EZCORP Inc(Q4 2024 Earnings)

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Corporate Speakers:

- Sean Mansouri; Elevate IR; Investor Relations Adviser
- Lachlan Given; EZCORP Inc; Chief Executive Officer
- Timothy Jugmans; EZCORP Inc; Chief Financial Officer

Participants:

- John Hecht; Jefferies; Analyst
- Brian McNamara; Canaccord Genuity; Analyst
- Kyle Joseph; Stephens; Analyst
- Andrew Scutt; ROTH Capital Partners; Analyst

PRESENTATION

Operator^ Good morning, ladies and gentlemen. And welcome to the EZCORP Fiscal Fourth Quarter and Full Year 2024 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.

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.

Lachlan Given^ Thanks, Sean. And good morning, everyone. Today I'd like to begin with a review of our fiscal fourth quarter and 2024 performance and then move to an overview of the progress we've made on our strategic goals we set four years ago.

We're excited to report a record-breaking fiscal Q4 and full year 2024, driven by our team's consistent execution of our strategic plan. Total revenue for Q4 reached a record $300.9 million, up 11% year-over-year, while PLO grew 14%, $279.2 million, the highest level in our history.

We also delivered strong bottom line results in Q4 with EBITDA up 15% to $36.7 million and diluted EPS climbing 13% to $0.26 per share. These outstanding operating and financial results demonstrate our commitment to delivering value for our stakeholders.

Beginning on Slide 3. We continue to be a global leader in pawn broking and preowned and recycled retail. We operate 1,279 stores in the U.S. and Latin America, having added another 21 stores this quarter. Demand for our pawn broking services continues to grow as economic pressure from elevated living costs and limited credit options drive customers into short-term cash solutions.

Additionally, consumers are becoming increasingly value conscious, turning to pre-owned merchandise for its affordability and eco-friendly benefits. We are continuously innovating and providing exceptional customer service to address these evolving needs.

Moving to Slide 4. During the quarter, we opened 20 new stores across Latin America and acquired an additional store in the U.S. Our earning assets grew 16% year-over-year, supporting a record PLO balance and leading to a 12% increase in PSC.

Our cash balance declined to $171 million due to paying off our convertible note during the quarter, along with an increase in PLO and inventory as well as share repurchases of $3 million.

We maintained substantial liquidity to fund PLO growth, expand de novo stores support inorganic growth opportunities, address near-term debt maturities and share repurchasing.

Slide 5 shows the continued growth of our business across all key financial metrics in Q4 as well as throughout the year. Q4 revenues grew 11% year-over-year. Merchandise sales increased 9% and gross profit grew by 12%, while EBITDA and diluted EPS climbed 15% and 13%, respectively.

As noted earlier, strong consumer demand and exceptional customer service continue to fuel PLO and PSC growth. Now turning to our key business strategy highlights for Q4, which are on Slide 6. We are proud of the progress we've made in strengthening our core pawn operations.

In the U.S., revenue continued to grow due to our ongoing focus on development for our team members, serving our customers and executing on pawn fundamentals. In Latin America, gross profit grew by 20% due to enhancements in automated pricing, loan guidance and focus on customer service.

Additionally, we continue to improve store systems and processes to increase speed of serve. Our focus on strengthening customer relationships is evident in the 44% growth of EZ+ Rewards members, reaching 5.4 million members globally.

We also captured an increase of 23% in traffic to our core pawn website. These metrics reflect our deepening connections with our customer base and our ability to engage across multiple platforms.

We remain committed to fostering a culture that empowers and recognizes our team members who are truly the foundation of our success. In Latin America, we've improved scheduling processes to support a healthier work-life balance.

Additionally, we launched comprehensive training on the fiscal 2025 incentive program structure, ensuring team members fully understand earnings potential and performance criteria. To support long-term growth, we've also enhanced our talent and succession planning tools, equipping EZCORP to better identify, develop and retain top talent.

Turning to innovation and growth. U.S. online payment collections increased $6.2 million in the quarter. In Mexico, adoption of online payments also grew with 13% of extensions in layaways now handled online.

Additionally, Max Pawn's luxury e-commerce sales grew sixfold, primarily through eBay. With that, I'll hand the call over to Tim Jugmans, our CFO who will provide a deeper look at our financial results. Tim?

Timothy Jugmans^ Thanks, Lachie. Slide 8 provides a detailed look at our consolidated financial results for the fiscal fourth quarter. As Lachie mentioned, we closed the quarter with a record PLO of $279.2 million, a 14% increase year-over-year. PSC revenue rose 12% year-over-year, primarily fueled by same-store PLO growth.

Our inventory turnover rate was 2.6x with aged GM inventory at 1.7%. Merchandise sales increased by 9% to $165.5 million, while merchandise gross profit grew by 8% from the prior year period. The company posted another strong quarter of profitability with EBITDA increasing to $36.7 million, representing a 15% increase from the prior year period. This growth was primarily driven by higher PSC partially offset by a 10% increase in expenses.

Moving to our U.S. Pawn segment on Slide 9. We achieved record fourth quarter U.S. revenue of $212 million, up 9% year-over-year. Earning assets grew by 10%, driven by an increase both in PLO and inventory.

Slide 10 includes a map of the U.S. states where we operate, highlighting our robust footprint of 542 stores. Our FY '24 average U.S. loan size increased by 9%, supported by a 2 basis point rise in PLO jewelry composition as we benefited from rising gold prices.

Additionally, general merchandise inventory composition rose by 20 basis points, driven by sporting goods, electronics and tools.

Slide 11 provides a more detailed view of our financial performance in the U.S. PLO grew 12% on a total and same-store basis due to improved operational performance and continued -- on the U.S. retail side, merchandise sales increased by 7%, while merchandise sales gross profit rose by 4%. The lower gross margin reflects our focus on inventory turnover.

U.S. Pawn EBITDA for the quarter was $43.6 million, up 10%, primarily due to higher PSC, partially offset by a 10% increase in U.S. expenses. U.S. EBITDA margin improved by 24 basis points to 21%, underscoring our focus on profitability.

Turning to our Latin American pawn segment on Slide 12. Total revenues increased 17% to $88.9 million, which was a record high for the fiscal fourth quarter. Earning assets increased 33%, driven by a PLO increase of 18% and an inventory increase of 56%. The increase in inventory is driven by a number of factors including higher PLO and lower-than-normal inventory in the prior year quarter in which we reduced aged general merchandise.

The holiday period during our first quarter provides a great view to increase sales to lower inventory growth.

On Slide 13, you can see that we expanded our presence in Latin America and now have 737 stores opening 20 new locations across three countries during the quarter. PLO jewelry competition increased by 400 basis points, reflecting our strategic focus on growing this category, particularly in Mexico. The higher jewelry composition also contributed to a 10% increase in average loan size for the year at 7% on a constant currency basis.

As mentioned, our Latin American region saw a significant PLO growth of 18%, as highlighted on Slide 14, primarily fueled by our team's strong operational performance and increased pawn demand in the area. PSC rose by 19%, driven by same-store PLO growth.

On the retail side, merchandise sales grew by 14% and merchandise gross profit increased by 19%, reflecting a 200 basis point margin expansion. EBITDA climbed an impressive 50% to $12.7 million with EBITDA margin reaching 14%, up from 12 basis points.

The EBITDA improvement was due to higher PSC, partially offset by a 10% increase in expenses.

As we often do at fiscal year-end, we would like to take this opportunity to highlight how we have performed against this multiyear strategy and longer-term goals we introduced at the end of fiscal 2020. I'll now pass it over to Lachie to review our execution.

Lachlan Given^ Thanks, Tim. Slide 16 highlights our strategic progress over the last four years. In fiscal 2020, we transitioned to a seasoned leadership team, largely promoted from within and deeply experienced in the pawn business. This team initiated a comprehensive review across all functions leading to a new multiyear plan focused on cultural enhancement, team development and optimizing our core pawn operations.

We aim to improve lending model, increase inventory turnover, reduce costs and expand both our customer base and store footprint, all while prioritizing exceptional cost of service.

These efforts have driven substantial growth on the top and bottom line, along with strong returns on capital for our shareholders. On Slide 17, our commitment to our core values, people, pawn and passion has resulted in record-breaking PLO and revenue growth, along with strong ROEA.

We launched a cultural transformation in the U.S. in financial year '20 and in Latin America by financial year 2022. The outcome of these assets is visible not only in our improved financial and operating metrics, but also in our latest company-wide engagement survey, growing an impressive 84-point significantly above global benchmark.

On Slide 18, you can see how the execution of our strategy over the last four years has led to material improvements in profitability and shareholder value. Net income is up nearly 4x since fiscal 2020 and EBITDA has more than doubled with the share price increasing 123% during the 4-year period, significantly outperforming both the Russell 2000 and S&P 500. Tim will now detail other substantial financial improvements we've achieved over the last few years.

Timothy Jugmans^ Thanks, Lachie. Over the past four years, we've had substantial improvement in our financial results. Starting with PLO on Slide 19. We reached a low in fiscal 2020 due to COVID impact, but demand has rebounded strongly.

At the end of fiscal 2024, PLO hit an all-time high, while PSC increased to $434 million for the fiscal full year.

Jewelry pawn demand growing faster than general merchandise has contributed to a higher average loan size, and based on current gold prices, we expect continued growth in this key category.

On Slide 20, you will see our progress to more effectively managed inventory. Despite the increase in inventory driven by our focus on PLO, inventory returns remained strong at 2.8x, while our aged GM sits at 1.7%.

It's worth noting that excluding luxury handbags in our three Max Pawn stores in Las Vegas. Aged general merchandise remains under 1% of total GM inventory in fiscal 2024.

Slide 21 highlights record merchandise sales and gross profit in fiscal 2024, reflecting the improvements made to our operating model over the last four years.

Sales gross profit increased to $234 million in fiscal 2024, reflecting a 9% CAGR since 2020, while our merchandise margin after peaking in FY '21 has now stabilized within our target range at 36%.

Turning to Slide 22. We achieved sustained growth in customer engagement driven by our EZ Rewards program, which has led to market share gains and improved customer service efficiency. EZ+ Rewards members surpassed $5 million at the end of fiscal 2024, and those members accounted for 77% of all transactions for the year.

We also continue to drive strong growth across a number of key metrics including online extensions and layaways as well as cumulative reviews, which are highlighted on this slide. Moving to Slide 23.

Since fiscal 2020, we've added 274 stores with 160 of those stores added through acquisition and 131 de novos, while consolidating 24 locations that did not meet our growth and profitability thresholds.

We've also entered the luxury segment since that time with our Max Pawn stores in Las Vegas. Our strong balance sheet underpins these growth initiatives with $249 million invested in earning assets and $71 million in strategic assets.

Since August 2022, we've repurchased 3.4 million shares for $31 million and extended over 68% of our debt maturities to fiscal 2029, maintaining a favorable long-term cash cost of 3.75%. The U.S. pawn shown on Slide 24, PLO has more than doubled from fiscal 2020 with PLO per store up 87%. Gross profit increased by 39% and EBITDA by 75% and ROEA has reached 156% at the end of fiscal 2024.

Turning to our Latin American segment highlights on Slide 25. PLO in Latin America is up 160% since fiscal 2020 with PLO per store up 76%. EBITDA has increased an impressive 150% since fiscal 2020 and the EBITDA margin is up 400 basis points to 14% during the same period. ROEA in fiscal 2020 were 127% and is now 175 driven by our team's focus on customer and operational improvements. Turning to Slide 26 on our strategic investments.

Our investment in Cash Converters International SMG through founders represent a significant strategic and geographic expansion of our core pawn operations. Through Founders, we've gained increased exposure to key regions like the Caribbean, Central America and Florida. With Cash Converters International listed on the Australian Stock

Exchange, we've expanded our presence across 14 countries including Australia and New Zealand and the U.K.

We are highly optimistic about the growth prospects of these two well-managed businesses. Since fiscal 2021, we've invested $10.7 million to increase our ownership from 34.8% to 43.7% and received $12.3 million in dividends including $1.8 million in October 2024.

On the ESG front, on Slide 27. We remain focused on contributor to a circular economy by providing environmentally friendly retail experiences to our customers through a network of neighborhood e-commerce stores.

In fiscal 2024, we sold over 5.2 million preowned general merchandise and jewelry items through pawn purchases and purchases from customers, extending the useful life of these products.

We were also recognized by Newsweek for work-life diversity during fiscal year and remain very active with our contributions and community engagement. A quick word on our capital stack and allocation priorities.

We continue to have a robust liquidity position with $171 million of cash and $333 million of gross convertible notes on our balance sheet as at September 30, 2024.

We believe the most effective uses of cash drive shareholder value is to use a balanced approach, which includes reinvestment in our business to drive organic growth, acquisitions, share buybacks and debt repayment.

As Lachie mentioned earlier, our 2024 notes were retired in early July.

We have $103 million of convertible notes that come due in May 2025 and we continue to explore several options to retire or refinance that note including by use of existing cash, traditional debt or other equity-linked instruments.

Looking ahead, we expect to continue driving organic growth on both the top and bottom line by a combination of increasing PLO and PSC as well as merchandise sales growth.

As communicated in prior quarters, we are likely to see gross margin remain at the lower end of our target range of 35% to 38% as we are focused on strong inventory turns and limited age general merchandise.

With inflation rates coming down, we expect that same-store expense increase will also come down. We also continue to invest in our people, technology and store network to further drive operational efficiency.

Strategically, our pipeline for M&A is robust, and we have demonstrated a strong track record of executing our inorganic growth initiatives, which we expect to continue both in our existing markets and abroad. The combination of these initiatives will be driving forces behind our strong financial and operating performance for years to come. And with that, we'll open up the call for questions. Operator?

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from John Hecht with Jefferies.

John Hecht^ Congratulations on all those achievements over the past few years.

First question, I just want to -- and you might have referred to it a little bit on the call but the tax rate was higher.

I'm wondering just kind of was that a onetime thing? Or is there a mix there? Were there may be some higher tax rates out of LatAm on an intermediate-term basis?

Or should we revert back to the kind of more consistent tax rate in the future?

Timothy Jugmans^ Thanks, John. Yes. It was slightly higher. There were a couple of one-off items in the tax rate for the quarter and for the year including moving some money out of Guatemala.

So there's a lot holding tax there that would be a onetime item.

On a go-forward basis, as Latin America becomes a bigger part of our net income, there will be slight increases in the tax rate, but it will go back to the more normal -- if you look at the entire year, adjusted tax rate, it's going to be much more of that kind of thing going forward.

John Hecht^ Okay. And then you guys -- you talked about EZ Rewards and EZ payments, and there seems to be some good adoption.

I'm just -- is there a way for us to think about or -- yes, I guess, is there a way for us to think about how much penetration that can have and what that can do to the efficiency of the business over time?

Lachlan Given^ Yes.

Look, I think -- thank you for the question, John.

Look, I think on the EZ+ side, we are getting towards -- I wouldn't say full penetration, but we have got 5.4 million members now.

So it's -- we would have -- when we launched this program, we would never have thought we would have got to this level, certainly at this level and then this quickly.

So we're incredibly happy with how that program is going.

But I do think this is slowing now. And so the penetration is we expect to see some growth, but really, it's now about engaging that $5.4 million, which will continue to grow, but it's really now about engaging that customer base with all sorts of targeted marketing programs that are going to drive the key metrics.

So I think going forward, it's now more about engagement rather than about penetration. And then on the online payment side, that is really helping our team members in our stores to spend more time serving customers than simply the manual process of doing extension.

So I think the best part of that program, which continues to grow really well is just helping with our customer service in stores.

So I think that will grow as well but both programs have come so far already that, again, it's more about the engagement side rather than signing up new customers.

Timothy Jugmans^ On the online payments there, John, I would also look at -- we -- that's been running in the U.S. for quite a while.

We've just recently launched that in Mexico, and need to launch it in our other countries as well.

So we don't have any of that occurring yet.

So still quite a lot of still quite a lot there from a total company perspective growth.

But from the U.S., it's been there for a number of years.

So we wouldn't expect huge changes.

John Hecht^ Okay. And then any comments on kind of the ongoing effects of the hurricanes in Florida, just because I know you guys have a lot of stores there.

Timothy Jugmans^ We did see when those came through, we did have a number of days where the stores were shut down.

We're become quite efficient and our team on getting those stores back up and running.

We're one of the first stores to be up and running and be able to help our customers.

From an ongoing basis, we feel pretty good about it.

Obviously there has a little bit of a slowdown as people will get back to normal in those regions but we see that more of a short-term and long-term effect.

John Hecht^ Okay. And then my final question, I appreciate you guys answering all these I guess just as inflation steadies in the U.S., I don't know if that's quite occurred in LatAm as much as the U.S., but are you seeing any changes in customer behavior in terms of transaction size or loan demand or foot traffic? Or is it fairly steady?

Lachlan Given^ I'd say, it's been fairly steady.

It's -- we're seeing pretty robust demand, as you can see in the Q4 numbers, both on the loan side and the sales side.

So across all regions, we continue to see really strong customer growth, which is exciting. And I think jewelry clearly has been a big driver of that as well.

As Tim said in his remarks, we're really optimistic about growth from here.

And it's an exciting time to be an investor at EZCORP.

Operator^ Our next question comes from Brian McNamara with Canaccord Genuity.

Brian McNamara^ On the continued strong results.

I guess, first off, you guys announced an acquisition in September of an auto pawn business. Just curious if you can comment on that.

I'm not sure -- I think it was expected to close on the 31st of October. Just curious what the rationale was there and how big of an opportunity to kind of see that.

Lachlan Given^ Thank you, Brian. And good morning.

Look, we announced the acquisition of 53 stores down in Mexico.

We'd expect to have closed it by now as you said.

We're just continuing to work on closing diligence items.

So there will be more to come on that.

And the strategic rationale is that, that business is becoming a larger part of the customer's collateral down in Mexico.

Our competitors are doing it pretty well across the across the for-profit businesses as well as the government non-for-profit businesses, and we've been a little behind in that take-up.

So it's got to be a focus going forward. This one is the clear market leader.

So we're -- as I said, we continue to work on diligence to get it hopefully closed.

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Brian McNamara^ Got it. That's helpful.

Obviously election last week, a Red wave per se, 60% plus of your stores are in two red states.

Can you guys comment on your expectation of regulatory change, if any, that you expect with the new administration and remind us how friendly this administration was to the industry in its first term.

Lachlan Given^ Thank you.

Look, the regulatory regime has been pretty steady in the U.S. for a long period of time.

Sometimes you see things see things happen in certain states like we saw in Illinois a couple of years ago that our investors and shareholders are aware of.

But this has been quite a steady regulatory regime.

It was during the current administration.

It was in the former Trump administration.

So we don't expect to see any real wholesale change.

But that said, we continue to invest in the area.

We make sure we're on top of it from a state and federal level.

But across all of our markets, the U.S. and Latin America, it has been stable, and we expect it to be stable in the future.

Brian McNamara^ Got it. And then, look, the last few years have been very strange as it relates to your typical seasonality.

What's -- as you plan for '25, are you expecting that typical seasonality to come back? Or how should investors think about PLO since it drives your business pretty significantly.

Timothy Jugmans^ Sorry, my phone just blanked out there a little bit.

Can you repeat that, sorry?

Brian McNamara^ Yes. No problem. Tim, on PLO seasonality, I mean it's been wonky the last couple of years, as you know the typical paydowns you didn't see with tax refund season and that's kind of played out for the whole year over the last couple of years, like as you plan the business for '25 and your financial outlook, like how should investors be thinking about PLO seasonality you think it will return or steady as always kind of thing?

Timothy Jugmans^ I think using what we saw in '24 seems to getting back to more normal seasonality.

Obviously tax refund season, has been a little bit more subdued in the last two years than prior to COVID.

So we think that is probably going to continue, but we've got to see what happens happens this year in that period.

But otherwise, I think we're back to the more than normal seasonality in the numbers.

Brian McNamara^ Got it. And then maybe, Locky, can you comment on kind of what you guys are doing down in LatAm with Blair and folks kind of turning around that business similar to kind of what you guys did a few years back with the U.S.

We saw a nice improvement there this year. Where are we in terms of that turnaround? And should we expect continued margin improvement there in fiscal '25.

Lachlan Given^ It's a good call out, Brian.

So as you identified, Blair, Blair has been magnificent in his operations team with just a relentless focus on execution every day in our stores. And really, it's been a people-led story.

So people and culture is where we start started on this journey. And as we said in our remarks, we started in the U.S.

and got to it in probably financial year '22 in Latin America. And I think the most pleasing thing you'll see in our results that we've announced overnight is just this continued momentum in Latin America across all metrics. You can see that our earning assets are growing really nicely, and that's followed up with some really extremely strong growth numbers in EBITDA so I think you can see that, that focus from financial year '22 with the rollout of an enhanced operating model with -- enhanced cultural model, it's really paying it's really -- you're seeing some consistent strong growth numbers now across that business.

From here, I think -- I still think there is a lot for us to do. The macro environment continues to be very supportive down there as well as in the U.S. And I think loan growth, sales growth have still got plenty of runway.

I think on the margin side, there is certainly room for improvement there.

But as you know we are most focused on terms because with really strong PLO growth numbers that we're seeing, we need to make sure that we don't inadvertently have an inventory problem where things start to age and then you've got a significant issue down the track.

So our real focus is better lending at the loan calendar, strong PLO growth followed up with really strong inventory turns, which then produces that margin.

But you're right, we would like to see some increased margin there because that's got a meaningful impact on the bottom line.

But I think primary focus is PLO growth and inventory turns.

Brian McNamara^ And just one more for me. Appreciate taking a bunch of questions here. Just on capital allocation priorities.

I know Tim, you kind of mentioned in your prepared remarks that you're exploring kind of any and all options for your 2025 converts.

I think it's a big issue for some long haul as trying to get involved here.

When should we expect, I guess, a decision on that? I think you announced that at the general meeting last year, is that can the timeframe investors should be looking at?

Lachlan Given^ Look, I think we're going to maintain as much flexibility as we can.

As Tim said in his remarks, we do have all of the alternatives on the table because our operating performance continues to improve.

So banks, investment banks, credit providers are all telling us that our terms continue to improve with the stability in our performance and management team.

So I think we've got to till May until the bonds mature.

We've got enough cash to just pay them down.

That's obviously one very real scenario. And then we've got straight debt alternatives.

We've got convert alternatives. And so -- the good news is we don't have a gun to our head to make a decision on this because of our strong liquid balance sheet.

So we will take our time here to do what we believe is best for the long term of our business and for our shareholders.

But there's no magic to the AGM timing.

So we've got -- we've got 5, six months here to make a call.

But the good news is, the terms seem to get better, the alternative set is pretty diverse. And so we'll -- between now and May will come to a decision.

Operator^ Our next question comes from Kyle Joseph with Stephens.

Kyle Joseph^ Actually just one for me, really. Going back to the election, any sort of other implications you see or any other impacts on the business in terms of whether it's immigration or FX movements or anything? Just kind of how your initial thoughts there?

Lachlan Given^ Look, yes, thank you for the question.

Look, I think there are -- there's no big tailwinds or headwinds with this for us in terms of this new administration.

I think our customer need cash.

I think we provide a fantastic service for value for money, secondhand goods, and in this sector, it's usually -- it operates quite independently of political forces.

So I think the macro here is it continues to be helpful.

We still see inflation.

We still see interest rates that are relatively high. Gas prices are higher.

But really, this customer base spends what it earns. And so I think with all of the internal initiatives that we've got going, we continue to be really excited about growth prospects. And I think on balance, that this -- the new administration, I don't see any big sort of macro changes here that is going to affect our performance.

Operator^ Our next question comes from Andrew Scutt with ROTH Capital Partners.

Andrew Scutt^ Congrats on the continued progress. A lot of my questions have been answered here. So just one quick one for me. But can you guys just kind of talk about the store pipeline as you kind of head into 2025 year?

Lachlan Given^ Sure.

On the acquisition side?

Andrew Scutt^ Yes, on the acquisition side.

Lachlan Given^ Yes. Great. Thanks for the question.

Look, the pipeline continues to be robust.

We look at it in two ways.

We look at it in areas that we already operate in, and I think that is where our bias is because the best M&A that we can do is where we've got a really strong management team already and hopefully, we're acquiring great talent.

So in terms of the areas we already are across U.S. and Latin America, the pipeline, particularly in Latin America remains strong. Mexico is still a very large opportunity with many, many different independent large chains.

And in the U.S., I think as you're seeing, there's still small acquisitions to do.

I think we bought 14 stores for the year across the U.S., which I think is a pretty good result. And there remains to be more stores in the U.S.

I think the most exciting part of our pipeline or one of the most exciting parts of our pipeline is our -- already our strategic investments.

So in cash converters and in particularly in simple. We've got a lot of capital in simple and that business is performing really well which you can see in our deck, and that's a potential acquisition for us in the future.

So look, I think the pipeline is strong.

We've then got the rest of the world. And as everybody knows, it is a massive industry in the rest of the world. And so I think over five to 10 years, EZCORP's capable of being much, much bigger.

If you look at India, Philippines, South America. There's just -- United Kingdom, just massive pawnbroking opportunities. So our sector is a very large one capable of a lot of scale.

But for now I think the best use of our time resource is to continue to grow in the markets we're in as well as sort of exploring where else we might go.

So we're excited about the pipeline. The other part of the pipeline is obviously our de novo, we've got 40 new stores across Latin America for 2024.

I think we're getting much better at doing that. And so I'd like to see a pretty consistent pipeline of doing that in the future, too, because can be a very, very strong return on capital, particularly in Mexico, if you're doing it well and we're really seeing some good success in doing that.

So I think as excited as ever about the inorganic pipeline, and we've just got to make sure that we can staff those stores and manage them to the same level that we do manage our existing store base and really then fund them. So exciting time.

Operator^ And I'm not showing any further questions at this time. I'd like to turn the call back over to Lachie for any closing remarks.

Lachlan Given^ Thank you, Operator. And thank you, everyone, for joining on behalf of Tim and I and on behalf of our Board, I just really want to thank again the EZCORP team for what was probably our best every year.

It's some really strong operating results, the momentum in the U.S. and now in Latin America is obvious for everyone to see. So we're not done. We've got a lot of work to do yet. We're excited about the board growth that we can produce for our shareholders.

So thank you for everyone for joining. Thanks to our shareholders also for a really good year, and we look forward to talking to a lot of you through the course of the next few days. Thanks a lot.

Operator^ Ladies and gentlemen, this does conclude today's presentation. You may now disconnect. And have a wonderful day.