

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): June 9, 2021

EZCORP, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-19424
(Commission
File Number)

74-2540145
(IRS Employer
Identification No.)

2500 Bee Cave Road, Bldg One, Suite 200, Rollingwood, Texas 78746
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: (512) 314-3400

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>	
Class A Non-voting Common Stock, par value \$.01 per share	EZPW	NASDAQ Stock Market	(NASDAQ Global Select Market)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 1.01 — Entry into a Material Definitive Agreement

On June 9, 2021 (the “Closing Date”), EZCORP, Inc. (the “Company”) completed the acquisition of 128 pawn stores in Mexico operating under the name “Cash Apoyo Efectivo.” The acquisition was completed pursuant to an Equity Interest Purchase Agreement (the “Purchase Agreement”), which was executed and delivered on the Closing Date. The parties to the Purchase Agreement are EZPAWN Management Mexico, S. de R.L. de C.V. and EZPAWN Services Mexico, S. de R.L. de C.V., two indirect wholly-owned subsidiaries of the Company (the “Buyers”); Gabriel Rafael Mondragón Mondragón and Ana Dolores Negrete Culbert (the “Sellers”); and PLO del Bajío, S. de R.L. de C.V. (the “Acquired Company”).

Under the terms of the Purchase Agreement, the Sellers agreed to sell, and the Buyers agreed to purchase, 100% of the equity interests in the Acquired Company for an initial purchase price of \$33.8 million. The initial purchase price included:

- \$17.3 million in cash;
- 212,879 shares of the Company’s Class A Non-Voting Common Stock, valued at \$1.6 million, consisting of registered shares from the Company’s shelf registration statement on Form S-4; and
- Repayment of \$14.9 million of the Acquired Company’s existing debt.

The Sellers will be entitled to receive additional “earn-out” payments of up to \$4.6 million over the first two years following the Closing Date so long as the aggregate pawn portfolio balance of the acquired stores reaches specified levels. The Company will have the option of paying up to 50% of the earn-out payments in the form of Class A Non-Voting Common Stock.

The Purchase Agreement contains customary representations and warranties. Most of those representations and warranties survive for a period of one year following the Closing Date, but certain fundamental representations and tax representations survive for a period of five years. The Sellers have agreed to indemnify the Buyers for breaches of such representations and warranties, and the Company withheld \$2.0 million of the initial purchase price as a contingency fund to secure the Seller’s indemnification obligations. Absent breaches of representations and warranties that trigger such indemnification obligations, the contingency fund will be released to the Sellers primarily over a period of one year following the Closing Date, with a smaller portion being held for up to five years.

The Sellers have agreed that, for a period of three years following the Closing Date, neither they nor any of their affiliates will (a) engage in any competitive business within 10 kilometers of any of the Company’s existing locations or (b) solicit or hire any of the Company’s existing employees.

The transaction was approved by the Mexican Comisión Federal de Competencia Económica (Federal Economic Competition Commission) prior to the Closing Date.

Item 7.01 — Regulation FD Disclosure

On June 9, 2021, the Company issued a press release announcing the completion of the Cash Apoyo Efectivo acquisition. A copy of that press release is included as Exhibit 99.1 to this report.

Item 9.01 — Financial Statements and Exhibits

Exhibits.

99.1 [Press release, dated June 9, 2021, announcing the acquisition of 128 Cash Apoyo Efectivo stores in Mexico.](#)

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 hereunto duly authorized.

Date: June 15, 2021

EZCORP, INC.

By: /s/Thomas H. Welch, Jr.

Thomas H. Welch, Jr.

Chief Legal Officer and Secretary



EZCORP Acquires 128 Pawn Stores in Mexico

Austin, Texas (June 9, 2021) — EZCORP, Inc. (NASDAQ: EZPW), a leading provider of pawn transactions in the United States and Latin America, announced that it has acquired 128 pawn stores in Mexico. The stores, operating under the name “Cash Apoyo Efectivo,” are principally located in the Mexico City metropolitan area and enjoy strong brand recognition in that market. The acquisition is the company’s largest to date in terms of store-count. With this acquisition, the company now operates a total of 1,154 pawn stores, 638 (55%) of which are in Latin America, including 503 in Mexico.

The initial purchase price of \$33.8 million includes cash of \$17.3 million, 212,870 shares of the company’s Class A Non-Voting Common Stock valued at \$1.6 million, and repayment of \$14.9 million of Cash Apoyo Efectivo’s existing debt. The sellers will be entitled to additional payments of up to \$4.6 million over the next two years, contingent on the performance of the acquired stores.

Jason Kulas, Chief Executive Officer, stated: “We are excited to add this highly-regarded business to our Mexico pawn operations. The addition of the 128 Cash Apoyo Efectivo stores solidifies our position as the second largest for-profit competitor in Mexico, which continues to be one of our most attractive growth markets for both acquisitions and de novo store openings.

“We expect that this acquisition will be accretive to earnings in fiscal 2022, although near-term performance will be affected by the continuing recovery from COVID-related impacts, operational changes that we will implement as we integrate the stores into our existing business and non-recurring transitional expenses. Over the medium-to-long-term, we see upside opportunities to increase pawn balances and profitability through enhanced access to capital, exposure to a broader range of general merchandise, implementation of our efficient processes and realization of cost synergies with the consolidation of back-office support functions.”

ABOUT EZCORP

Formed in 1989, EZCORP has grown into a leading provider of pawn transactions in the United States and Latin America. We also sell merchandise, primarily collateral forfeited from pawn operations and pre-owned merchandise purchased from customers. We are dedicated to satisfying the short-term cash needs of consumers who are both cash and credit constrained, focusing on an industry-leading customer experience. EZCORP is traded on NASDAQ under the symbol EZPW and is a member of the Russell 2000 Index, S&P 1000 Index and Nasdaq Composite Index.

FORWARD LOOKING STATEMENTS

This announcement contains certain forward-looking statements regarding the company’s strategy, initiatives and expected performance. These statements are based on the company’s current expectations as to the outcome and timing of future events. All statements, other than statements of historical facts, including all statements regarding the company’s strategy, initiatives and future performance, that address activities or results that the company plans, expects, believes, projects, estimates or anticipates, will, should or may occur in the future, including future financial or operating results, are forward-looking statements. Actual results for future periods may differ materially from those expressed or implied by these forward-looking statements due to a number of uncertainties and other factors, including operating risks, liquidity risks, legislative or regulatory developments, market factors and risks associated with the COVID-19 pandemic. For a discussion of these and other factors affecting the company’s business and prospects, see the company’s annual, quarterly and other reports filed with the Securities and Exchange Commission. The company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time.

Contact:

Email: Investor_Relations@ezcorp.com

Phone: (512) 314-2220