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# EZCORP, Inc. (EZPW)

## Q3 2020 Earnings Call

# CORPORATE PARTICIPANTS

**Jason A. Kulas**
*President, Chief Executive Officer & Chief Financial Officer, EZCORP, Inc.*

# OTHER PARTICIPANTS

**Gregory Pendy**
*Analyst, Sidoti & Co. LLC*

**Lance Jessurun**
*Analyst, Jefferies LLC*

**Scott Buck**
*Analyst, B. Riley FBR, Inc.*

# MANAGEMENT DISCUSSION SECTION

**Operator**: Good afternoon, ladies and gentlemen, and welcome to the EZCORP Third Quarter of Fiscal 2020 Earnings Conference Call. At this time, all participants are in a listen-only mode. Later we will conduct a question and answer session and instructions will follow at that time. As a reminder, this call may be recorded.

I would now like to turn the conference over to [ph] Michael Kim (00:27), Investor Relations. Please go ahead, [ph] Michael (00:29).

## Unidentified Participant

Thank you and good morning, everyone. During our prepared remarks, we will be referring 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, contains 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 or implied by these forward looking statements 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 the 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.

Now I'd like to turn the call over to Mr. Jason Kulas. Jason?

## Jason A. Kulas

*President, Chief Executive Officer & Chief Financial Officer, EZCORP, Inc.*

Thanks, [ph] Michael (01:38), and good morning, everyone. I wanted to start off this morning by thanking Stuart Grimshaw for his many contributions and accomplishments over the years and his ongoing counsel and support, as we move through the leadership transition. I'm honored and incredibly excited about the opportunity to work with the talented team here at EZCORP as CEO. We spent the last few weeks continuing to develop our overall business strategy. We have a large store base spread across diverse markets that are underpinned by attractive demographics, stable regulation and a runway for growth. We have a team of pawnbrokers, who provide a service that is unique and essential for our customers. And I'm more confident than ever that we will emerge from the current crisis in a stronger position as it relates to our business operations, financial performance and growth profile.

So starting on slide 4 of the investor presentation. At a high level, we strive to be our customers' first and best choice for their short-term cash needs by increasingly leveraging our durable competitive advantages. A key priority for us is creating the most tenured, diverse and highest performing team in the industry. We recently appointed a new Head of Diversity and Inclusion and we are excited about the opportunities we have going forward. As we more closely track and measure the progress of our diversity efforts.

Furthermore, we remain very focused on the safety and well-being of our team members in these uncertain times with strict adherence to CDC guidelines here in the US and local government procedures across Latin America. Our team members are working hard every day to serve our customers and we're committed to continuing to ensure that they're safe while they do it. Encouragingly, employee attrition continues to drop with store turnover down 10% in the US and 16% in Latin America for the quarter on a year-over-year basis.

Turning to our customers. We continue to provide critical and essential financial services. As of July 31, 99% of our stores remain open, which is key to continuing to meet our customers' needs for cash and providing affordable merchandise for working remotely and home schooling. Our consistency in this regard – being there for our customers every day – is a big driver of our customer loyalty.

Finally, from a financial standpoint, our balance sheet remains a key differentiating factor. Our unrestricted cash balance grew by over $100 million on a sequential quarter basis to $311 million at June 30 and has continued to grow incrementally in July, positioning us well to serve our customers as their short-term needs rebuild over time. The strength of our balance sheet highlighted by net debt of $6 million at quarter end, no near term debt maturities and no restrictive debt covenants ensures that we remain strong, well-funded, and able to meet large increases in loan demand in all of our internal recovery scenarios.

In addition, as I'll discuss further, we are targeting significant cost savings by reducing administrative overhead and operational expenses and rationalizing non-core activities including plans to exit our CashMax business in Canada.

On slide 5 we will walk through some financial highlights for the quarter. Key themes in Q3 included 5% revenue growth driven by strong merchandise and scrap sales, which on the top line offset a decline in pawn service charges versus the prior year quarter. Pawn service charges, a significant driver of our profitability, are down given lower demand for pawn loans reflecting stimulus payments and extended unemployment and forbearance benefits.

An important item to note as the federal government prepares for a second round of stimulus funding is that additional stimulus actions could further impact our loan balances and related pawn service charges, although not to the same degree as the first round of stimulus. Additionally, we would not expect pawn service charges to be impacted as much as PLO given the positive trend in yield that we saw in June relative to the quarter on a consolidated basis.

Next, we've made considerable progress in managing aged inventory levels here in the US driven by rising merchandise sales and higher inventory turns. We've reduced aged general merchandise inventory levels here in the US by nearly 60% year-over-year with the percentage of aged inventory dropping to 4.9% as of the end of our fiscal third quarter of 2020 from 6.3% a year ago. We are stepping up our focus on inventory management in Latin America where levels have trended higher due to a more challenging environment as well as extended store closures at GPMX. Inventory has declined from higher levels due to strong sales and we have seen the merchandise selection in stores decreased. With lower inventory levels, we expect to see a decline in Q4 from current levels of merchandise and scrap gross profit. In summary, while sales gross profit margins were strong, the trade-off with higher margin pawn service charges for lower margin sales negatively impacted EBITDA and EPS for the quarter.

On slide 6, we show updated stats across several macroeconomic indicators. While jobless claims have moderated from peak levels in April, recent trends likely drive increased cash needs from non-banks sources including [indiscernible] (07:11) post any subsequent stimulus actions. In light of this backdrop, we took the opportunity to reframe our strategic initiatives to position the company for optimizing both top and bottom line long term growth which we detail over the next several slides.

So on slide 7, at a high level, we've mapped out three key initiatives. First, we are committed to reducing administrative overhead and operational expenses and rationalizing non-core activities to optimize our cost structure and generate significant annualized cost savings. Second, we are continuing to focus on strengthening our core business operations through fostering high performance and tenured store members, continuous optimization in pricing and lending and ongoing modernization of our technology and data assets. And third, we remain focused on more fully leveraging innovative payment solutions across curbside, Lana online and pay by phone options, digital marketing to capture new customers as well as selectively pursuing de novo and M&A opportunities to grow our store count and expand our footprint. As we highlighted on this page all of these efforts are underpinned by the quality of our team members, a relentless focus on our customers and a strong balance sheet that allows us to execute.

So digging a bit deeper on optimizing our cost base on slide 8. We plan to reduce both corporate costs and operational expenses to maximize profitability and better align with near-term PLO trends. Initial areas of focus include increasing the efficiency of our operations and selectively reducing expenses related to our digital efforts as well as shutting down the non-core CashMax business in Canada over the next few months. These efforts are expected to add an even greater level of resiliency to our business through the current environment and future economic cycles.

Furthermore, we're taking a balanced approach to growth and maintenance capital expenditures ensuring that we remain committed funding key strategic initiatives over time. We're still in the early stages of identifying and mapping out cost savings and we'll be providing more detail and regular updates on subsequent quarterly earnings conference calls. We do not expect these efforts to have a significant impact on Q4 results, but we will begin reporting on our progress in our fiscal fourth quarter and beyond as we identified these additional measures to reduce cost from current levels.

Next, on slide 9, we lay out a number of initiatives centered on continuous optimization and modernization of our IT infrastructure to strengthen our core business operations and drive more consistent profitability as well as a better balanced cash to cash cycle. More specifically we continue to invest in system generated pricing to improve the overall customer experience, team member productivity and profitability. On the lending side, we are increasingly implementing automated guided systems to generate a higher and more consistent return on earning assets over time. Early results of these efforts are showing in loan-to-value ratios on forfeited collateral having decreased by 12% in the US and by 15% in Mexico paving the way for higher merchandise sales margins.

In addition, we believe these enhanced systems and processes will help us develop new team members and the professional pawnbrokers, increased productivity and improved team member retention. On the IT side, efforts to modernize our infrastructure include the ongoing rollout of POS2 with El Salvador and Guatemala to be completed in the fourth quarter of this fiscal year enabling increased standardization across geographies.

In addition, we are focused on broader use of store tablets and digital engagement across key customer interactions and centralized data management with the goal of enhancing the growth of our core pawn business, as well as increasingly penetrating new channels and bringing new products to market.

Turning to our innovation and growth initiatives on slide 10 and 11. Our customer-centric culture continues to enable innovation through the crisis. For example, we are expanding customer choice across pay by phone and cross-store payments thereby enhancing convenience and customer experience.

As temperatures have increased in-store staffing has been impacted by COVID-19. Our curbside offering has been pulled back. But we fully expect that to continue to be an important service going forward.

Next, we remain focused on leveraging our differentiated digital capabilities to capture new clients. Our efforts are focused on driving higher social media engagement, online activity, search engine optimization and online reviews. Focusing on Lana, we continued to increasingly penetrate existing stores and customers with the platform currently available in 374 stores, more than doubled the 159 stores at March 31 and with over 40,000 customer accounts at the end of July compared to just over 8,000 at the end of our fiscal second quarter. Functionality is also on the rise with over 10,000 extensions processed in July or more than six times the number of extensions in March. While we expect customer debit card payment and layaway capabilities to come online in the next six months or so, reinforcing Lana as the digital loan servicing platform for our customers.

Turning to growth, we maintain a large and growing store base spread across diverse markets underpinned by attractive demographics, stable regulation and strong prospects. On the novel opportunities despite the challenging backdrop we remain on track to open 23 new stores in Latin America this fiscal year with plans to open another 25 next year. And from an inorganic perspective we remain disciplined in scanning the market for pawn store acquisition opportunities across core markets and potential new geographic regions.

As shown on slide 12 while more recent EBITDA growth and margin trends have softened, largely a function of the stimulus [indiscernible] (13:18) paydown of pawn loans, we know how the story ends and expect pent-up lending demand to drive a return to and beyond pre-COVID levels of pawn loans outstanding over time.

Now turning to our financial results for the quarter. On a GAAP basis we reported diluted earnings per share of negative $0.10, a decrease of $0.16 from the prior year. On an adjusted basis we reported diluted earnings per share of negative $0.01 for the fiscal third quarter, compared to $0.18 in the prior year quarter. Adjustments for the quarter included a loss of $1.8 million in inventory, $400,000 in loan restitution losses and $200,000 in property, plant and equipment due to lootings that occurred in 30 of our US stores during riots in late May and early June, as well as our typical exclusion of non-cash interest expenses related to our convertible debt and adjustments for foreign exchange fluctuations.

Focusing on our consolidated financial highlights on slide 13. Total revenue was up 5%, driven by 31% increase in merchandise sales and 15% growth in scrap sales on a year-over-year basis. Sales gross profit was up 25%

reflecting stepped up demand for shelter-at-home merchandise and higher inventory turns. As a result, inventory was down 28% and we made significant progress on liquidating aged inventory to expand related margins and optimize cash to cash cycles. However, our ending PLO balances of $117 million was down 39% year-over-year largely related to the impact of stimulus payments and COVID-19 headwinds, thereby driving lower pawn service charges in that revenue. Despite the offset of a 0.5% decline in total operating expenses, these factors pressured EBITDA and margins for the quarter.

Turning to U.S. Pawn on slide 14, trends for the quarter were similar with higher merchandise sales and gross profits on stepped up inventory turns and effective inventory management driving strong revenue growth, and with lower PLO and PSC pressuring that revenue. Ending PLO was down 42% on a year-over-year basis reflecting ongoing COVID related headwinds, though PSC was up 30% given a lesser decline on average PLO for the quarter, and an uptick in yields also driven by higher retention rates. We continue to leverage our enhanced point-of-sale system to optimize loan to value decisions and drive higher pawn loan redemption rates and yields. More favorably, merchandised sales margins held steady versus the prior quarter with aged general merchandise inventory down to 4.9% compared to over 6% a year ago. In addition, jewelry scrap gross profit increased 86% with related margins up 840 basis points to 24.8%. Much of the step up reflected our decision to capitalize on higher gold prices and we do not expect the same level of scrap sales, profits and margins in the fiscal fourth quarter. And finally, operating expenses remained well managed with costs in line with prior year, though segment EBITDA was down 17% on lower pawn service charges.

Next on slide 15, Latin America results were more challenging with decreased EBITDA contribution reflecting lower PSC and merchandise growth profit, partially offset by reduced expenses. Store closures and reduced operating hours outside of Mexico were a big driver of the expense reductions. Similar to the US, PLO declined largely reflecting COVID-19 headwinds while stores in Mexico generally remained open, COVID related closure persisted through the quarter at GPMX with many stores operating under reduced hours, restricted business activities or in locations with limited public transportation. As a result, PSC declined by 35% year-over-year driven by lower average PLO for the quarter and a lower yield. Merchandise sales were down 2% reflecting reduced in-store traffic and store closures at GPMX with related margins contracting 700 basis points compared to the prior quarter. As mentioned earlier, we are increasingly intent on optimizing LTVs and more effectively managing aged inventory levels across Latin America to drive improving yields and merchandise margins over time.

Finally, to follow up on a few of the forward-looking statements made this morning. While we started to see demand for pawn loans begin to pick up in the US starting in June, it will take time for PLO and PSC to rebuild. And we expect the trends to temporarily reverse with the second round of government stimulus payments. And while we're focused on rightsizing our cost structure and recognizing significant annualized cost savings, we are still early in the process with material expense savings more of a fiscal 2021 story.

All that said we remained confident the demand for pawn loans will meaningfully pick up over time driving accelerated revenue growth and building earnings power, particularly as we increasingly rationalize expenses and invest in value-added initiatives. Related to that we also remained focused on delivering more consistent financial performance and plan on providing regular updates and metrics to the market on our progress against key strategic initiatives we've laid out.

Put very simply, we are going to focus on efficiency, operations and growth. We will optimize our cost structure in the coming quarters while we continue to enhance our store level operations and give our customers more choices and conveniences and we will do all of that by continuing to look for ways to grow both organically and inorganically.

Underpinning these initiatives is a relentless focus on the safety of our team members and on providing outstanding and safe service to our valued customers while maintaining a strong balance sheet and excess liquidity to invest in our growth. We know that if we execute on these initiatives we will emerge from the COVID-19 crisis in a position of strength and we will be in a position to meet our customers' needs for cash even more efficiently and effectively.

And with that I'll open up the call for questions.

# QUESTION AND ANSWER SECTION

**Operator**: Thank you. [Operator Instructions] Okay. Your first response is from Greg Pendy. Please go ahead.

**Gregory Pendy**

*Analyst, Sidoti & Co. LLC*

Q

Yeah. Hi. I'm Greg Pendy at Sidoti. I just had – I guess, a couple of questions here. First of all are you comfortable that the aged inventory levels right now you think are at a level where you can get back to. I think you typically target 35% to 38% margins?

**Jason A. Kulas**

*President, Chief Executive Officer & Chief Financial Officer, EZCORP, Inc.*

A

Yeah. We're very pleased with the progress we've seen in the US and that's obviously a huge driver of our performance. We announced earlier this fiscal year that we had pretty high levels of aged inventory in the US, and the sales cycle that we've gone through, through this COVID-19 period, has really helped us reduce those levels down to a very manageable sustainable level. At the same time, we're making sure that our operations are performing in a way that doesn't lead to going back to those old levels of high aged inventory as we move forward. So we're pretty confident in that.

We're also pretty pleased as you – back to margins, if you look at – at the US margins, we think the trends there really positive as we work off of a more normal base of aged inventory. So the go-forward look on that is pretty stable for us.

**Gregory Pendy**

*Analyst, Sidoti & Co. LLC*

Q

Great. That's helpful. And then I think earlier in the call you mentioned stimulus might have a more muted impact this time around. Can you elaborate that on that a little bit why you think that might be the case?

**Jason A. Kulas**

*President, Chief Executive Officer & Chief Financial Officer, EZCORP, Inc.*

A

Sure. And, it's difficult to know what exactly what the impact will be because we don't know yet the form that the stimulus will take, but we have an idea. And clearly there will be more cash coming to consumers. The reason that we think that the impact will be more muted this time is because we – through the stimulus the people who still have – who need pawn loans and who still have pawn loans outstanding will see either a continuation of the same amount of cash or something slightly less likely. And so we don't expect a significant change there.

The other factor here is what we don't know is how long rent abatements and those other kind of accommodations will continue. And our expectation is that some of those might start to lapse. So given all those factors we would expect more stimulus to have an impact, but that's the reason we don't think it would be anywhere near what the impact of the first round was.

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**Gregory Pendy**
*Analyst, Sidoti & Co. LLC*

Q

Great. That's helpful. And then just one more, I guess, just on gold, I guess, you put a lot through scrap this time around, but from a consumer behavior just given where prices are at any indication right now that people might be taking the opportunity to pawn gold given the higher prices?

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**Jason A. Kulas**
*President, Chief Executive Officer & Chief Financial Officer, EZCORP, Inc.*

A

We're not really seeing a big pickup in that. But I think that's largely driven by the overall kind of macro trends that – that just cash needs aren't very high right now. We would expect that at these prices as cash needs increase that we would see some additional pawning of gold. Although as you've seen over time in our business there's been a shift toward general merchandize and so we would expect both categories to be strong once demand comes back.

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**Gregory Pendy**
*Analyst, Sidoti & Co. LLC*

Q

Great. That's helpful. Thanks a lot.

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**Jason A. Kulas**
*President, Chief Executive Officer & Chief Financial Officer, EZCORP, Inc.*

A

Sure. Thank you.

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**Operator**: Thank you. Your next response is from Lance Jessurun of Jefferies. Please go ahead.

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**Lance Jessurun**
*Analyst, Jefferies LLC*

Q

Hey. Thanks for taking my question. First one is a little more on the stimulus that the previous caller asked about. Are you – do you expect – as the [ph] UINs (23:24), are you going to see more of a "normal recession" where PLO balances are going to go up, merchandize sales are going to go down. And if you – if you are thinking about that could you kind of elaborate on how you're thinking about that and the model going forwards?

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**Jason A. Kulas**
*President, Chief Executive Officer & Chief Financial Officer, EZCORP, Inc.*

A

Sure, Lance. Yeah. That's absolutely what we expect. The big question is just what the timing is. Another round of stimulus will delay this and push it out a little bit, but we were already seeing – we restart our bottom in PLO and we were starting to work our way back. We are working against some – and this is our lending season, right, so year-over-year comps are still pretty – pretty tough but we were seeing that balance [indiscernible] (24:07) turnaround the other way which was very encouraging. And what we expect is that, that will stop and go slightly the other way through another round of stimulus. And then we'll see demand pick up pretty considerably. For now, our comments – our forward-looking comments were – were mainly focused on Q4 but if you – if you look beyond that, yes, we expect demand to come back strong. And that's the reason why we're so focused on maintaining such a strong balance sheet and a good cash position and a very low – almost no debt – no net debt position because we want to make sure that we're in a position to meet that demand when it comes.

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**Lance Jessurun**
*Analyst, Jefferies LLC*

Q

Awesome. Thanks. And then second question is around the investments in the customer facing technology, I was wondering if you could kind of clarify how you think that might impact results and how are you going to engage the success of those investments?

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**Jason A. Kulas**
*President, Chief Executive Officer & Chief Financial Officer, EZCORP, Inc.*

A

We've seen a real benefit from the investments we've made in those areas because if you think about an environment like the one we've been in where really people prefer not to get out – in some cases they couldn't get out, but generally prefer not to – we – we were in a really good position to continue to allow our customers to be able to service loans if they wanted to do it from the convenience of their homes. So in this fiscal year we've launched both the Lana extensions which have been – you've seen great growth in Lana extensions – doing that from the comfort of your home, but we've also launched pay by phone which has allowed people to extend phone loans and service their loans from – from their phone – and anywhere. And but the combination of those two has – we've been a big pickup in the percentage of our overall transactions of people as people have – wanted to engage with us in that remote way. So that's been probably the biggest impact. We knew that that would be a positive impact on our business over time. We didn't know as we were making those investments as it – that it would be so relevant and through a global pandemic. But – that's the reason we've seen such – such big pickup rates in those projects.

Going forward we expect adoption to continue because of the convenience – being able to digitally service your pawn loan we think is a real difference differentiator for us. And when our customers need us they know they can come see us in store and we want that. But when they want to do things from the convenience of their home or they have a logistics issue and getting to us by the right – at the right time, we've got a way that they can – that they can service their loans remotely as well. So we think that will only get better over time – but we've already – already seen a big pickup there.

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**Lance Jessurun**
*Analyst, Jefferies LLC*

Q

Awesome. Thanks. And then just one more kind of around the cost savings initiatives. How much has COVID accelerated the need or – has it provided you opportunities as you've been looking at these cost saving initiatives. I know it's definitely driven by a higher use of the online services platform. But on the cost savings side, how has COVID kind of accelerated those things?

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**Jason A. Kulas**
*President, Chief Executive Officer & Chief Financial Officer, EZCORP, Inc.*

A

It's kind of gone both ways because – to a certain extent COVID has brought some incremental expenses from making sure that we're investing in items that we need to keep our – our team members safe to invest in when we have an exposure at the store level and what's needed to clean that store and properly get it back open again. So we've seen some increased expenses on the margin from COVID in that way. At the same time though, yes, through this period – and especially right now as we go through a lot of our planning for fiscal 2021 – we are seeing some opportunities to relook at how we staff our stores, to relook at how we staff our corporate office and some of the infrastructure we had in place that we may be able to trim a little bit. And as you add up all those initiatives we think that there's – we think there's a real opportunity and – I would like to say that even if we weren't going through a COVID-19 situation we would be looking at those same factors to make sure that we're leveraging – we're getting as much operating leverage as we can. But clearly going through a period like this has driven even more of those efforts. And I think – that's the reason we make the statement as we come out of this and demand picks up we're going to see a little bit of a multiplier effect because we'll be doing it as a more efficient company as some of these initiatives play out in fiscal 2021.

**Lance Jessurun**
*Analyst, Jefferies LLC*

Q

Awesome. Thanks so much. Thank you.

**Jason A. Kulas**
*President, Chief Executive Officer & Chief Financial Officer, EZCORP, Inc.*

A

Thank you.

**Operator**: Thank you. Your next response is from Scott Buck of B. Riley FBR.

**Scott Buck**
*Analyst, B. Riley FBR, Inc.*

Q

Hi. Good morning guys. I'm curious with two consecutive strong quarters of merchandise sales. Whether the remaining inventory supports merchandise sales strength going forward with the – whether or not you still have enough of the kind of in-favor shelter-at-home products left to get people excited?

**Jason A. Kulas**
*President, Chief Executive Officer & Chief Financial Officer, EZCORP, Inc.*

A

Yeah. Thanks, Scott. That's a great question. We started in a position where we had a lot of excess inventory. So clearly that was a big driver for us over the last couple of quarters. On a relative basis because we started with so much, we still have – we still have inventory and we feel like we are still in a position to be able to drive sales. We did indicate in some of our comments, we expect the sales to pull back as we go into the next quarter but we still think, that we'll be able to drive sales.

One thing that's been interesting is that the mix of our inventory has shifted a little bit towards jewelry as the general merchandise has really – the sales have really picked up there, but what we've seen is that as that's happened we've also seen a little bit of an uptick in jewelry sales where customers come in and they look at what we have and they do still make some purchases. But again, we do expect sales to drop from the current levels as you would naturally expect going into this next couple of quarters.

**Scott Buck**
*Analyst, B. Riley FBR, Inc.*

Q

Okay. That's helpful. Second one for me, given the cash balance you seemingly would have enough to meet any kind of future loan demand, any thought to reinstituting the buyback program?

**Jason A. Kulas**
*President, Chief Executive Officer & Chief Financial Officer, EZCORP, Inc.*

A

Our view on that is still what it has been which is we want to get to the other side of the crisis before we address those kinds of issues and questions internally. Clearly at the board level we will take up those matters and we will always endeavor to make the best corporate finance decision and decision overall for the company with our excess cash. Right now it gives us a lot of comfort that we're sitting on cash position that we are because as you can imagine any scenario we run as we go through a recovery which for us is a big use of cash as loan demand increases. Under any scenario that we can model right now as you said we've got plenty of cash but we don't want to look at that as excess cash until we get to the other side of this.

**Scott Buck**
*Analyst, B. Riley FBR, Inc.*

Q

All right. Fair enough. Thanks, guys.

**Jason A. Kulas**
*President, Chief Executive Officer & Chief Financial Officer, EZCORP, Inc.*

A

Thank you.

**Operator**: Thank you. There are no further questions at this time. I will turn the call back over to Jason Kulas.

## Jason A. Kulas
*President, Chief Executive Officer & Chief Financial Officer, EZCORP, Inc.*

Okay. Thanks everyone for your time this morning. We look forward to continue to discuss our progress on future calls. We hope everyone has a great day.

**Operator**: This concludes today's conference call. You may now disconnect.