

**EZCORP, Inc. (Q1 2026 Earnings)**  
**February 5, 2026**

**Corporate Speakers:**

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

**Participants:**

- Brian McNamara; Canaccord Genuity; Analyst
- Zach Oster; Citizens Capital Markets; Analyst
- Andrew Scutt; ROTH Capital Partners; Analyst
- Unidentified Participant; Jefferies; Analyst
- Kyle Joseph; Stephens; Analyst
- Raj Sharma; Texas Capital Bank; Analyst

**PRESENTATION**

Operator^ Good morning, ladies and gentlemen. Welcome to the EZCORP First Quarter Fiscal 2026 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.

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'd like to turn the call over to Lachie.

Lachlan Given^ Thank you, Sean, and good morning, everyone. EZCORP is off to an exceptional start to fiscal 2026, delivering one of the strongest quarters in our history. We achieved record first quarter revenue and PLO, along with outstanding earnings growth for our shareholders. Our team's disciplined execution and the operating leverage inherent in our platform drove more than 35% growth in both net income and EBITDA.

The pawn demand environment remains highly favorable. Consumer credit conditions continue to remain challenged, particularly for lower and middle-income households that many traditional lenders continue to tighten underwriting standards.

For consumers who need immediate no obligation access to cash, pawn remains a fast, transparent and trusted solution. At the same time, more consumers are seeking affordable, high-quality preowned goods driven by value-conscious shopping and a focus on sustainability. Both sides of our business benefit from these trends.

Core financial metrics were very strong across the business for the first quarter. We saw continued momentum in PLO and PSC, merchandise sales and margin, and a material increase in scrap. We ended the quarter with net earning assets of \$554 million, up 17% and our PLO to inventory ratio remains healthy at 1.2x, reflecting disciplined lending and inventory management.

Subsequent to quarter end, we closed two exciting acquisitions that expand our scale and geographic reach. As we've consistently said, we will deploy capital with discipline when the right opportunities emerge, and these transactions deliver on that commitment.

Our focus in the immediate term is to successfully integrate these businesses to maximize profitability and returns, and we remain excited about our active pipeline for additional M&A opportunities going forward.

The first of these transactions was closed on January 2 with the acquisition of FoundersOne, which owns a majority interest in Simple Management Group, one of the largest pawn platforms in North America.

SMG operates 105 stores across 12 countries including Florida and Puerto Rico in the U.S., Costa Rica, Panama and various markets across the Caribbean.

We first invested in Founders as a preferred equity holder back in October 2021. The transaction is immediately accretive and expands our pawn footprint into 11 new countries, creating a compelling platform for future domestic and international expansion.

Importantly, SMG meaningfully broadens our total addressable market. In Puerto Rico, the stores also offer auto pawn and auto title loans, giving us exposure to a higher ticket secured lending category that complements our traditional pawn offering.

SMG was one of the few remaining large independent pawn chains in the United States, and we're very pleased to welcome the team into our EZCORP family.

On January 12, we acquired El Buffalo Pawn, adding 12 stores in Texas, further strengthening our position in one of our largest domestic markets. This acquisition brings an experienced local team and a strong presence in a rapidly growing market, and we are excited to apply our operating playbook and capital to unlock additional value in this business.

Following these two transactions, EZCORP now operates 1,500 pawn stores across 16 countries, marking a significant milestone that highlights the scale of our growing global platform.

Turning to Slide 3. For those new to the story, the pawn business resonates strongly with customers because the transaction is fundamentally customer-friendly.

Our loans are nonrecourse, meaning customers have no obligation to repay. We don't credit check, require bank accounts or verify employment. We don't pursue collections, and we don't report to credit bureaus.

These are small short-term transactions, typically \$200 to \$220 in the U.S. and \$70 to \$140 in Latin America, with terms ranging from 30 to 90 days. That core value proposition, together with offering great value for money secondhand goods in an environmentally responsible way where it's fun to come and shop in a pawn store, have been critical in driving consistent, outstanding operational and financial results for our shareholders.

With that, I'll turn it over to Tim to walk through the financial details. Tim?

Timothy Jugmans^ Thanks, Lachie. Turning to Slide 5 for the consolidated financial results.

We delivered another quarter of exceptional earnings performance. Adjusted EBITDA rose 36% to \$70.3 million, with margin expanding 260 basis points to 19%. Diluted EPS improved 34% to \$0.55. These results reflect the operating leverage embedded in our model as we scale.

Total revenues reached a record \$374.5 million, up 17%. Improvement was broad-based with meaningful contributions from PSC merchandise sales and a significant increase in scrap, reflecting elevated gold prices.

PLO also increased 12% to \$307.3 million, marking an all-time Q1, fueled by sustained consumer demand and higher average loan sizes across all geographies. PSC revenue rose 11% to \$129.6 million, generally in line with PLO.

On the retail side, merchandise sales climbed 10% to \$205.2 million with same-store sales up 7%. Merchandise margin expanded 230 basis points to 37%, reflecting improved pricing, execution and product mix.

Scrap margins also expanded significantly from 23% to 34% as we benefited from higher gold prices. Gross profit of \$218.9 million improved 18%, supported by contributions across all three revenue streams. G&A rose 9%, primarily due to higher incentive compensation and professional fees related to the acquisition activity.

With top and bottom-line growth meaningfully outpacing operating expenses, we're demonstrating the scalability and operating leverage inherent in our platform.

Before I turn it to the segments, I'd note a presentation change this quarter.

We've modified how we allocate certain administrative expenses. These are now reported within corporate G&A rather than allocated store expenses at the segment level. Prior periods have been recast to conform. There's no impact to operating expenses or net income, but please see Slide 22 in the earnings presentation for reference.

Moving to the U.S. segment on Slides 6 and 7.

We ended the quarter with 547 stores across 19 states. Total revenues increased \$37.6 million or 16% to \$269.8 million. Roughly half of this improvement is attributed to higher scrap sales, which benefited from elevated gold prices and increased jewelry purchasing activity.

PLO expanded 9% to \$239.9 million with same-store PLO up 8%. Average loan size rose 12% to \$231, largely due to higher prices on jewelry. Jewelry now represents 68% of U.S. PLO, up 310 basis points. PSC improved 8% to \$95.2 million, supported by same-store PLO gains.

On the retail side, merchandise sales climbed 8% with same-store sales up 7%. Merchandise margin improved 170 basis points to 38%. Jewelry scrap gross profit rose \$8.6 million, reflecting our ability to efficiently monetize inventory in this gold price environment.

Inventory increased 29% to \$190.9 million, fueled by PLO expansion and higher merchandise purchases including continued growth of our layaway product, as well as a decline in turnover to 2.2x from 2.5x. This reflects a higher mix of jewelry which naturally carries a longer sales cycle as well as continued success of our layaway product. Layaway provides customers flexible path to ownership and supports healthy sell-through and inventory velocity.

In addition, jewelry that doesn't sell through retail can be monetized through scrap, providing a natural floor on inventory risk.

Despite lower turns, aged general merchandise remains manageable at 3.1% of total GM inventory or \$1.7 million. We have prioritized efforts to optimize inventory velocity and reduce aged GM.

Segment EBITDA improved 28% to \$73.5 million as margins expanded 260 basis points to 27%, supported by robust gross profit performance and effective expense management with same-store expenses up 6%.

Turning to Latin America on Slides 8 and 9. We ended the quarter with 836 stores across four countries.

During the period, we opened seven de novo stores including five in Guatemala, one in Mexico and one in Honduras and acquired 14 stores in Mexico. Total revenues rose \$16.7 million or 19% to \$104.7 million. Roughly half of this improvement is attributed to merchandise sales, reflecting solid retail execution across the region.

PLO expanded 23% to \$67.4 million with same-store gains of 12%. Average loan size improved 16% to \$102, 9% on a constant currency basis, largely reflecting higher jewelry prices. Jewelry now represents 47% of Latin American PLO, up 650 basis points.

PC rose 18%, supported by the same-store PLO gains and contributions from new stores. Merchandise sales climbed 15% with same-stores up 8%. Merchandise margin improved 380 basis points to 34%.

Inventory increased 10% to \$56.1 million, fueled by PLO expansion. Importantly, inventory turnover improved to 3.1x from 3x. Aged general merchandise increased to 3.6% of total GM inventory, representing \$1.2 million. We are applying best practices to reduce aged GM.

Segment EBITDA improved 23% to \$21.4 million and margins expanded 70 basis points to 20%, reflecting continued expansion despite a 16% rise in same-store expenses, mainly due to labor costs including minimum wage increases.

From a balance sheet perspective, our robust position of \$465.9 million in unrestricted cash will enable us to fund organic expansion, pursue compelling acquisition opportunities and thoughtfully return capital to shareholders over time.

As Lachie noted, subsequent to quarter end, we completed two acquisitions that meaningfully expand our footprint.

On January 2, we closed the SMG transaction. The transaction was funded through a conversion of existing preferred equity investments and notes receivable, plus approximately \$9 million of cash for a total consideration of approximately \$64 million. This results in approximately 75% economic interest in SMG.

Following the transaction, we will consolidate 100% of SMG's financial results with net income allocated to noncontrolling interest reflected below the net income line.

We also provided SMG with an intercompany debt facility to replace its third-party financing. This intercompany debt and associated interest will be eliminated upon consolidation.

Also in January, we acquired El Buffalo Pawn, adding 12 stores in Texas for \$27.5 million. Both transactions represent disciplined deployment of capital to drive longer-term shareholder value.

Looking ahead on a consolidated basis, we remain focused on expanding PLO, improved inventory efficiency and scaling operational best practices across all geographies. Based on the current trends, we expect Q2 momentum to remain favorable. Tax refund season typically drives increased loan redemption and retail activity, and the current gold price environment continues to support elevated scrap contributions.

With respect to scrap, we're not in the business of predicting gold prices, but we can say gold has continued to rise through the quarter. As long as that continues, we expect elevated scrap gross profit contributions.

As we noted last quarter, once gold stabilizes, we'd expect approximately two quarters of elevated scrap gross profit margin before margins begin to normalize towards historical levels.

On expenses, we remain disciplined. That said, we do expect sequential increase through the year as we onboard our recent acquisitions and continue scaling operational best practices across all geographies.

Our M&A pipeline remains active in the U.S. and Latin America as we approach each opportunity with rigorous financial discipline. With 1,500 stores across 16 countries, we've reached a significant scale milestone and are well-positioned to capitalize on further consolidation opportunities.

Now I'd like to turn it back to Lachie for closing remarks.

Lachlan Given^ Thanks, Tim.

From a capital allocation perspective, our strategy remains consistent. Our priority is to build scale given the significant global opportunity in pawn. We are going to do that in a disciplined way that prioritizes growth and return on capital while maintaining a fiscally conservative balance sheet. We believe that this is the clearest path to generating meaningful long-term value for our shareholders.

I want to extend my sincere appreciation to our team members in all of our markets. Your dedication to serving our customers with respect and professionalism is the foundation of these outstanding results. Guided by our core values of people, pawn and passion, we remain confident in our ability to scale with discipline, invest with purpose and build on our momentum through fiscal 2026 and beyond to deliver sustained long-term value and superior returns for our shareholders.

With that, Operator, we'll open the line for questions.

## QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) And our first question comes from Brian McNamara with Canaccord Genuity.

Brian McNamara^ Congrats on another strong quarter here.

Congrats on the SMG deal. I think you guys had a preferred equity interest there since October of '21.

I'm curious why was now the right time to take a controlling stake here? To me, it sounded like you wanted to get that a little larger in terms of store count. Was it just a factor of just the bid-ask spread narrowing to a point you were comfortable?

Lachlan Given^ Yes. I think there are a bunch of things, and you've named a couple of them.

I think the first one was, yes, we wanted to give John and his team the ability to really scale the business quickly using leverage.

I think after being an investor for four or five years, we were comfortable that he had done -- that the team had done a really good job there.

I think so from an operational perspective, we got very, very keen on the opportunity. I think secondly, you've got to have a willing seller and a willing buyer as well.

So on the timing side of it, the deal terms came together in a way that we thought would be really beneficial long term for our shareholders.

So I think operationally the time was right, deal terms were right. And now we are deep into integration and partnering with John and his team on making sure that this is as good an acquisition as we think it can be, that has control environment at the center of what we're doing, but growth and de novo stores in a whole bunch of countries that EZCORP has never been in.

So we shared with you, Brian, and the whole market over the last couple of years that we thought this is the best opportunity out there for EZCORP.

So we're really excited that we've been able to solidify that for our shareholders and now get the earnings momentum through our income statement that we've never had before.

Brian McNamara^ Great. Then just talking to you guys about capital allocation in the last few quarters. It sounded like the M&A pipeline is pretty robust.

I'm curious, after the acquisition of SMG and El Buffalo, how does that pipeline look today?

And are there any changes in your capital allocation priorities here?

Lachlan Given^ No. I think we've been really consistent on that in the last couple of years.

I think we are -- as I said in my remarks, scale is our number one priority.

On your question, the M&A pipeline definitely remains strong. Clearly, we've taken the biggest one in North America, or one of the biggest ones in North America, out of that equation now by buying SMG, but it remains strong, particularly in Mexico and other Latin American countries.

While this opportunity, I keep saying, is a global one, we still think there is great opportunity in the markets that we're already in. We're going to continue with this disciplined approach to all we're doing, which prioritizes growth but return on capital at the same time.

We're going to maintain this balance of capital allocation strategy, which is scale, putting money into our existing business. You can see just how quickly we're growing organically. We need to fund that. We're going to balance that with some thoughtful return to our shareholders when we deem it appropriate.

It's the same message. It's one of balance, but I think you can see from these results that prioritizing scale and growth is really working, and that's what I think is delivering such fantastic returns to our shareholders.

I think the stock is up 80% in the last 12 months, and we're really excited about where we can go from here. We think we're phenomenally positioned for the remainder of this year. I'm just really looking forward to our team continuing to deliver on this business.

Brian McNamara^ So there's an expectation that this tax season is going to be a pretty big one in terms of refunds.

I think it's \$1,000 more per household. Typically, you have a loan paydown in the March quarter that we really haven't seen that seasonal aspect in a few years now. How are you guys planning for that?

And what's your baseline expectation for?

Lachlan Given^ Look, I saw your note, so thank you for that.

I think Tim will make some remarks, but it's -- my perspective is you read a lot about it. A lot of people have very different views, then you've got to segment the market, right?

You've got to look at the lower demographic market and what you think that tax return season is going to look like. But from a corporate perspective, we are preparing for daily.

What we've seen in the last few years, it might be a little different. Tim will walk you through that. But our focus is we can't control that. All we can control is serving our customers the best we can. If tax refunds are bigger than normal, then clearly, we'll probably see some higher loan paydown and give us the opportunity to sell some more.

But my personal view is that I'm not expecting some monumental change here for our customer demographic, but I can't predict that.

But Tim, anything you want to add?

Timothy Jugmans^ Yes. That's exactly how we prepare.

It -- this is a daily business, dealing with customer demands that do change.

So the -- if there's extra -- if there is extra cash, the team knows how to deal with it. If there's less, the team knows how to deal with it.

So they're prepared for any direction. But as Lachie said, we've generally seen in the U.S. pawn business going from December to March, a 8%, 9% decrease in PLO in the last couple of years. It does look like it's going to be slightly higher than that, reading various papers which, I think a few of them are really targeting to say that this lower demographic is probably not going to get as a bigger percentage, but there will be -- it will be slightly higher than prior years.

Brian McNamara^ Great. Then last one for me before I get back in the queue here.

I'm assuming you guys are talking to investors just given what the stock has done over the last year. I feel like I'm talking a lot more new investors as it relates to the industry as well.

So how should investors new to the industry think about the price of gold here and any inherent risk to your business should it move meaningfully lower?

What buffer is typically embedded in your loan book relative to the price of the underlying commodity?

Lachlan Given^ Look, on your first comment, we're absolutely seeing a lot more interest activity in - - firstly, in the industry and then secondly, in our stock.

We are seeing the big, active, fundamental long-only funds showing much more interest and becoming shareholders if they hadn't been previously they're new to the story.

So I've been incredibly excited by that.

I think it's been a real change over the last 12 months, and I'm very happy to see us creating some value for them. And as you know, I think the stock is fundamentally underpriced because we are growing so rapidly.

We are fiscally conservative. We have a lot of liquidity. We have no short or medium-term debt maturities.

So I think the business is set up fundamentally for a really phenomenal future. And as I said, I'm very, very happy to see these new long-only household name funds getting interested or buying stock.

On your second question on gold, look, Tim, why don't you -- you want to give that one a crack?

Timothy Jugmans^ Yes. So from a PLO perspective, the jewelry part of the business is -- it was 68% in the quarter. In Latin America, it was 47%. Both of those are up from last year. So we do see that customers are bringing in more gold as can be expected.

So we do see with the gold price increasing, there is some -- it does create activity from a customer perspective where they do bring in more gold, they're getting greater value for the gold they bring in, but they also bring in gold to sell. So the amount that we're purchasing has also increased.

From a risk perspective, we're looking -- when we lend on gold, we're not adjusting daily. We're looking at longer-term trends. So the recent up and down of the gold price in the last week, no effect whatsoever. So we're really looking at long-term trends.

So we build in -- and also we're not lending at the rate we're going to scrap at.

So there is some margin already built into what we can do. You can see that in our long-term sales margins. Where we do have some upside at the moment is on the scrap margins where we lent some of the gold that we're scrapping we lent a year ago is obviously a very different price now.

So those margins are the 25% to 35% on those scrap margins, which is a temporary nature until gold stabilizes.

Operator^ Our next question comes from David Scharf with Citizens Capital Markets.

Zach Oster^ This is Zach Oster on for David. Congrats on the strong quarter.

I wanted to dig in a little bit on the growth side of things. The 11 new countries that are part of the SMG acquisition, I wanted to see if we can get some additional color on the growth potential in those specific new geographies, both in the near term and the longer term.

Lachlan Given^ Yes. Look, Zach.

So there is obviously 11 new countries, but there is -- Florida and Puerto Rico is really where SMG -- most of the SMG business, or the largest part of the SMG business is in those two regions.

So I think we're looking at -- we do, as you say, have 11 new countries, but some of them are relatively small in the Caribbean.

So what I would say to you is that Puerto Rico represents probably at this point the most significant opportunity for SMG. They are already probably 25, 26 stores, something like that.

Timothy Jugmans^ 29 stores.

Lachlan Given^ 29 stores with the potential to have, I think, significantly more there. I think that's a really strong market. And now that -- I mean we've only owned it a couple of weeks.

So we are assessing the opportunities across Panama, Costa Rica and those other Caribbean countries.

But this SMG team have built their careers on de novos. They built Value Pawn in Florida which is now our largest business. We bought that from them in 2009. That was almost entirely a de novo chain that we paid \$120 million for those years ago.

So this is a team that is very good at de novo store build-out.

So that's what we're looking for from them.

I think we're going to do that in a disciplined and focused way though, because it does drag earnings. But over the medium to long term, it's exactly what we need to be doing to demonstrate growth to our shareholders.

So look, I think it's -- while SMG still represents a relatively small part of the EZCORP business, I think those new markets represent some really strong opportunities.

I think it will be done mainly through de novos. There will be some acquisition opportunities as well. But look, we're a few weeks in. We're working really well with the management team there.

I think, as I said, while still relatively small, it's certainly capable of being a very large business that we're excited about.

Zach Oster^ Understood. I wanted to follow up with one more growth-related question. Just in the U.S. specifically, wanted to drill down and just see what the M&A outlook is for these five-plus, 10-plus store chains.

Lachlan Given^ Yes. Look, it's -- there aren't many of those left, I've got to say. There's some, but it's -- I would say that the U.S., following the SMG deal, I would say that the U.S. is -- it's more in the single-digit stores now.

It's -- we need to get good at consistently buying ones, twos and threes. If -- as you say, if any of the five to 15s come up, we'll take a good look at them. But as we've demonstrated to everyone, we're going to do that in a really disciplined way that prioritizes return on capital.

So I think the more M&A opportunities are Latin America and beyond, but we will absolutely stay active in the U.S. I just think with the SMG deal done and El Buffalo, as well, the 12 stores in Texas, where those opportunities are starting to be less and less.

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

Andrew Scutt^ Congrats on the strong results. You've been talking a lot about jewelry scrapping margins, but you guys did post some really nice numbers in Lat Am, and I know that's been a focus recently.

So can you just talk about the progress you've seen in Lat Am getting the jewelry business up to speed with what you're seeing in the U.S.

Lachlan Given^ Yes. It's a really good question. I think it's one of the real highlights of these results.

As I said in my remarks, this is probably the best quarter I've seen at EZ, and potentially one of the best in its 35-year history. It's a phenomenal set of results. And one of the real highlights, as you point out, is Latin America.

It's not just the sheer growth. We're seeing phenomenal organic growth. But what's really pleasing is just the balance of that growth, the balance in PLO, the balance in inventory, net revenue and then profit. I think it's just a real testament to Blair and his leadership team down there to have delivered these results.

But you also said, we are seeing jewelry become a bigger proportion of our PLO and inventory, and that's clearly by design. We are spending a lot of time training our teams down there, that this is such a huge opportunity down in that market. I think irrespective of gold price, it has just been too small a part of our business.

So I think we're showing some really great, not only numbers, but just behaviors in our stores, that it's becoming much more a significant strength of our business in Mexico and of our teams that we can lend on jewelry.

So that's been super pleasing as well.

Timothy Jugmans^ I'd add to that, that it's not just jewelry, right?

We talk about jewelry and improving that because that's easier to see in the numbers. But the general merchandise part of that Lat Am business continues to go strength-to-strength as well.

So the combination of those two is really driving that amazing bottom line performance.

Andrew Scutt^ Good segue to my second question, Tim. On just the general merchandise, I know there's some seasonality in the quarter with the holidays, but we saw a nice bump in the margins there.

So can you just talk to the margins in the quarter, GM margins that is?

Timothy Jugmans^ Yes. The GM margins are still -- well, overall margins are still on -- merchandise sales margins are still on our lower end of what we think we can achieve, but it was up from last year.

The -- I think it's just a testament to our teams in all geographies really doing a great job at the sales counter and continue to sell Fresh velocity, which is creating that.

Lachlan Given^ And I think what I'd add, Tim, is that we're doing a much better job of using data and AI to lend better at the counter. That has the down the flow impact, all sorts of impact on inventory, on margin and on terms.

So we're -- at the corporate office, we're employing, I think, much more sophisticated thinking around pricing, using AI and deep data machine learning to make sure that we're giving our store managers the best thinking on how to lend.

So I think that's also starting to really have an impact on what you're seeing on sales margin.

Operator^ Our next question comes from Jonathan Weitz with Jefferies.

Jonathan Weitz^ Congrats on the results. I'm on for John today. I just want to go back to the margins and the question that was just asked.

With the strong performance this quarter, we were just curious, how much of that should we think about will maintain with gold prices changing?

And what are the other factors aside from what you just mentioned that are contributing to that strong performance?

Timothy Jugmans^ I think -- yes, our points the last couple of quarters have always been that we're going to continue to operate in the lower end of the range, and it will move around a bit. This is obviously the strongest quarter of the year with a lot of demand through the holiday season for buying items, which does create momentum in the margins. But we continue to work on what happens on the sales floor is what happens on pricing in our backrooms and trying to figure out the best way forward.

Our focus is really on making sure that turns continue to be strong, that our stores continue to have fresh inventory in them for our customers and it continues to grow the business.

Lachlan Given^ I think we are -- we don't manage the business, as we've said to the market. We don't manage the business plus sales margin. We are, as Tim said, focused on turns and minimizing aged, but it's really all about turns.

So it's a really strong result on the margin side, but we want to make sure, as Tim said, that we keep turning this inventory because as the market knows, if you're not doing that, that's what starts to negatively impact your business.

So strong -- very strong quarter on margin.

Jonathan Weitz^ Definitely, really strong quarter.

Then just one follow-up, going back to the -- one of the first questions asked around the M&A pipeline, you'll still have a lot of cash on hand.

I was just curious in terms of capital allocation, how you all are thinking about the balance of growth investment, the debt repayment and also the shareholder return through the rest of the year?

Lachlan Given^ Yes. I think the key word is balance, and we've been consistent on that.

In M&A, we've done two really strong acquisitions this quarter, and we've done a few of the previous quarter as well.

So I've got the team focused on making sure that integration is nailed. I think often you think the deal part is the big part, and it's just not that at all. You've got to really integrate these businesses to make sure that the growth potential and the return on capital is there for our shareholders.

So I'd say we -- in the short term, nailing the integration is super important. But yes, as I said earlier, the pipeline is still very strong. There are very large chains across Latin America that are capable of being bought if you can come to a reasonable price. So we will prioritize that. We will prioritize scale, which means M&A as well as scaling our existing organic business, right? It's hungry for capital because we're growing really nicely.

So we'll prioritize that. At the moment, we have got no short of near-term debt repayments, which is obviously pleasing, and we have plenty of liquidity. And as I said, we'll -- now that we're through these acquisitions, we'll be relooking at our share buyback program.

So I think to answer your question again, it's really balanced between those three, but we are prioritizing growth and scale.

Jonathan Weitz^ Great. Yes. That makes sense. It's good to hear. I just had one last quick one, going back to what you're saying about integration.

So for the integration of the Founders One, how should we think about expenses related to that?

What the plan is and how you plan to leverage your operational expertise that you've done for so many years over the next 12 months?

Lachlan Given^ Yes. Look, I think on the expense side we'll announce -- next quarter will be our first quarter with SMG ownership. So that's when you'll see much more detail on the numbers.

We've given numbers in the announcement of the deal. That's what we're prepared to give the market at the moment while we really get stuck into it in the first quarter of ownership, but you'll have much more visibility at the end of this current quarter on how SMG looks.

And just from a high-level expenses, it's ups and downs, right? We expect to put some more expense into the control environment to make sure that the finance function, the legal function, the IT function, all have the resource needed. But truthfully, my hope is that we can really leverage the existing EZ teams to make sure that there's not too much expense there.

But we've got -- we're taking a very responsible approach to what we're doing there. It's a private -- it was a private company that now has to operate in a public company world. But the great news for shareholders is that we think the revenue upside in working with John and his team, we think that EZ sharing operating initiatives and practices and playbooks should more than compensate for that expense base.

So look, we'll be back at the end of the quarter with more detail on SMG numbers; that will be in our reporting. But for now it's -- let us get deep into operating the business, and we'll be back at the end of the quarter.

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

Kyle Joseph^ Echo congrats on a strong quarter and the acquisitions as well. Most of my questions have been asked.

I just want to focus on -- I appreciate the color you gave on tax refunds in the U.S., but just want to get a macro update on Lat Am, recognizing there's a number of countries there, but in terms of anything you'd highlight on wage growth or inflation in those geographies?

Lachlan Given^ Yes. I mean definitely, we saw the -- obviously the impact of the minimum wage increase in Mexico, but we've flagged that to the market. We often speak to you guys, the analysts and shareholders and prospective investors.

That was coming. It wasn't far off what we thought it was going to be.

So -- but of course, you can see it in the numbers that we are -- we have got inflated labor numbers down in Mexico. But with that, you can see this very, very strong growth across all that we're doing in Latin America. 10 years ago in pawn broking, it was a tale of two stories, right?

You'd see poor lending up and you'd see sales down. What we've been seeing now over a number of years is that we're running a business that's got really strong growth in lending and really strong growth in sales while maintaining some pretty impressive sales margins.

So look, yes, the expense base is up down there, but I think the revenue and you can see the numbers. It's -- we're able to get that operating leverage out of this business, and even with the minimum wage growth, the numbers are particularly down in Latin America have been phenomenal.

Timothy Jugmans^ Yes. Most of the effect is obviously Mexico. Mexico's minimum wage increased by 13% on January 1.

So that will start coming through in the next quarter on top of last year's increases.

Kyle Joseph^ Got it. Helpful.

Then Tim, I think you talked about earlier, you manage this business almost on a day-to-day basis. On that note, I think tax refunds started hitting last week.

Have you seen any -- and you guys talked about your expectations for loan demand, but shifting over to the retail side of things, have you seen any pickup in terms of retail sales domestically, recognizing it's very early in the season.

Timothy Jugmans^ Yes. It's very early on. I think momentum out of the fourth quarter has been strong.

So we're very happy with where we are today.

Operator^ Our next question comes from Raj Sharma with Texas Capital Bank.

Raj Sharma^ Fantastic quarter; what a great beat.

I just want to understand, you've had the increase in revenues this quarter, up 16%, just higher year-over-year, higher than mid-teens, higher than expected.

Is that -- can you give some color on you think that's purely the consumer feeling tight?

Or is it elevated gold prices?

And do you expect this organic growth to continue at this pace?

Lachlan Given^ I think, look, when you separate macro from what we're doing internally, let's start there. I think gold is clearly helpful. You can see that in the scrap numbers, and you can see that in the average loan size.

So that has clearly been a tailwind. But I think the real story here is what we're doing internally around everything that's going on inside the store, around serving customers. I think that's the main story.

It's truly our operational execution that's -- we've been doing -- we've been at this as a team four years now. I think the U.S. has led the turnaround, but you can still see we have so much to do. You can see it in the organic growth. You can see it in our sales numbers and our margin improvement.

So I think, yes, gold and the macro is supportive, but we don't sit around on our hands just hoping that the macro is going to improve. This is really an internally led story and an operational execution story.

And in terms of do I think that's going to continue?

Look, we don't guide the market, as you know, Raj. But I think that there is -- in every store Blair and the rest of us walk into, we can see that even when there are best stores that make \$2 million or \$3 million a store, we can see stuff that can be improved.

So my objective here is that we're going to grow these key metrics. We're just seeing some, as Tim mentioned, momentum, and momentum builds on momentum.

So the key job here is to concentrate on our people, make sure that they are incentivized the right way in stores, that we retain them, and that we give them career paths so that they want to stay because retention in our stores really is the key driver.

And I think our training and development programs and then our use in the corporate store of much more AI, much more digital initiatives that -- the whole industry is essentially backward on this area.

So I think selling online, interacting with customers digitally, there is just so much more here to do. So while I'm not going to guide where I think organic growth can go, it is certainly our objective to not only grow through acquisition and de novo, but to grow these stores organically as well.

Raj Sharma^ Fantastic. Obviously you guys are doing a great job. It's showing in the results.

Just how do you think of scrapping?

Is that purely related to gold prices?

How do we think about it modeling-wise, this allocated percentage you want to scrap regardless of price?

Lachlan Given^ Tim, do you want to take that?

Timothy Jugmans^ Yes. So I'm going to answer. The way we look at scrapping is we scrap things that have been sitting in our stores close to a year.

Then we scrap things that, definitely quite a bit on purchases where people are -- where people are selling stuff to us that we don't think is sellable. So like a broken neckless, heavily personalized items, we'll start scrapping those pretty quickly.

So those are the combination of what we scrap.

So it really comes down to -- on the purchase side, it really comes down to what are people bringing in.

So that is quite different. This is not -- we're not just going to go scrap to make profits here. We are trying to sell as much jewelry in our stores as possible, and we really are just scrapping because of age liquidation.

Lachlan Given^ So it's the way we manage our inventory rather than the way to manipulate profit along.

We're going to scrap to make money. Once we scrap, we're going to make money. But it's -- the way Blair talks about it is it's how we actively manage our inventory rather than we're going to scrap X percent of some measure.

Raj Sharma^ Got it. So whether gold is down a lot or up a lot that shouldn't really impact scrapping is what's going on internally, right?

Okay. Then just lastly, is it reasonable to think that something like cash converters would be next?

Do you have a planned amount of M&A that you want to do?

Lachlan Given^ No. We don't think about it that way. We don't think about it in a dollars planned per year or number of stores per year. We look at every opportunity on its own merits, and as I said, we think there's a lot to do in our existing markets.

On cash converters specifically, Sam and his team are doing just a fantastic job. They are -- they just did a rights issue that we participated in. I think we put about \$7 million or \$8 million into it to maintain our ownership percentage. But they are have -- done probably, I think their largest acquisition ever if you look into their financials.

But their business is -- sorry, their M&A strategy is very, very simple. They are buying back franchisees who are already on their pods, already use their brand, know them well, know the teams well.

So it's a really simple M&A strategy across a whole bunch of countries. They're doing really well in the U.K. That's a pawn-only business.

So we're really excited about that. But cash converters still remains a pretty small part of our business. If you look at the balance sheet, we carry it at a pretty small amount. If you market to market, it's still a relatively small part of the EZCORP business.

But that said, it's very strategic. We love that they're in 15 or 16 countries. But just remember, they are pawn brokers and secondhand goods resellers, but they also have a significant unsecured lending business. So it is different.

So right now Raj, we're pretty happy with where we are. We're 43-point-something percent. We recognize the earnings through our P&L, which I know our shareholders love, and we get a nice dividend yield as well.

So we're happy with where it sits now. It's strategic. They're doing a great job. We'll just continue to assess our ownership position going forward.

Operator^ I'd now like to turn the call back over to Lachie Given for any closing remarks.

Lachlan Given^ Thank you, Operator. Thank you, everyone, for joining.

I just want to echo my remarks, to thank the teams for delivering such a phenomenal set of results for our shareholders.

I'm really looking forward to talking to everyone over the next couple of days, investors, prospective investors and analysts, and even more looking forward to delivering a really great year for our shareholders.

So thanks for joining. We'll talk to you later.

Operator^ Thank you. This concludes the conference. Thank you for your participation. You may now disconnect.