

**EZCORP, Inc. (Q2 2025 Earnings)**

**April 29, 2025**

**Corporate Speakers:**

- Sean Mansouri; EZCORP, Inc.; Investor Relations Adviser
- Lachie Given; EZCORP, Inc.; Chief Executive Officer
- Timothy Jugmans; EZCORP, Inc.; Chief Financial Officer

**Participants:**

- Brian McNamara; Canaccord Genuity; Analyst
- Alex Howell; Stephens Inc; Analyst
- Craig Irwin; ROTH Capital Partners; Analyst
- Raj Sharma; Texas Capital Bank; Analyst

**PRESENTATION**

Operator^ Good morning, ladies and gentlemen. Welcome to the EZCORP Second Quarter Fiscal 2025 Earnings Call. (Operator Instructions) As a reminder, this call may be recorded. I'd now like to turn the conference over to Sean Mansouri, the company's Investor Relations Adviser with Elevate IR. Please go ahead, Sean.

Sean Mansouri^ Thank you. And good morning, everyone. During our prepared remarks, we will refer to slides, which are available for viewing or download from our website at [investors.ezcorp.com](http://investors.ezcorp.com). Before we begin, I'd like to remind everyone that this conference call as well as the presentation slides contain certain forward-looking statements regarding the company's expected operating and financial performance for future periods.

These statements are based on the company's current expectations. Actual results for future periods may differ materially from those expressed due to a number of risks or other factors that are discussed in our annual, quarterly and other reports filed with the Securities and Exchange Commission.

And as noted in our presentation materials and unless otherwise identified, results are presented on an adjusted basis to remove the effect of foreign currency fluctuations and other discrete items. Joining us on the call today are EZCORP's Chief Executive Officer, Lachie Given; and Tim Jugmans, Chief Financial Officer. Now I'll turn the call over to Lachie.

Lachie Given^ Thanks, Sean. And good morning, everyone. We delivered another impressive set of operational and financial results in the second quarter, driven by sustained demand for fast and accessible cash solutions and affordable, high-quality secondhand goods. We achieved record Q2 revenue of \$318.9 million, marking a 12% year-on-year increase, while PLO also grew 15% to a Q2 record of \$271.8 million.

Our strong bottom-line performance included a 23% increase in EBITDA to \$45.1 million and diluted EPS growth of 21% to \$0.34. These results again highlight the operating leverage inherent in our business model, driven by strong growth, disciplined expense management and enhanced operational efficiency.

Together, these factors continue to strengthen our profitability and drive significant value for our shareholders.

Beginning on Slide 3, we continue to be a global leader in pawn broking and pre-owned retail with 1,284 stores across the U.S. and Latin America. Persistent inflation and economic pressure continue to impact customers who are increasingly turning to EZCORP to secure short-term cash and quality pre-owned goods.

Our unwavering commitment to innovation and exceptional customer service ensures we can effectively meet value-conscious consumers' evolving needs. On the bottom left of the slide, we have included a summary of the pawn product itself, noting that it's a highly customer-friendly alternative for those seeking short-term cash as these transactions are nonrecourse, involve no credit checks, collection activities or reporting to credit bureaus, whether the loan is repaid or not. Moving to Slide four.

During the second quarter, we opened nine de novo stores in Latin America and acquired one store in Guatemala. We also consolidated nine stores in Mexico, relocating loan balances and inventory to locations with available leases or stronger unit economics, where we can continue to serve our customers as well as improve operational efficiency and returns.

Our earning assets grew 22% year-over-year including a record-setting Q2 PLO balance, which grew 15%, contributing to a 12% increase in PSC. We remain very encouraged by our PLO trajectory, which is obviously a critical growth driver for both future revenue and earnings.

Our cash balance increased to \$505.2 million, up from \$174.5 million last quarter, primarily due to our \$300 million debt financing completed in March as well as cash flow from operating activities.

Looking ahead, our significantly strengthened balance sheet enables us to fund our fast-growing earning asset base, pursue inorganic growth opportunities in the markets in which we already operate as well as in potential new markets and to expand our successful de novo store build-out program to drive additional value for our stakeholders.

In this period of macroeconomic uncertainty, we also believe it's prudent to continue to run high levels of cash liquidity as we balance running a business with exceptionally strong bottom line growth with a strategy of fiscal conservatism to ensure the long-term prosperity of the company.

Slide 5 highlights the strong financial performance in the quarter and showcases our consistent track record of growth across four of our fundamental metrics: total revenue, PLO, EBITDA and diluted EPS.

Although not presented on the slide, it's worth noting that we delivered year-over-year growth across nearly all of these key metrics for more than 15 consecutive quarters, reflecting a clear and consistent strategic plan and a relentless focus on operational execution by our store teams.

Second quarter total revenues increased 12% year-on-year. Merchandise sales grew 8%, and we delivered gross profit of \$185 million, reflecting a 10% increase. In terms of the bottom line, EBITDA increased 23% with EBITDA margin increasing to 14.1%. As noted earlier, elevated consumer demand, operational execution and exceptional customer service continue to fuel our top and bottom lines.

Slide six provides further detail on our consolidated revenue and gross profit performance. On the gross profit slide, we often emphasize that our focus is on driving overall gross profit in dollars as well as margin regardless of whether that comes from merchandise sales, scrap or PSC. As -- we've consistently delivered revenue and gross profit growth, maintaining a gross margin in the high 50s.

On this page, you can also see that the majority of our economics continue to be derived in the U.S., which accounted for 72% of gross profit during the quarter. Now turning to our key business strategy highlights for the quarter on Slide seven. We continue to strengthen our core pawn operations through investments in our people and technology with a focus on enhancing customer experience through accessible and flexible financing solutions.

Aligned with our customer-centric approach, our EZ+ Rewards program continues to gain strong momentum with membership growing 34% to 6.2 million and accounting for 77% of all transactions this quarter. We believe the program will continue to drive customer loyalty in the local neighborhoods in which we serve and broaden engagement across platforms including through our core pawn website traffic, which increased 5% to \$1.7 million this quarter.

Additionally, the introduction of a long-term layaway option last year resulted in a 15% increase in new layaways made during the quarter. As a reminder, layaway sales are recognized as revenue upon final payment.

And now that customers have extended periods to complete payments, a portion of sales will shift to future quarters, impacting both current revenue and traditional inventory turnover ratios. This enhanced layaway offering underscores our commitment to accommodating our customers' financing needs, particularly in the jewelry category. We continue to advance our innovation and growth initiatives this quarter.

In the U.S., online payments increased by \$7 million, reaching \$29 million, a reflection of the growing adoption of our digital channels. In Mexico, EZ + adoption is gaining momentum with 17% of extensions and layaways now completed through online payments, demonstrating our customers' growing preference for seamless tech-enabled solutions.

Consumer interest in affordable luxury remains strong. Max Pawn's e-commerce platform delivered a 25% increase in sales, reinforcing our position in this attractive and growing market. We also expanded our view-online, purchase in-store experience to over 30% of our U.S. retail locations, enhancing convenience and creating a seamless connection between digital discovery and in-store service.

Across all these efforts, our focus remains clear: to deliver the most convenient customer-centric experience in the industry while continuing to make a positive impact in the communities we serve. With that, I'll hand the call over to Tim Jugmans, our Chief Financial Officer, who will provide a deeper look at our financial results. Tim?

Timothy Jugmans^ Thanks, Lachie. Slide 9 provides a detailed look at our consolidated financial results for the second fiscal quarter. As Lachie mentioned, we closed the quarter with a record-setting Q2 PLO balance of \$271.8 million, reflecting a 15% increase on total and same-store basis. PSC revenue rose 12% year-over-year, primarily fueled by same-store PLO growth.

Our inventory increased 32% year-over-year, driven by both increased PLO as well as lower inventory turnover at 2.5x compared to 2.9x, which is still a healthy turnover rate. Lower inventory turnover during the quarter was partially attributed to the expansion of our layaway program in the U.S. as well as a greater composition of jewelry inventory, which typically has a longer sales cycle.

While these factors contribute to the trend, we remain focused on improving inventory turns and are prioritizing efforts to optimize sales velocity and inventory management. Merchandise sales increased by 8% to \$177.4 million, while merchandise margin contracted by 150 basis points due to increased price negotiations at the counter. Despite lower merchandise margin, we posted another strong quarter of EBITDA margin expansion, increasing 130 basis points to 14.1%, reflecting our ongoing focus to drive operating efficiencies and fixed cost leverage.

Moving to our U.S. Pawn segment on Slide 10. Revenue for the quarter was up 7% to \$221.4 million. Earning assets grew by 21%, driven by significant PLO and inventory growth. Approximately half the increase in inventory is due to the increase in customer layaways where sales get recognized in future quarters.

Slide 11 includes a map of U.S. states in which we operate, highlighting our significant footprint of 542 stores across 19 states. From this page, I also want to call out a 15% increase in average loan size for the quarter across the U.S. with approximately 3/4 of

that growth driven by higher prices on jewelry and the remainder due to higher prices on general merchandise.

Slide 12 offers an in-depth look at our U.S. financial performance, highlighting a 15% increase in PLO, both on a total and same-store basis. This was driven by a higher average loan size, enhanced operational performance and sustained growing demand for pawn services.

With respect to the tax refund season to the end of March this year, the IRS has seen the average tax refund increase by \$120 or 3.9%. Even with this increase, we saw the same 9% sequential PLO decrease from quarter one as seen in FY '24. PSC revenue rose 9% year-over-year, primarily driven by the same-store PLO growth, partially offset by lower PLO yield.

In the U.S., we have seen our average loan size increase, but we have seen lower yields due to markets such as Texas, where the state regulations mandate lower monthly interest rates as loan size increase. While this still benefits absolute PSC dollars, it does contribute to lower PLO yields. This is driving the disparity between PLO and PSC growth this quarter.

On the U.S. retail side, merchandise sales increased by 2% and were up 1% on a same-store basis, while merchandise gross margin decreased 58 basis points. U.S. pawn EBITDA for the quarter was \$49.8 million, up 15%, primarily due to higher PSC with EBITDA margin up once again, expanding 173 basis points to 22.5%, underscoring the team's focus on profitability. Turning to our Latin American segment on Slide 13.

It was again a very strong quarter. Total revenues increased 25% to \$97.5 million. Earning assets increased 28%, driven by strong PLO growth of 17% and a 44% increase in inventory compared to historically low levels in the prior period. We continue to evaluate and execute actions both systemically and operationally that we have worked well in the U.S. to drive further improvements across Latin America.

On Slide 14, you can see that we've expanded and applied our presence in Latin America with 742 stores, opening nine de novo stores, acquiring one store in Guatemala and consolidating nine stores in Mexico. PLO jewelry composition increased by 400 basis points, reflecting our continued focus on growing this category, particularly in Mexico. And from an inventory perspective, jewelry composition was down 90 basis points due to increased scrapping.

As shown on Slide 15, Latin America experienced 17% PLO growth and was up 14% on a same-store basis, resulting in a 19% PSC increase. Strong results were driven by our team's execution to drive operating performance as well as a robust loan demand from our customers.

On the retail side, merchandise sales grew by 21%, up 18% on a same-store basis. Merchandise gross profit grew 11%, partially offset by a 274 basis point margin

contraction due to increased price negotiations at the counter. EBITDA grew an impressive 36% to \$13.6 million, with EBITDA margin increasing by 99 basis points to 13.9%. A quick word on our balance sheet and capital allocation priorities.

We are well positioned for the future with a very strong balance sheet and robust liquidity. As Lachie mentioned, during the quarter, we completed a \$300 million debt financing. And as of March 31, we had approximately \$505 million of cash. As part of this transaction, we received a first-time credit rating of Ba1 from Moody's, clearly reflecting the strength of the company's financial position.

Slide 28 of our quarterly earnings presentation provides a pro forma view of our debt and convertible note obligations to account for the expected retirement of our May 2025 convertible notes. The pro forma assumes that convert holders do not convert their convertible notes into common stock, which would be done at a share price of \$15.90.

However if all the holders do elect to convert their notes, the total number of shares underlying these notes is 6.5 million shares, which we already shown in our diluted EPS calculation. If this were to occur, the \$103.4 million of cash that was earmarked to redeem these notes would remain available to the company for other uses.

Looking ahead, we believe our focus on growing PLO, combined with disciplined inventory management, streamlined systems and a commitment to exceptional customer service will be driving force that sustain our strong momentum through 2025.

While consumers continue to navigate macroeconomic pressures, EZCORP remains committed to meeting our customers' evolving needs and consistent long-term financial results. From an M&A standpoint, our pipeline remains strong with opportunities in both the U.S. and LatAm.

Our acquisition strategy remains grounded in rigorous due diligence and disciplined execution, focused on identifying high-quality accretive targets that support long-term growth and deliver attractive returns to our shareholders. Now I would like to turn it over to Lachie for a few closing remarks.

Lachie Given^ Thanks, Tim. I'd like to extend my genuine appreciation to our team for delivering another impressive quarter with strong growth across nearly all of our key financial metrics. Guided by our core values of people, pawn and passion, the company remains well positioned to continue to drive sustained growth for our shareholders well into the future. And with that, we will open the call up to questions. Operator?

## **QUESTIONS AND ANSWERS**

Operator^ (Operator Instructions) Your first question comes from the line of Brian McNamara, Canaccord Genuity. Please go ahead.

Brian McNamara^ Hey good morning guys thanks for taking the question. Congrats on the strong results.

Timothy Jugmans^ Thanks Brian.

Brian McNamara^ So I guess -- on the tax season, I think this was probably the most normal one we've had since arguably 2019, and your U.S. PLO declined, as you said, 9% sequentially. I think that was typically like a mid-teens decline sequentially historically, if I'm wrong, please correct me. But in your view, is this just a kind of a new normal? Or does it speak more to the macro environment and its impact on your customers?

Lachie Given^ Tim, you can take that.

Timothy Jugmans^ Yes. Sure. That 9% decrease was similar to last year. The average return is only grew like 4%. And so it does look like a new normal. It does look like the American consumer costs have gone up more than that 4% of the refund. And so there is a lot more costs going in than compared to the refunds. So the last couple of years has been less than 10% drop. And as you said, it was between 15% and 20% drop prior to 2019. So it does look like a new normal if things remain the same.

Brian McNamara^ Great. And then secondly, it's been tariffs, tariffs, tariffs, obviously recently in the news. Are you guys seeing a tangible impact from tariffs on the positive side yet with price increases either widely in effect or widely expected in the primary market? And are you continuing to see new faces in your stores, perhaps middle and upper income folks trading down?

Lachie Given^ Tim, do you want to take the tariff one?

Timothy Jugmans^ Sure. From a tariff perspective, it does -- new items don't appear in our stores straight away. So that does take a bit of time. But we are seeing the inflationary effects on general merchandise. So the average loan size last quarter was due to 50% to jewelry, 50% to general merchandise.

This quarter, it's 75% jewelry and 25% general merchandise. And so that average loan size continues to grow both because of gold price increases, but also general merchandise is getting more expensive and worth more money. So people are getting larger loans with single items.

Lachie Given^ And then on the second part of the question, Brian, I think we are seeing new faces. We are seeing people trade down, but it is a significant strategic initiative for us to drive much more traffic into the stores, and we're doing that in a physical way and in a digital way, which we think we're leading the market on. So new customers, transaction growth is -- it's definitely happening, but it's a key strategic initiative over the next six, 12, 18 months because we want to see more of it.

Brian McNamara^ Great. And then your merchandise margins in the last few quarters have been a bit kind of lower than what we would have been accustomed to. So 34% is below your targeted range. I'm sure there's a bit more negotiation in the stores, but why wouldn't that be a bit better, particularly as your larger competitors kind of doing that merch margin consistently in kind of the low 40s range. Is that simply you guys prioritize the loan counter?

Lachie Given^ Back for Tim.

Timothy Jugmans^ Yes. So from a -- what we try and prioritize is trying to prioritize gross profit. And so we look at both the PSC that's going to come through and the gross profit margin. And in combination, that's what we're trying to maximize. So at this point in the cycle, what we see is that trying to satisfy the customers' needs with the cash will generate a little bit more PSC if we give them a little bit more money.

That means that when -- if that item does drop, we will make a little bit less on the sale of that item. But from an overall perspective, we are trying to maximize that gross profit number. And I think you can see on one of those slides now we have been consistently producing great gross profit margins on an overall basis for a very long time.

Brian McNamara^ Great. And then just last one on the \$300 million in senior notes. Clearly, you have a lot of cash on the balance sheet now. I'm curious what you intend to do with the extra cash? And if you could remind us of your capital allocation priorities. Thank you.

Lachie Given^ Thank you, Brian. Look, I think the story hasn't changed at all. I think we're looking for a real balance here on scaling the business up, which we've always said is our number one priority. We think the opportunity is very, very large for our company even within the markets that we're already in.

So scaling the business up and balancing that with running a very conservative balance sheet. So we like to be very liquid as all our shareholders know. And so it really is a balance here that we're trying to build. We've got a pretty robust pipeline. The extra cash gives us some real flexibility now in how we can approach those opportunities.

I think you'll -- it's not a new day for EZCORP at all. We are going to continue doing exactly what we've been doing, which is very disciplined M&A in the markets that we're in and in the products that we're in. Yes. We will always look at new markets, but I think there's enough to do and significant pipelines across Mexico, the U.S. and other parts of Latin America where we think that we can put some capital to work.

So I think it's more of the same. I think we're just -- we are more liquid. I think we're much, much stronger. I think as I said in my opening remarks, I think the world and the macro economy kind of demand that for us at the moment. And I think our shareholders and prospective investors and lots of the analysts are telling us that being very liquid at the moment is extremely important and is well rewarded by the market. So I think we're

in a really strong position, but I think you're just going to see more of the same stuff. We may have lost Brian (multiple speakers).

Brian McNamara^ I'm done thank you guys.

Lachie Given^ (Inaudible) Thank you. Operator we move to the next question.

Operator^ Your next question comes from the line of Alex Howell from Stephens Inc. Please go ahead.

Alex Howell^ Hey guys good morning. On for Kyle. Congrats on the quarter and the recent private notes offering. I think most of my questions have actually been asked. I'm just curious how you guys are thinking about your Latin American acquisition strategy going forward and just what you're really seeing out there currently. Love to get your thoughts.

Lachie Given^ Sure. Yes. Sure. So Latin America is obviously a massive highlight of this quarter that we've just reported on as well as two or three before that. We've seen extremely strong momentum down there across all of our metrics. So across lending, sales, margin, and it's really down to some fantastic operational leadership led by Blair and his operating team in Mexico.

We've told the market that we invested heavily in the U.S. business first and that Latin America, we will do the same. And I think the market can see now the results of those efforts. So I think Latin America is an extremely important part of our business and getting more important given the organic performance.

I think in terms of the inorganic opportunities, absolutely right down there in Mexico and beyond. I think there are small opportunities of five to 15 stores, and there's the middle size up to 150 and then five-plus opportunities above that. And when I say opportunity, I just mean operators down there.

So it's a very large market. It is a very interesting market for us. But again, we will take a disciplined approach to acquisitions down there. So I think we have made sure that our balance sheet is strong enough to move on opportunistic acquisitions down there, which there are, as I said, a long list of independent operators down there, but we will do it in a way that our shareholders get an appropriate return, that we acquire good management team and that we think we can improve those businesses.

So all in all, I think it's more of the same down there, lots of opportunity. We've got a really strong balance sheet to go after it, but we'll do it in a disciplined way.

Alex Howell^ Thank you guys.

Lachie Given^ Thanks Alex.

Operator^ Your next question comes from the line of Craig Irwin from ROTH Capital Partners. Please go ahead.

Craig Irwin^ HI good morning and thank you for taking my questions. So to step back into the big picture, right, you obviously are executing really well on some of these initiatives you've put in place, like I guess the one that jumps out to me is the longer-term layaways and the 15% increase in layaways that's delivered in the quarter, right? Then you also have other tailwinds that are sort of nondiscretionary like the price of gold going through \$3,000 an ounce.

Lachie, can you maybe just talk us through how these discretionary and nondiscretionary tailwinds are materializing in your business? Is the benefit from things like the longer-term layaways already in? Or is it still building? And should we see a similar impact from gold prices benefiting the jewelry business, does that come through over time? Or does it come through much more quickly in an individual quarter?

Lachie Given^ Thank you, Craig. Good morning. Yes. So Tim and I both have sort of -- we'll split that question up a bit. But in taking that step back, which I think is a good thing to do, I think you're dead right. We have got our own internal initiatives that are driving much better operational execution and performance. And then you've got external macroeconomic including the gold price, things that are going on that are also on balance helping. And so I think both of those two separate buckets are helping to drive the really strong performance.

In terms of the internal stuff, I think your question on the layaway program, look, the layaway program, if you remember, you don't recognize sales until those layaways are paid in full. So we expect that we have essentially put off sales into the next few quarters as a result of those layaways. So we haven't recognized the sales to this point on that question, but -- which hopefully sets us up for some strong sales periods going forward.

But many, many other internal initiatives that are driving this performance. You've got a lot of time being spent on how we price products at the loan counter. You've got a lot of work going on, on lending grids, how much -- what our LTV should be like what categories. You've got lots of marketing initiatives going on around both digital and in-store. And really, Blair just leads an operating format that is highly disciplined, it's not a knee-jerk type of regime.

It is a -- we run a really balanced business here. And I think the last three or four years of a really simple strategy around this operational execution piece is what's been so critical in driving the financial performance and then I think the stock price.

In terms of the external stuff, yes, gold is obviously a big driver of average loan size. So we've seen -- it really is quite momentous PLO growth. A year ago, I would have been saying that 8% loan growth is fantastic, and we're seeing 15%. So it's pretty -- it really is exceptional growth on the lending side, and that's the core of the business that we're in. So the gold price is certainly helping on the lending side. And then on the selling side,

look, there's some very different, in some ways, competing external things going on out there.

It's getting tougher for the consumer. Gold prices on the buying side are getting high. And if they keep getting higher, start to become a little bit more unaffordable. So on the selling side, we've just got to be really disciplined and dialed in on our discounting cadence to really move this inventory. But at the moment, we're pretty happy with the way that's going in the U.S. We've got more to do in the U.S. around selling, but with the layaway program about to hit, we think we should be driving some good selling there.

And then you can see in Latin America, it really is doing very well down there. So I think, look, it's a really good point. There's two things going on, the stuff we're doing internally and the macro side. And at the moment, you can see from the financial results that it really is a great time to be in the pawn business. Tim, if you want to add anything to that?

Timothy Jugmans^ Yes, just a little bit more detail on those layaways. What -- you're correct in saying that this is -- continues to build. And so those sales haven't come through. Those sales will start coming through in the next few months. And then you'll see the full effect of that layaway program actually in the sales lines. At the moment, you're really only seeing it on the balance sheet and in the growth of those layaway balances.

On the gold side, the one thing to remember is that we're not moving our loan amounts daily on the gold price increases. So we do it -- we really look at the more longer-term views of gold. And so we are looking at that all the time but we're not reaching lending gold at the level of the price of gold today, but probably a few months ago is where we're probably lending at gold at the moment. So there's always some room even if gold does come down that we have some buffer there.

Craig Irwin^ Thank you for that. So my next question is about the luxury market and Max Pawn. This is one, I guess, that kind of piques my interest because I can see a fairly substantial opportunity for expansion of your customer base. Can you maybe just update us on Max Pawn. I guess last quarter, you said sales were up 50%, which is phenomenal. What would it take for you to look to grow the storefronts or look to grow the online presence around Max Pawn and drive more revenue through this channel?

Lachie Given^ Yes. It's definitely an exciting part of the business. And so starting at the top, we are ahead of where we thought we would have been when we started out on this process. So that's a great place to start. This business is gathering momentum, obviously based in Vegas at the moment, run by a really experienced pawn broker in Michael Mack. And so we're really happy with the way the business is going.

And you're right. We also think that -- we're proving it up in Vegas in a multiunit format. We started with one store and now we've got more. So we're proving that up, and we're really happy with the way that's going. But we are now looking at new markets. We think

there are some really natural candidates around the United States to begin with that would be suitable here.

But I think you've seen from this management team over a period of time now that we like to do things in a disciplined way. We look at return on capital. But I love the way you're thinking, which is customer base, expanding that natural customer base that we've always had. And so I think you will see in the coming couple of years, this business expand. But we're really happy with the way it's going.

It is still small. It's a small part of the pie at the moment, but in five years, I would like to think that it's a much bigger part. And we're also gathering expertise from that business and rolling it out into some of our stores, actually, a lot of our stores.

It's obviously not full luxury stores in the easy pawn business, but we are feeding many, many stores with some luxury goods that we're learning from the Max Pawn category or that we sort of had already. So I think the luxury category in itself is a really interesting -- while small today, a really interesting two- to five-year play for us.

Craig Irwin^ Excellent. Well congratulations again on a really solid quarter. And I'll go ahead and go back in the queue. Thanks.

Lachie Given^ Thanks Craig (inaudible).

Operator^ Your next question or your final question comes from the line of Raj Sharma from Texas Capital Bank. Please go ahead.

Raj Sharma^ Hi thank you great -- congratulations on the solid performance. So after -- just after the completion of the debt offering and the expected takeout of the converts, just remind me again, please, what would the shares outstanding be? And then I've got a couple of follow-up questions.

Timothy Jugmans^ Yes. Yes. So there's a good summary on that effect in the back of that presentation. On Page 28 and 29, we go through that detail of the debt refinancing. So there's 6.5 million shares associated with the 2025 converts, depending on what holders elect to do will depend on how many get converted.

Raj Sharma^ Got it. Got it. And then any color -- more color on the founders group, how their performance is going in this environment?

Lachie Given^ Yes. Thanks, Raj. So Simple is doing really well. They are 100 stores across Florida and the Caribbean and some of Central America, seeing similar -- they're now getting into scale, which is fantastic. And they are seeing similar trends to what we're seeing across very strong lending growth in sales, margin.

So we're really happy with the way that those guys are going. And yes, we sit here as a long-term holder of a preferred security in essentially what's the third largest bank broker

in the United States now. So as I said, we're really happy with the way they're going. The business is performing well solid team that is stable. We'll continue to assess our -- what we do with them in the future. But for now we're really happy.

Raj Sharma^ Got it. Thank you for that. And then just last question for me. You have an off-balance sheet sort of growth -- vehicle that's a really smart structure that -- can you -- are there more plans to do something to have growth around that structure? Any color on that? And then what was that about \$50 million (multiple speakers).

Lachie Given^ Yes. Look, we designed that structure specifically for Simple, for the business that we've just talked about. I think it's been a really successful structure as we've been able to see that business scale very, very quickly using off-balance sheet debt. And we have a preferred in that business. And look, it's not a vehicle we thought of to do other things in or anything like that, doing more partnerships in that vehicle.

This is specifically for that situation, which I think has worked really well. But yes, every quarter, we're always considering how we can help Simple more, what their needs are, what their shareholders' needs are. But it's obviously very strategically relevant for us as the third largest operator.

We've worked with their management team for many, many years and know them well. So in time with them, we will think about how our future looks together. But for now we like being a preferred holder of that security and staying close to the situation.

Raj Sharma^ Got it. Thank you again for taking my question. I'll take it offline again. Solide results.

Lachie Given^ Thank you.

Timothy Jugmans^ Thanks.

Operator^ I will now turn the call back over to Lachie Given for closing remarks.

Lachie Given^ Thank you, Operator. Thank you everyone, for joining today. We're really proud of another fantastic quarter. So looking forward to talking to many of you during the day and over the next week or so. Thanks, everyone.

Operator^ Ladies and gentlemen, that concludes today's call. Thank you all for joining. You may now disconnect.