primarily of gold sales, increased 73% (also 73% on a constant currency basis) to $12.6 million during the third quarter of 2020 compared to $7.3 million during the third quarter of 2019. The increase was primarily due to increased volume contributions from recently acquired stores which carried a greater percentage of jewelry inventories as well as an increase in general scrapping volumes as a result of retail restrictions and reduced demand related to COVID-19. The scrap jewelry gross profit margin in Latin America was 25% (14% on a constant currency basis) during the third quarter of 2020 compared to the prior-year margin of 12%, with the increase in scrap margin primarily due to an increase in the average selling price of gold during the third quarter of 2020 compared to 2019.

Segment Expenses and Segment Pre-Tax Operating Income

Store operating expenses decreased 15% (5% on a constant currency basis) to $39.4 million during the third quarter of 2020 compared to $46.5 million during the third quarter of 2019. Total store operating expenses decreased primarily due to cost saving initiatives as a result of COVID-19, partially offset by the 7% increase in the Latin America weighted-average store count. Same-store operating expenses decreased 19% (10% on a constant currency basis).

Latin America store depreciation and amortization increased 3% (15% on a constant currency basis) to $3.9 million during the third quarter of 2020 compared to $3.8 million during the third quarter of 2019, primarily due to the increase in the number of new store openings since the third quarter of 2019.

The segment pre-tax operating income for the third quarter of 2020 was $24.0 million, which generated a pre-tax segment operating margin of 19% compared to $36.7 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, in part due to the 14% unfavorable change in the average value of the Mexican peso, partially offset by an increase in retail sales margins, 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 three months ended September 30, 2020 compared to the three months ended September 30, 2019 (dollars in thousands):

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Increase / (Decrease)
Consolidated Results of Operations			
Segment pre-tax operating income:			
U.S. operations	**$ 37,386**	$ 55,451	(33)%
Latin America operations	**23,998**	36,701	(35)%
Consolidated segment pre-tax operating income	**61,384**	92,152	(33)%
Corporate expenses and other income:			
Administrative expenses	**24,354**	30,576	(20)%
Depreciation and amortization	**1,133**	1,666	(32)%
Interest expense	**6,561**	8,922	(26)%
Interest income	**(499)**	(429)	16 %
Merger and other acquisition expenses	**7**	805	(99)%
(Gain) loss on foreign exchange	**(432)**	1,648	126 %
Loss on extinguishment of debt	**11,737**	—	— %
Write-offs and impairments of certain lease intangibles and other assets	**837**	—	— %
Total corporate expenses and other income	**43,698**	43,188	1 %
Income before income taxes	**17,686**	48,964	(64)%
Provision for income taxes	**2,624**	14,203	(82)%
Net income	**$ 15,062**	$ 34,761	(57)%

Corporate Expenses and Taxes

Administrative expenses decreased 20% to $24.4 million during the third quarter of 2020 compared to $30.6 million in the third quarter of 2019, primarily due to a reduction in incentive-based compensation expense, reduced travel costs, other cost saving initiatives as a result of COVID-19 and a 14% unfavorable change in the average value of the Mexican peso resulting in lower U.S. dollar translated expenses, partially offset by a 3% increase in the consolidated weighted-average store count. Administrative expenses were 7% of revenue during both the third quarter of 2020 and 2019.

Interest expense decreased 26% to $6.6 million during the third quarter of 2020 compared to $8.9 million in the third quarter of 2019, primarily due to lower average balances outstanding on the Company's unsecured credit facilities and lower average interest rates during the third quarter of 2020 compared to the third quarter of 2019. See "Liquidity and Capital Resources."

During the third quarter of 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.

Consolidated effective income tax rates for the third quarter of 2020 and 2019 were 14.8% and 29.0%, 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. The GILTI tax became effective in 2018, and based on preliminary IRS guidance, the impact to the Company has been included in its tax provisions since 2018. The finalized regulations issued in July essentially eliminated the impact of the incremental GILTI tax for the Company’s 2018, 2019 and current tax years and permitted retroactive application.

Operating Results for the Nine Months Ended September 30, 2020 Compared to the Nine Months Ended September 30, 2019

Operating results for the nine months ended September 30, 2020 were significantly impacted by COVID-19 during the second and third quarters as described in the “Operating Results for the Three Months Ended September 30, 2020 Compared to the Three Months Ended September 30, 2019” section above and the “Operating Results for the Three Months Ended June 30, 2020 Compared to the Three Months Ended June 30, 2019” section in the Company’s June 30, 2020 quarterly report on Form 10-Q.

U.S. Operations Segment

The following table presents segment pre-tax operating income of the U.S. operations segment for the nine months ended September 30, 2020 compared to the nine months ended September 30, 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.

	Nine Months Ended September 30,		Increase /
	2020	2019	(Decrease)
U.S. Operations Segment			
Revenue:			
Retail merchandise sales	**$ 556,528**	$ 523,825	6 %
Pawn loan fees	**235,937**	283,127	(17)%
Wholesale scrap jewelry sales	**37,727**	56,942	(34)%
Consumer loan and credit services fees [1]	**2,003**	18,378	(89)%
Total revenue	**832,195**	882,272	(6)%
Cost of revenue:			
Cost of retail merchandise sold	**325,863**	326,134	— %
Cost of wholesale scrap jewelry sold	**32,754**	52,340	(37)%
Consumer loan and credit services loss provision [1]	**(480)**	3,829	(113)%
Total cost of revenue	**358,137**	382,303	(6)%
Net revenue	**474,058**	499,969	(5)%
Segment expenses:			
Store operating expenses	**303,686**	310,208	(2)%
Depreciation and amortization	**16,352**	15,527	5 %
Total segment expenses	**320,038**	325,735	(2)%
Segment pre-tax operating income	**$ 154,020**	$ 174,234	(12)%

(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. See “— Consumer Lending Operations” for further discussion.

Retail Merchandise Sales Operations

U.S. retail merchandise sales increased 6% to $556.5 million during the nine months ended September 30, 2020 compared to $523.8 million for the nine months ended September 30, 2019. Same-store retail sales also increased 6% during the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. During the nine months ended September 30, 2020, the gross profit margin on retail merchandise sales in the U.S. was 41% compared to a margin of 38% during the nine months ended September 30, 2019, which resulted in a 17% increase in net revenue (gross profit) from retail sales for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. The increase in retail sales and retail sales margin was primarily driven by the impacts of COVID-19 as described in the quarter-to-date section above and in the June 30, 2020 quarterly report on Form 10-Q.

Pawn Lending Operations

U.S. pawn loan fees decreased 17%, totaling $235.9 million during the nine months ended September 30, 2020 compared to $283.1 million for the nine months ended September 30, 2019. Same-store pawn fees also decreased 17% during the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. Pawn loan receivables as of September 30, 2020 decreased 30% in total and on a same-store basis compared to September 30, 2019. The decline in total and same-store pawn receivables and pawn fees relates primarily to the impacts of COVID-19 as described in the quarter-to-date section above and in the June 30, 2020 quarterly report on Form 10-Q.

Wholesale Scrap Jewelry Operations

U.S. wholesale scrap jewelry revenue, consisting primarily of gold sales, decreased 34% to $37.7 million during the nine months ended September 30, 2020 compared to $56.9 million during the nine months ended September 30, 2019. The decline in scrap revenue relates primarily to reductions in inventory levels as described in the quarter-to-date section above and in the June 30, 2020 quarterly report on Form 10-Q. The scrap jewelry gross profit margin in the U.S. was 13% compared to the prior-year margin of 8%. The increase in scrap margin was primarily due to an increase in the average selling price of gold during the nine months ended September 30, 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. Service fees from U.S. consumer lending operations decreased 89% to $2.0 million during the nine months ended September 30, 2020 compared to $18.4 million for the nine months ended September 30, 2019.

Segment Expenses and Segment Pre-Tax Operating Income

U.S. store operating expenses decreased 2% to $303.7 million during the nine months ended September 30, 2020 compared to $310.2 million during the nine months ended September 30, 2019 and same-store operating expenses decreased 1% compared with the prior-year period. The decrease in same-store operating expenses was primarily due to cost saving initiatives as a result of COVID-19, partially offset by an increase in store-level incentive based compensation as a result of the significant increase in retail sales and margins as described in the quarter-to-date section above and in the June 30, 2020 quarterly report on Form 10-Q.

U.S. store depreciation and amortization increased 5% to $16.4 million during the nine months ended September 30, 2020 compared to $15.5 million during the nine months ended September 30, 2019.

The U.S. segment pre-tax operating income for the nine months ended September 30, 2020 was $154.0 million, which generated a pre-tax segment operating margin of 19% compared to $174.2 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 both retail and scrap sales and a decrease in operating expenses.

Latin America Operations Segment

Latin American results of operations for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 were impacted by a 13% unfavorable change in the average value of the Mexican peso compared to the U.S. dollar.

The following table presents segment pre-tax operating income of the Latin America operations segment for the nine months ended September 30, 2020 compared to the nine months ended September 30, 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.

	Nine Months Ended September 30,			Constant Currency Basis	
	2020	2019	Increase / (Decrease)	**Nine Months Ended September 30, 2020 (Non-GAAP)**	Increase / (Decrease) (Non-GAAP)
Latin America Operations Segment					
Revenue:					
Retail merchandise sales	**$ 262,483**	$ 320,528	(18)%	**$ 295,523**	(8)%
Pawn loan fees	**107,738**	137,867	(22)%	**121,324**	(12)%
Wholesale scrap jewelry sales	**36,710**	25,410	44 %	**36,710**	44 %
Total revenue	**406,931**	483,805	(16)%	**453,557**	(6)%
Cost of revenue:					
Cost of retail merchandise sold	**167,573**	208,084	(19)%	**188,607**	(9)%
Cost of wholesale scrap jewelry sold	**28,268**	24,607	15 %	**31,892**	30 %
Total cost of revenue	**195,841**	232,691	(16)%	**220,499**	(5)%
Net revenue	**211,090**	251,114	(16)%	**233,058**	(7)%
Segment expenses:					
Store operating expenses	**122,926**	134,810	(9)%	**137,211**	2 %
Depreciation and amortization	**11,568**	10,679	8 %	**12,886**	21 %
Total segment expenses	**134,494**	145,489	(8)%	**150,097**	3 %
Segment pre-tax operating income	**$ 76,596**	$ 105,625	(27)%	**$ 82,961**	(21)%

Retail Merchandise Sales Operations

Latin America retail merchandise sales decreased 18% (8% on a constant currency basis) to $262.5 million during the nine months ended September 30, 2020 compared to $320.5 million for the nine months ended September 30, 2019. The decrease was primarily due to the impacts of COVID-19 as described in the quarter-to-date section above and in the June 30, 2020 quarterly report on Form 10-Q, partially offset by additional revenue contributions from recent acquisitions and new store openings. Same-store retail sales decreased 22% (13% on a constant currency basis). The gross profit margin on retail merchandise sales was 36% during the nine months ended September 30, 2020 compared to 35% during the nine months ended September 30, 2019.

Pawn Lending Operations

Pawn loan fees in Latin America decreased 22% (12% on a constant currency basis) totaling $107.7 million during the nine months ended September 30, 2020 compared to $137.9 million for the nine months ended September 30, 2019. Same-store pawn fees decreased 26% (16% on a constant currency basis) during the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. Pawn loan receivables decreased 29% (19% on a constant currency basis) as of September 30, 2020 compared to September 30, 2019, while same-store pawn receivables decreased by 31% (21% on a constant currency basis). The decline in total and same-store pawn receivables and resulting pawn loan fees relates primarily to the impacts of COVID-19 as described in the quarter-to-date section above and in the June 30, 2020 quarterly report on Form 10-Q.

Wholesale Scrap Jewelry Operations

Latin America wholesale scrap jewelry revenue, consisting primarily of gold sales, increased 44% (also 44% on a constant currency basis) to $36.7 million during the nine months ended September 30, 2020 compared to $25.4 million during the nine months ended September 30, 2019. The increase was primarily due to increased volume contributions from recently acquired stores which carried a greater percentage of jewelry inventories, as well as an increase in general scrapping volumes as a result of retail restrictions and demand related to COVID-19. The scrap jewelry gross profit margin in Latin America was 23% (13% on a constant currency basis) during the nine months ended September 30, 2020 compared to the prior-year margin of 3%, with the increase in scrap margin primarily due to an increase in the average selling price of gold during the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019.

Segment Expenses and Segment Pre-Tax Operating Income

Store operating expenses decreased 9% (2% increase on a constant currency basis) to $122.9 million during the nine months ended September 30, 2020 compared to $134.8 million during the nine months ended September 30, 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% (5% on a constant currency basis) compared to the prior-year period.

The segment pre-tax operating income for the nine months ended September 30, 2020 was $76.6 million, which generated a pre-tax segment operating margin of 19% compared to $105.6 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 a 13% 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 nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 (dollars in thousands):

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019	Increase / (Decrease)
Consolidated Results of Operations			
Segment pre-tax operating income:			
U.S. operations	**$ 154,020**	$ 174,234	(12)%
Latin America operations	**76,596**	105,625	(27)%
Consolidated segment pre-tax operating income	**230,616**	279,859	(18)%
Corporate expenses and other income:			
Administrative expenses	**85,642**	94,426	(9)%
Depreciation and amortization	**3,504**	4,852	(28)%
Interest expense	**21,953**	25,840	(15)%
Interest income	**(1,209)**	(788)	53 %
Merger and other acquisition expenses	**209**	1,510	(86)%
Loss on foreign exchange	**1,639**	926	77 %
Loss on extinguishment of debt	**11,737**	—	— %
Write-offs and impairments of certain lease intangibles and other assets	**6,549**	—	— %
Total corporate expenses and other income	**130,024**	126,766	3 %
Income before income taxes	**100,592**	153,093	(34)%
Provision for income taxes	**26,739**	42,629	(37)%
Net income	**$ 73,853**	$ 110,464	(33)%

Corporate Expenses and Taxes

Administrative expenses decreased 9% to $85.6 million during the nine months ended September 30, 2020 compared to $94.4 million during the nine months ended September 30, 2019, primarily due to a reduction in incentive-based compensation expense, reduced travel costs, other cost saving initiatives as a result of COVID-19 and a 13% 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 the nine months ended September 30, 2020 and 2019.

Interest expense decreased 15% to $22.0 million during the nine months ended September 30, 2020 compared to $25.8 million for the nine months ended September 30, 2019, primarily due to lower average balances outstanding on the Company's unsecured credit facilities and lower average interest rates during the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. See "Liquidity and Capital Resources."

During the nine months ended September 30, 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 the nine months ended September 30, 2020, the Company recorded a $4.6 million write-off of certain merger related lease intangibles and a $1.9 million impairment of other assets. The lease intangibles, which subsequent to the adoption of ASC 842 are included in the operating lease right of use asset on the consolidated balance sheets (see Note 4 of Notes to Consolidated Financial Statements), were recorded in conjunction with the Cash America merger in 2016 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.

Consolidated effective income tax rates for the nine months ended September 30, 2020 and 2019 were 26.6% and 27.8%, respectively. The decrease in the effective tax rate was primarily due to the Internal Revenue Service finalizing regulations in July 2020 for the GILTI provisions for foreign operations in the U.S. federal tax code as noted in the quarter-to-date section above.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2020, the Company's primary sources of liquidity were $78.8 million in cash and cash equivalents, $483.7 million of available and unused funds under the Company's revolving unsecured credit facilities, $307.0 million in customer loans and fees and service charges receivable and $168.7 million in inventories. The Company had working capital of $371.4 million as of September 30, 2020.

As of September 30, 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. As of September 30, 2020, the Company had $40.0 million in outstanding borrowings and $3.0 million in outstanding letters of credit under the Credit Facility, leaving $457.0 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 London Interbank Offered Rate ("LIBOR") (with interest periods of 1 week or 1, 2, 3 or 6 months at the Company's option) plus a fixed spread of 2.5% or (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 0.50% on the average daily unused portion of the Credit Facility commitment. The weighted-average interest rate on amounts outstanding under the Credit Facility at September 30, 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 September 30, 2020, and currently has the capacity to borrow a significant amount of the availability under the Credit Facility under the most restrictive covenant. During the nine months ended September 30, 2020, the Company made net payments of $295.0 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 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 September 30, 2020. At September 30, 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. 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 pay down 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 September 30, 2020, the Net Debt Ratio was 1.7 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 the three months ended September 30, 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 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.

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 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. If the Company’s pawnshops were deemed non-essential and 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 53% 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 “Regulatory Developments.” 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.

A total of 64 stores were opened during the nine months ended September 30, 2020. The impacts of COVID-19 will likely limit the number of 2020 openings to a total of 70 to 75 stores. 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 during the nine months ended September 30, 2020 for a cumulative purchase price of $7.2 million, net of cash acquired and subject to future post-closing adjustments. In addition, the Company purchased the real estate at 17 store locations from landlords at existing stores for a cumulative purchase price of $20.9 million during the nine months ended September 30, 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):

	Nine Months Ended September 30,	
	2020	2019
Cash flow provided by operating activities	**$ 177,366**	$ 163,824
Cash flow provided by (used in) investing activities	**$ 87,791**	$ (121,042)
Cash flow used in financing activities	**$ (229,878)**	$ (54,230)

	As of September 30,	
	2020	2019
Working capital	**$ 371,410**	$ 581,986
Current ratio	**2.8:1**	3.8:1
Liabilities to equity ratio	**0.8:1**	0.8:1
Net Debt Ratio [1]	**1.7:1**	1.9:1

[1] Adjusted EBITDA, a component of the Net Debt Ratio, is a non-GAAP financial measure. See "Non-GAAP Financial Information" for a calculation of the Net Debt Ratio.

Net cash provided by operating activities increased $13.5 million, or 8%, from $163.8 million for the nine months ended September 30, 2019 to $177.4 million for the nine months ended September 30, 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), partially offset by a decrease in net income of $36.6 million.

Net cash provided by investing activities increased $208.8 million, or 173%, from net cash used in investing activities of $121.0 million for the nine months ended September 30, 2019 to net cash provided by investing activities of $87.8 million for the nine months ended September 30, 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, 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 $9.3 million in cash related to current and prior-year store acquisitions, $27.9 million for furniture, fixtures, equipment and improvements and $20.9 million for discretionary store real property purchases during the nine months ended September 30, 2020 compared to $42.0 million, $33.1 million and $43.0 million in the prior-year period, respectively. The Company received funds from a net decrease in pawn and consumer loans of $145.9 million during the nine months ended September 30, 2020 compared to funding a net increase in pawn and consumer loans of $3.0 million during the nine months ended September 30, 2019.

Net cash used in financing activities increased $175.6 million, or 324%, from $54.2 million for the nine months ended September 30, 2019 to $229.9 million for the nine months ended September 30, 2020. Net payments on the credit facilities were $298.5 million during the nine months ended September 30, 2020 compared to net borrowings of $45.0 million during the nine months ended September 30, 2019. During the nine months ended September 30, 2020, the Company received $500.0 million in proceeds from the private offering of the Notes and paid $5.3 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 the nine months ended September 30, 2020. The Company funded $80.3 million worth of share repurchases and paid dividends of $33.6 million during the nine months ended September 30, 2020, compared to funding $67.2 million worth of share repurchases and dividends paid of $32.4 million during the nine months ended September 30, 2019. In addition, the Company paid $3.3 million in withholding taxes on net share settlements of restricted stock unit awards during the nine months ended September 30, 2020.

In October 2020, the Company's Board of Directors declared a $0.27 per share fourth quarter cash dividend on common shares outstanding, or an aggregate of $11.2 million based on the September 30, 2020 share count, which will be paid on November 27, 2020 to stockholders of record as of November 13, 2020. 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.

In October 2020, the Company lifted the temporary suspension of its stock repurchase program put in place in April at the onset of the COVID-19 pandemic. Future stock repurchases are 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 and the impact of COVID-19.

As of September 30, 2020, the Company had contractual commitments to deliver a total of 30,500 gold ounces between the months of October 2020 and August 2021 at a weighted-average price of $1,734 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.

REGULATORY DEVELOPMENTS

The Company ceased offering unsecured consumer lending and credit services products, which include all payday and installment loans, in the U.S. Effective June 30, 2020, the Company 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. Existing regulations and regulatory developments are further and more completely described under "Governmental Regulation" in Part I, Item 1 of the Company's 2019 annual report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on February 3, 2020 and Part I, Item 2, "Regulatory Developments" of the Company's June 30, 2020 quarterly report on Form 10-Q. There have been no material changes in regulatory developments affecting the Company since June 30, 2020.

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 other acquisition expenses to allow more accurate comparisons of the financial results to prior periods. In addition, the Company does not consider these merger and other 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 other acquisition expenses include incremental costs directly associated with merger and acquisition activities, including professional fees, legal expenses, severance, retention and other employee-related costs, contract breakage costs and costs related to 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.

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 (in thousands, except per share amounts):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2020		2019		**2020**		2019	
	In Thousands	Per Share	In Thousands	Per Share	In Thousands	Per Share	In Thousands	Per Share
Net income and diluted earnings per share, as reported	**$ 15,062**	**$ 0.36**	$ 34,761	$ 0.81	**$ 73,853**	**$ 1.77**	$ 110,464	$ 2.55
Adjustments, net of tax:								
Merger and other acquisition expenses	**5**	**—**	567	0.01	**151**	**—**	1,097	0.02
Non-cash foreign currency (gain) loss related to lease liability	**(308)**	**(0.01)**	340	0.01	**2,453**	**0.06**	(34)	—
Loss on extinguishment of debt	**9,037**	**0.22**	—	—	**9,037**	**0.22**	—	—
Non-cash write-off of certain merger related lease intangibles [(1)]	**644**	**0.02**	—	—	**3,579**	**0.09**	—	—
Non-cash impairment of certain other assets [(2)]	**—**	**—**	—	—	**1,463**	**0.03**	—	—
Consumer lending wind-down costs and asset impairments	**13**	**—**	578	0.01	**84**	**—**	2,537	0.06
Adjusted net income and diluted earnings per share	**$ 24,453**	**$ 0.59**	$ 36,246	$ 0.84	**$ 90,620**	**$ 2.17**	$ 114,064	$ 2.63

(1) Certain above/below market store lease intangibles, recorded in conjunction with the Cash America merger in 2016, were written-off as a result of the Company purchasing the real estate from the landlords of the respective stores.

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

	Three Months Ended September 30,					
	2020			2019		
	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax
Merger and other acquisition expenses	**$ 7**	**$ 2**	**$ 5**	$ 805	$ 238	$ 567
Non-cash foreign currency (gain) loss related to lease liability	**(439)**	**(131)**	**(308)**	486	146	340
Loss on extinguishment of debt	**11,737**	**2,700**	**9,037**	—	—	—
Non-cash write-off of certain merger related lease intangibles	**837**	**193**	**644**	—	—	—
Consumer lending wind-down costs and asset impairments	**17**	**4**	**13**	751	173	578
Total adjustments	**$ 12,159**	**$ 2,768**	**$ 9,391**	$ 2,042	$ 557	$ 1,485

	Nine Months Ended September 30,					
	2020			2019		
	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax
Merger and other acquisition expenses	**$ 209**	**$ 58**	**$ 151**	$ 1,510	$ 413	$ 1,097
Non-cash foreign currency loss (gain) related to lease liability	**3,505**	**1,052**	**2,453**	(49)	(15)	(34)
Loss on extinguishment of debt	**11,737**	**2,700**	**9,037**	—	—	—
Non-cash write-off of certain merger related lease intangibles	**4,649**	**1,070**	**3,579**	—	—	—
Non-cash impairment of certain other assets	**1,900**	**437**	**1,463**	—	—	—
Consumer lending wind-down costs and asset impairments	**109**	**25**	**84**	3,295	758	2,537
Total adjustments	**$ 22,109**	**$ 5,342**	**$ 16,767**	$ 4,756	$ 1,156	$ 3,600

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 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,		Trailing Twelve Months Ended September 30,	
	2020	2019	**2020**	2019	**2020**	2019
Net income	**$ 15,062**	$ 34,761	**$ 73,853**	$ 110,464	**$ 128,007**	$ 158,539
Income taxes	**2,624**	14,203	**26,739**	42,629	**44,103**	57,730
Depreciation and amortization	**10,426**	10,674	**31,424**	31,058	**42,270**	40,934
Interest expense	**6,561**	8,922	**21,953**	25,840	**30,148**	34,420
Interest income	**(499)**	(429)	**(1,209)**	(788)	**(1,476)**	(1,016)
EBITDA	**34,174**	68,131	**152,760**	209,203	**243,052**	290,607
Adjustments:						
Merger and other acquisition expenses	**7**	805	**209**	1,510	**465**	3,579
Non-cash foreign currency (gain) loss related to lease liability	**(439)**	486	**3,505**	(49)	**2,621**	(49)
Loss on extinguishment of debt	**11,737**	—	**11,737**	—	**11,737**	—
Non-cash write-off of certain merger related lease intangibles	**837**	—	**4,649**	—	**4,649**	—
Non-cash impairment of certain other assets	**—**	—	**1,900**	—	**1,900**	—
Consumer lending wind-down costs and asset impairments	**17**	751	**109**	3,295	**268**	4,809
Adjusted EBITDA	**$ 46,333**	$ 70,173	**$ 174,869**	$ 213,959	**$ 264,692**	$ 298,946
Net Debt Ratio calculation:						
Total debt (outstanding principal)					**$ 540,000**	$ 640,000
Less: cash and cash equivalents					**(78,844)**	(61,183)
Net debt					**$ 461,156**	$ 578,817
Adjusted EBITDA					**$ 264,692**	$ 298,946
Net Debt Ratio (Net Debt divided by Adjusted EBITDA)					**1.7 :1**	1.9 :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 other acquisition expenses paid that management considers to be non-operating in nature.

Free cash flow and adjusted free cash flow are commonly used by investors as an additional measure of cash generated by business operations that may be used to repay scheduled debt maturities and debt service or, following payment of such debt obligations and other non-discretionary items, may be available to invest in future growth through new business development activities or acquisitions, repurchase stock, pay cash dividends or repay debt obligations prior to their maturities. These metrics can also be used to evaluate the Company's ability to generate cash flow from business operations and the impact that this cash flow has on the Company's liquidity. However, free cash flow and adjusted free cash flow have limitations as analytical tools and should not be considered in isolation or as a substitute for cash flow from operating activities or other income statement data prepared in accordance with GAAP. Free cash flow during the periods ended September 30, 2020 was significantly improved due primarily to increased cash flows from retail sales and a net reduction in pawn loans outstanding associated with impacts of COVID-19 as further described in the "Operating Results for the Three Months Ended September 30, 2020 Compared to the Three Months Ended September 30, 2019" section above. The following table reconciles cash flow from operating activities to free cash flow and adjusted free cash flow (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,		Trailing Twelve Months Ended September 30,	
	2020	2019	**2020**	2019	**2020**	2019
Cash flow from operating activities	**$ 34,067**	$ 57,851	**$ 177,366**	$ 163,824	**$ 245,138**	$ 233,034
Cash flow from certain investing activities:						
Loan receivables, net [1]	**(32,349)**	(22,572)	**145,930**	(2,998)	**183,334**	20,182
Purchases of furniture, fixtures, equipment and improvements	**(7,377)**	(10,200)	**(27,853)**	(33,104)	**(39,060)**	(43,013)
Free cash flow	**(5,659)**	25,079	**295,443**	127,722	**389,412**	210,203
Merger and other acquisition expenses paid, net of tax benefit	**5**	567	**151**	1,097	**330**	2,568
Adjusted free cash flow	**$ (5,654)**	$ 25,646	**$ 295,594**	$ 128,819	**$ 389,742**	$ 212,771

(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, respectively. The Company also has operations in El Salvador where the reporting and functional currency is the U.S. dollar. See the Latin America operations segment tables in "Results of Operations" above for additional reconciliation of certain constant currency amounts to as reported GAAP amounts.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks relating to the Company’s operations result primarily from changes in interest rates, gold prices and foreign currency exchange rates, and are described in detail in the Company’s 2019 annual report on Form 10-K. The impact of current-year fluctuations in gold prices and foreign currency exchange rates, in particular, are further discussed in Part I, Item 2 herein. The Company does not engage in speculative or leveraged transactions, nor does it hold or issue financial instruments for trading purposes. There have been no material changes to the Company’s exposure to market risks since December 31, 2019.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

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 September 30, 2020 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

The Company’s management, including its Chief Executive Officer and Chief Financial Officer, does not expect that the Company’s disclosure controls and procedures or internal controls will prevent all possible error and fraud. The Company’s disclosure controls and procedures are, however, designed to provide reasonable assurance of achieving their objectives, and the Company’s Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures are effective at that reasonable assurance level.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There have been no material changes in the status of legal proceedings previously reported in the Company’s 2019 annual report on Form 10-K.

ITEM 1A. RISK FACTORS

Important risk factors that could materially affect the Company’s business, financial condition or results of operations in future periods are described in Part I, Item 1A, “Risk Factors” of the Company’s 2019 annual report on Form 10-K and Part II, Item 1A, “Risk Factors” of the Company’s March 31, 2020 quarterly report on Form 10-Q. These factors are supplemented by those discussed under “Management’s Discussion And Analysis Of Financial Condition And Results Of Operations” and “Regulatory Developments” in Part I, Item 2 of this quarterly report and in “Governmental Regulation” in Part I, Item 1 of the Company’s 2019 annual report on Form 10-K. There have been no material changes in the Company’s risk factors from those in Part I, Item 1A, “Risk Factors” of the Company’s 2019 annual report on Form 10-K and Part II, Item 1A, “Risk Factors” of the Company’s March 31, 2020 quarterly report on Form 10-Q.

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

During the nine months ended September 30, 2020, the Company repurchased a total of 981,000 shares of common stock at an aggregate cost of $80.3 million and an average cost per share of $81.84, all of which were repurchased in the first quarter prior to the temporary suspension of share repurchases in response to the uncertainty related to COVID-19. In October 2020, the Company lifted the temporary suspension of its stock repurchase program put in place in April at the onset of the COVID-19 pandemic. The Company has approximately $48.5 million remaining availability under its stock repurchase program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description	Incorporated by Reference: 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	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	
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act provided by Rick L. Wessel, Chief Executive Officer					X
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act provided by R. Douglas Orr, Chief Financial Officer					X
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 provided by Rick L. Wessel, Chief Executive Officer					X
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 provided by R. Douglas Orr, Chief Financial Officer					X
101.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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: October 26, 2020	FIRSTCASH, INC. (Registrant)
	/s/ RICK L. WESSEL Rick L. Wessel Chief Executive Officer (On behalf of the Registrant)
	/s/ R. DOUGLAS ORR R. Douglas Orr Executive Vice President and Chief Financial Officer (As Principal Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Rick L. Wessel, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: October 26, 2020

/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 Quarterly Report on Form 10-Q of FirstCash, Inc. (the “Registrant”);

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

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

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

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

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

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

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

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

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

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

Date: October 26, 2020

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

EXHIBIT 32.1

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

In connection with the Quarterly Report of FirstCash, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 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: October 26, 2020

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

EXHIBIT 32.2

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

In connection with the Quarterly Report of FirstCash, Inc. (the “Company”) on Form 10-Q for the quarterly period ended September 30, 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: October 26, 2020

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