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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2020 OR

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

For the transition period from _________ to

Commission File No. 001-37986

INTERNATIONAL MONEY EXPRESS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**47-4219082**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
9480 South Dixie Highway **Miami, Florida**	**33156**
(Address of Principal Executive Offices)	(Zip Code)

(305) 671-8000

(Registrant's telephone number, including area code)

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common stock ($0.0001 par value)	IMXI	Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

☐ Large accelerated filer	☒ Accelerated filer
☐ Non-accelerated filer	☒ Smaller reporting company
	☒ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

As of July 31, 2020, there were 38,048,562 shares of the registrant's common stock, $0.0001 par value per share, outstanding. The registrant has no other class of common stock outstanding.

INTERNATIONAL MONEY EXPRESS, INC.
INDEX TO FINANCIAL STATEMENTS

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q may contain certain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which reflect our current views with respect to certain events that could have an effect on our future performance, including but without limitation, statements regarding our plans, objectives, financial performance, business strategies, expectations for our business and the business of the Company.

These statements relate to expectations concerning matters that are not historical fact and may include the words or phrases such as “would,” “will,” “should,” “expects,” “believes,” “anticipates,” “continues,” “could,” “may,” “might,” “plans,” “possible,” “potential,” “predicts,” “projects,” “forecasts,” “intends,” “assumes,” “estimates,” “approximately,” “shall,” “our planning assumptions,” “future outlook” and similar expressions, but the absence of these words does not mean that a statement is not forward-looking. Except for historical information, matters discussed in this Form 10-Q are forward-looking statements. These forward-looking statements are based largely on information currently available to our management and on our current expectations, assumptions, plans, estimates, judgments and projections about our business and our industry, as well as macroeconomic conditions, and are subject to various risks and uncertainties that could cause actual results to differ materially from historical results or those currently anticipated. Although we believe our expectations are based on reasonable estimates and assumptions, they are not guarantees of performance and there are a number of known and unknown risks, uncertainties, contingencies and other factors (many of which are outside our control) that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Accordingly, there is no assurance that our expectations will, in fact, occur or that our estimates or assumptions will be correct, and we caution investors and all others not to place undue reliance on such forward-looking statements. Some factors that could cause actual results to differ and could materially adversely affect our business, financial condition, results of operations, cash flows and liquidity include, but are not limited to:

- the ability to maintain the listing of our common stock on Nasdaq;
- changes in applicable laws or regulations;
- the possibility that we may be adversely affected by other economic, business and/or competitive factors;
- factors relating to our business, operations and financial performance, including:
  - the COVID-19 pandemic, responses thereto and the economic and market effects thereof, including unemployment levels and increased capital markets volatility;
  - competition in the markets in which we operate;
  - volatility in foreign exchange rates that could affect the volume of consumer remittance activity and/or affect our foreign exchange related gains and losses;
  - cyber-attacks or disruptions to our information technology, computer network systems and data centers;
  - our ability to maintain agent relationships on terms consistent with those currently in place;
  - our ability to maintain banking relationships necessary for us to conduct our business;
  - credit risks from our agents and the financial institutions with which we do business;
  - bank failures, sustained financial illiquidity, or illiquidity at our clearing, cash management or custodial financial institutions;
  - new technology or competitors that disrupt the current ecosystem by introducing digital platforms;
  - our ability to satisfy our debt obligations and remain in compliance with our credit facility requirements;
  - interest rate risk from elimination of the London Inter-bank Offered Rate (“LIBOR”) as a benchmark interest rate;
  - our success in developing and introducing new products, services and infrastructure;
  - customer confidence in our brand and in consumer money transfers generally;
  - our ability to maintain compliance with the regulatory requirements of the jurisdictions in which we operate or plan to operate;
  - international political factors or implementation of tariffs, border taxes or restrictions on remittances or transfers of money out of the United States;
  - changes in tax laws and unfavorable outcomes of tax positions we take;
  - political instability, currency restrictions and volatility in countries in which we operate or plan to operate;
  - consumer fraud and other risks relating to customers’ authentication;
  - weakness in U.S. or international economic conditions;
  - change or disruption in international migration patterns;
  - our ability to protect our brand and intellectual property rights;
  - our ability to retain key personnel; and
- other economic, business and/or competitive factors, risks and uncertainties, including those described in the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019.

We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

PART 1 – FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

INTERNATIONAL MONEY EXPRESS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except for share data)

	June 30, 2020	December 31, 2019
ASSETS	(unaudited)	
Current assets:		
Cash	$ 101,985	$ 86,117
Accounts receivable, net of allowance of $808 and $759, respectively	60,023	39,754
Prepaid wires, net	5,460	18,201
Prepaid expenses and other current assets	2,536	4,155
Total current assets	170,004	148,227
Property and equipment, net	12,735	13,282
Goodwill	36,260	36,260
Intangible assets, net	23,905	27,381
Deferred tax asset, net	83	741
Other assets	1,954	1,415
Total assets	$ 244,941	$ 227,306
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt, net	$ 7,044	$ 7,044
Accounts payable	9,560	13,401
Wire transfers and money orders payable, net	47,712	40,197
Accrued and other liabilities	24,628	23,074
Total current liabilities	88,944	83,716
Long-term liabilities:		
Debt, net	84,101	87,623
Total long-term liabilities	84,101	87,623
Commitments and contingencies, see Note 13		
Stockholders' equity:		
Common stock $0.0001 par value; 230,000,000 shares authorized, 38,035,279 and 38,034,389 shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively.	4	4
Additional paid-in capital	56,098	54,694
Retained earnings	15,842	1,176
Accumulated other comprehensive (loss) income	(48)	93
Total stockholders' equity	71,896	55,967
Total liabilities and stockholders' equity	$ 244,941	$ 227,306

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

INTERNATIONAL MONEY EXPRESS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(in thousands, except for share data, unaudited)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Revenues:				
Wire transfer and money order fees, net	$ 72,793	$ 70,490	$ 139,888	$ 128,941
Foreign exchange gain, net	11,660	11,623	21,214	21,025
Other income	609	562	1,211	1,058
Total revenues	85,062	82,675	162,313	151,024
Operating expenses:				
Service charges from agents and banks	56,271	54,622	108,498	100,191
Salaries and benefits	7,069	7,597	14,428	15,194
Other selling, general and administrative expenses	5,155	5,337	10,492	11,061
Depreciation and amortization	2,691	3,155	5,381	6,307
Total operating expenses	71,186	70,711	138,799	132,753
Operating income	13,876	11,964	23,514	18,271
Interest expense	1,633	2,288	3,503	4,358
Income before income taxes	12,243	9,676	20,011	13,913
Income tax provision	3,265	2,602	5,345	3,683
Net income	8,978	7,074	14,666	10,230
Other comprehensive income (loss)	3	35	(141)	43
Comprehensive income	$ 8,981	$ 7,109	$ 14,525	$ 10,273
Earnings per common share:				
Basic and diluted	$ 0.24	$ 0.19	$ 0.39	$ 0.28
Weighted-average common shares outstanding:				
Basic	38,035,279	37,505,598	38,035,146	36,847,845
Diluted	38,047,792	37,594,151	38,043,233	36,898,462

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

INTERNATIONAL MONEY EXPRESS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS’ EQUITY
(in thousands, except for share data, unaudited)

	Three Months Ended					
	Common Stock					
	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance, March 31, 2020	38,035,279	$ 4	$ 55,412	$ 6,864	$ (51)	$ 62,229
Net income	—	—	—	8,978	—	8,978
Share-based compensation	—	—	686	—	—	686
Adjustment from foreign currency translation, net	—	—	—	—	3	3
Balance, June 30, 2020	38,035,279	$ 4	$ 56,098	$ 15,842	$ (48)	$ 71,896

	Three Months Ended					
	Common Stock					
	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balance, March 31, 2019	36,182,783	$ 4	$ 62,515	$ (15,277)	$ 6	$ 47,248
Warrant exchange	1,800,065	—	(10,031)	—	—	(10,031)
Net income	—	—	—	7,074	—	7,074
Share-based compensation	—	—	634	—	—	634
Adjustment from foreign currency translation, net	—	—	—	—	35	35
Balance, June 30, 2019	37,982,848	$ 4	$ 53,118	$ (8,203)	$ 41	$ 44,960

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

INTERNATIONAL MONEY EXPRESS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except for share data, unaudited)

	Six Months Ended					
	Common Stock					
	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
Balance, December 31, 2019	38,034,389	$ 4	$ 54,694	$ 1,176	$ 93	$ 55,967
Net income	—	—	—	14,666	—	14,666
Issuance of common stock:						
Exercise of stock options	890	—	(4)	—	—	(4)
Share-based compensation	—	—	1,408	—	—	1,408
Adjustment from foreign currency translation, net	—	—	—	—	(141)	(141)
Balance, June 30, 2020	38,035,279	$ 4	$ 56,098	$ 15,842	$ (48)	$ 71,896

	Six Months Ended					
	Common Stock					
	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance, December 31, 2018	36,182,783	$ 4	$ 61,889	$ (17,418)	$ (2)	$ 44,473
Adoption of revenue recognition accounting pronouncement	—	—	—	(1,015)	—	(1,015)
Warrant exchange	1,800,065	—	(10,031)	—	—	(10,031)
Net income	—	—	—	10,230	—	10,230
Share-based compensation	—	—	1,260	—	—	1,260
Adjustment from foreign currency translation, net	—	—	—	—	43	43
Balance, June 30, 2019	37,982,848	$ 4	$ 53,118	$ (8,203)	$ 41	$ 44,960

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

INTERNATIONAL MONEY EXPRESS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, unaudited)

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Cash flows from operating activities:		
Net income	$ 14,666	$ 10,230
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,381	6,307
Share-based compensation	1,408	1,260
Provision for bad debt	1,101	552
Debt origination costs amortization	376	358
Deferred income tax provision, net	658	672
Loss on disposal of property and equipment	131	113
Total adjustments	9,055	9,262
Changes in operating assets and liabilities:		
Accounts receivable	(21,485)	(57,861)
Prepaid wires, net	11,635	17,954
Prepaid expenses and other assets	1,008	726
Wire transfers and money orders payable, net	8,648	47,222
Accounts payable and accrued other liabilities	(2,054)	4,553
Net cash provided by operating activities	21,473	32,086
Cash flows from investing activities:		
Purchases of property and equipment	(1,591)	(2,413)
Acquisition of agent locations	—	(250)
Net cash used in investing activities	(1,591)	(2,663)
Cash flows from financing activities:		
Borrowings under term loan	—	12,000
Repayments of term loan	(3,830)	(2,402)
Borrowings under revolving loan, net	—	5,000
Debt origination costs	—	(240)
Cash paid in warrant exchange	—	(10,031)
Net cash (used in) provided by financing activities	(3,830)	4,327
Effect of exchange rate changes on cash	(184)	105
Net increase in cash	15,868	33,855
Cash, beginning of period	86,117	73,029
Cash, end of period	$ 101,985	$ 106,884

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

INTERNATIONAL MONEY EXPRESS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(in thousands, unaudited)

	Six Months Ended June 30,	
	2020	2019
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 3,133	$ 3,783
Cash paid for income taxes	$ 2,403	$ 1,060
Supplemental disclosure of non-cash investing activity:		
Agent business acquired in exchange for receivables	$ —	$ 85
Supplemental disclosure of non-cash financing activity:		
Issuance of common stock for cashless exercise of options	$ 4	$ —

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

INTERNATIONAL MONEY EXPRESS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – BUSINESS AND ACCOUNTING POLICIES

International Money Express, Inc. (the “Company” or “us” or “we”) operates as a money transmitter between the United States of America (“U.S.”) and Canada to Mexico, Guatemala and other countries in Latin America, Africa and Asia through a network of authorized agents located in various unaffiliated retail establishments and 33 Company-operated stores throughout the U.S. and Canada.

The condensed consolidated financial statements of the Company include Intermex, its wholly-owned indirect subsidiary, Intermex Wire Transfer, LLC (“LLC”), Intermex Wire Transfers de Guatemala, S.A. (“Intermex Guatemala”) - 99.8% owned by LLC, Intermex Wire Transfer de Mexico, S.A. and Intermex Transfers de Mexico, S.A. (“Intermex Mexico”) - 98% owned by LLC, Intermex Wire Transfer Corp. - 100% owned by LLC, Intermex Wire Transfer II, LLC - 100% owned by LLC and Canada International Transfers Corp. - 100% owned by LLC. Non-controlling interest in the results of operations of consolidated subsidiaries represents the minority stockholders’ share of the profit or loss of Intermex Mexico and Intermex Guatemala. The non-controlling interest asset and non-controlling interest in the portion of the profit or loss from operations of these subsidiaries were not recorded by the Company as they are considered immaterial.

The condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”). All significant inter-company balances and transactions have been eliminated from the condensed consolidated financial statements.

The Company’s interim condensed consolidated financial statements and related notes are unaudited. In the opinion of management, all adjustments (including normal recurring adjustments) and disclosures necessary for a fair presentation of these interim financial statements have been included. The results reported in these interim financial statements are not necessarily indicative of the results that may be reported for the entire year. Certain information and footnote disclosures required by GAAP have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019.

Risks and Uncertainties

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of the outbreak of a new strain of coronavirus (“COVID-19”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally and national, state and local governments in the jurisdictions where we operate and serve our customers imposed emergency restrictions to mitigate the spread of the virus.

Starting in March 2020, governmental authorities took measures that restricted the normal course of operations of businesses and consumers. Although those restrictions were in place for most of the second quarter and affected the Company, sending and paying agents as well as consumers and their beneficiaries, those measures did not have a material adverse effect on the Company’s financial condition, results of operations and cash flows for the three and six month periods ended June 30, 2020.

The Company and our sending agents are considered essential businesses under current federal guidance; however, the Company’s business is dependent upon the willingness and ability of its employees, network of agents and consumers to conduct money transfer services and the ultimate effects of the economic disruption caused by the pandemic and responses thereto. Although the Company’s operations continued effectively despite social distancing and other measures taken in response to the pandemic, the ultimate impact of the COVID-19 pandemic on our results of operations and financial condition is dependent on future developments, including the duration of the pandemic and the related extent of its severity, as well as its impact on the economic conditions, particularly the level of unemployment of our customers, all of which remain uncertain and cannot be predicted at this time. If the global response to contain the COVID-19 pandemic escalates further or is unsuccessful, or if governmental decisions to ease pandemic related restrictions are ineffective, premature, counterproductive or reversed, the Company could experience a material adverse effect on its business, financial condition, results of operations and cash flows.

Accounting Pronouncements

The Financial Accounting Standards Board (“FASB”) issued guidance, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under previous GAAP. The guidance requires that a lessee recognizes a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term on the balance sheet. This guidance is required to be adopted by the Company on January 1, 2022 and may be applied using either the earliest period adjustment method or the modified retrospective approach. The adoption of this guidance is not expected to have a material impact on the condensed consolidated financial statements.

The FASB issued amended guidance, *Intangibles – Goodwill and other (Topic 350): Simplifying the Test for Goodwill Impairment*. The amended standard simplifies how an entity tests goodwill by eliminating Step 2 of the goodwill impairment test related to measuring an impairment charge. Instead, impairment will be recorded for the amount that the carrying amount of a reporting unit exceeds its fair value. This new guidance is effective for the Company on January 1, 2021. The adoption of this guidance is not expected to have a material impact on the condensed consolidated financial statements.

The FASB issued amended guidance, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The amended standard requires implementation costs incurred by customers in cloud computing arrangements to be deferred and recognized over the term of the arrangement, if those costs would be capitalized by the customers in a software licensing arrangement. This new guidance is effective for the Company on January 1, 2021. The Company is currently evaluating the impact this guidance will have on the condensed consolidated financial statements.

The FASB issued guidance, *Simplifying the Accounting for Income Taxes (Topic 740)*, which removes certain exceptions to the general principles in Topic 740 and improves consistent application of and simplifies GAAP for other areas of Topic 740 by clarifying and amending existing guidance. This new guidance is effective for the Company on January 1, 2021. The adoption of this guidance is not expected to have a material impact on the condensed consolidated financial statements.

The FASB issued guidance, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, regarding the measurement of credit losses for certain financial instruments. The new standard replaces the incurred loss model with a current expected credit loss ("CECL") model. The CECL model is based on historical experience, adjusted for current conditions and reasonable and supportable forecasts. The Company is currently required to adopt the new standard on January 1, 2023. The Company is currently evaluating the impact this guidance will have on the condensed consolidated financial statements.

The FASB issued guidance, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedient and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. In response to the concerns about structural risks of interbank offered rates ("IBORs") and, particularly, the risk of cessation of the LIBOR, regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction based and less susceptible to manipulation. This accounting standards update provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. This new guidance can be adopted by the Company no later than December 1, 2022, with early adoption permitted. The adoption of this guidance is not expected to have a material impact on the condensed consolidated financial statements.

NOTE 2 – REVENUES

The Company recognized revenues from contracts with customers for the three and six months ended June 30, 2020 and 2019, as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Wire transfer and money order fees	$ 72,965	$ 70,833	$ 140,281	$ 129,491
Discounts and promotions	(172)	(343)	(393)	(550)
Wire transfer and money order fees, net	72,793	70,490	139,888	128,941
Foreign exchange gain, net	11,660	11,623	21,214	21,025
Other income	609	562	1,211	1,058
Total revenues	$ 85,062	$ 82,675	$ 162,313	$ 151,024

There are no significant initial costs incurred to obtain contracts with customers, although the Company has a loyalty program under which customers earn one point for each wire transfer completed. Points can be redeemed for a discounted wire transaction fee or foreign exchange rate. The discounts vary by country, and the earned points expire if the customer has not initiated and completed an eligible wire transfer transaction within the immediately preceding 180 day period. In addition, earned points will expire 30 days after the end of the program. Therefore, because the loyalty program benefits represent a future performance obligation, a portion of the initial consideration is recorded as deferred revenue (see Note 7) and a corresponding loyalty program expense is recorded as contra revenue. Revenue from this performance obligation is recognized upon customers redeeming points or upon expiration of any points outstanding.

Except for the loyalty program discussed above, our revenues include only one performance obligation, which is to collect the customer's money and make funds available for payment, generally on the same day, to a designated recipient in the currency requested.

The Company also offers several other services, including money orders and check cashing, for which revenue is derived from a fee per transaction. For substantially all of the Company's revenues, the Company acts as principal in the transactions and reports revenue on a gross basis, because the Company controls the service at all times prior to transfer to the customer, is primarily responsible for fulfilling the customer contracts, has the risk of loss and has the ability to establish transaction prices.

NOTE 3 – ACCOUNTS RECEIVABLE, NET OF ALLOWANCE

Accounts receivable represent outstanding balances from sending agents for pending wire transfers or money orders from our customers. The outstanding balance consists of the following (in thousands):

	June 30, 2020	December 31, 2019
Accounts receivable	$ 60,831	$ 40,513
Allowance for credit losses	(808)	(759)
Accounts receivable, net	$ 60,023	$ 39,754

The changes in the allowance for credit losses is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Beginning balance	$ 1,477	$ 1,242	$ 1,236	$ 1,290
Provision	364	192	1,101	552
Charge-offs	(589)	(272)	(1,186)	(728)
Recoveries	98	74	199	122
Ending Balance	$ 1,350	$ 1,236	$ 1,350	$ 1,236

The allowance for credit losses allocated by financial instrument category is as follows (in thousands):

	June 30, 2020	December 31, 2019
Accounts receivable	$ 808	$ 759
Notes receivable (1)	542	477
Allowance for credit losses	$ 1,350	$ 1,236

(1) This allowance relates to $1.5 million and $1.3 million in notes receivable from sending agents as of June 30, 2020 and December 31, 2019, respectively. The current portion of these notes amounted to $1.1 million and $1.0 million as of June 30, 2020 and December 31, 2019, respectively, The net current portion is included in prepaid expenses and other current assets (see Note 4) and the net long-term portion is included in other assets in the condensed consolidated balance sheets.

NOTE 4 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Prepaid insurance	$ 188	$ 404
Prepaid fees	786	1,211
Notes receivable, net of allowance	675	648
Prepaid taxes	—	1,025
Other prepaid expenses and current assets	887	867
	$ 2,536	$ 4,155

NOTE 5 – GOODWILL AND INTANGIBLE ASSETS

Intangible assets on the condensed consolidated balance sheets of the Company consist of goodwill, agent relationships, trade name, developed technology and other intangible assets. Agent relationships, trade name and developed technology are all amortized over 15 years using an accelerated method that correlates with the projected realization of the benefit. The agent relationships intangible represents the network of independent sending agents; trade name refers to the Intermex name, branded on all agent locations and well recognized in the market; and developed technology includes the state-of-the-art system that the Company has continued to develop and improve upon over the past 20 years. Other intangible assets primarily relate to the acquisition of certain agent locations or Company-operated stores, which are amortized on a straight line basis over 10 years. The determination of our intangible fair values includes several assumptions that are subject to various risks and uncertainties. Management believes it has made reasonable estimates and judgments concerning these risks and uncertainties. See below for further discussion on impairment.

The following table presents the changes in goodwill and intangible assets (in thousands):

	Goodwill	Intangibles
Balance at December 31, 2019	$ 36,260	$ 27,381
Amortization expense	—	(3,476)
Balance at June 30, 2020	$ 36,260	$ 23,905

Amortization expense related to intangible assets for the next five years and thereafter is as follows (in thousands):

2020	$ 3,475
2021	5,161
2022	3,997
2023	2,989
2024	2,270
Thereafter	6,013
	$ 23,905

Due to the COVID-19 pandemic that has resulted in a deterioration in macro-economic conditions and increased stock market volatility, the Company performed a qualitative assessment of goodwill during the second quarter of 2020 to determine whether a quantitative test was necessary. Although our fair value measurements include some significant inputs, such as the Company's forecasted revenues and assumed turnover of agent locations, that may have or will be affected by the pandemic, we believe that as of June 30, 2020, the effects of the pandemic have not had a material negative effect on the Company's financial condition, results of operations and cash flows. As a result, there are currently no indicators that the fair value of the Company's goodwill is below its carrying amount based on our qualitative assessment. Therefore, we determined that a quantitative test was not necessary as of June 30, 2020.

For our finite-lived intangibles, we also assessed during the second quarter of 2020 whether there were events or changes in circumstances that indicated that the carrying amounts of our intangible assets may not be recoverable. Similar to our goodwill assessment above, we believe that as of June 30, 2020, the effects of the COVID-19 pandemic have not had a material negative effect on the company's financial condition, results of operations and cash flows. As a result, there are currently no indicators that could require an impairment test. Therefore, we determined that the carrying amounts of our intangibles are recoverable as of June 30, 2020.

We will continue to monitor this evolving pandemic to determine the need, if any, to further evaluate for impairment our goodwill and intangible assets.

NOTE 6 – WIRE TRANSFERS AND MONEY ORDERS PAYABLE, NET

Wire transfers and money orders payable, net consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Wire transfers payable, net	$ 19,762	$ 16,058
Customer voided wires payable	13,114	10,937
Money orders payable	14,836	13,202
	$ 47,712	$ 40,197

Customer voided wires payable consist of wire transfers that were not completed because the recipient did not collect the funds within 30 days and the sender has not claimed the funds and, therefore, are considered unclaimed property. Unclaimed property laws of each state in the United States in which we operate, the District of Columbia, and Puerto Rico require us to track certain information for all of our money remittances and payment instruments and, if the funds underlying such remittances and instruments are unclaimed at the end of an applicable statutory abandonment period, require us to remit the proceeds of the unclaimed property to the appropriate jurisdiction. Applicable statutory abandonment periods range from three to seven years.

NOTE 7 – ACCRUED AND OTHER LIABILITIES

Accrued and other liabilities consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Commissions payable to sending agents	$ 11,163	$ 10,124
Accrued legal settlement (see Note 13)	2,925	3,250
Accrued salaries and benefits	2,008	2,374
Accrued bank charges	1,137	976
Accrued interest	12	17
Accrued legal fees	5	120
Accrued other professional fees	700	655
Accrued taxes	3,423	2,345
Deferred revenue loyalty program	2,494	2,495
Other	761	718
	$ 24,628	$ 23,074

The following table shows the changes in the deferred revenue loyalty program liability (in thousands):

Balance, December 31, 2019	$ 2,495
Revenue deferred during the period	852
Revenue recognized during the period	(853)
Balance, June 30, 2020	$ 2,494

NOTE 8 – DEBT

Debt consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Term loan	$ 93,214	$ 97,044
Less: Current portion of long-term debt [(1)]	(7,044)	(7,044)
Less: Debt origination costs	(2,069)	(2,377)
	$ 84,101	$ 87,623

(1) Current portion of long-term debt is net of debt origination costs of approximately $0.6 million both at June 30, 2020 and December 31, 2019.

The Company and certain of its domestic subsidiaries as borrowers (the "Loan Parties") have a financing agreement (as amended, the "Credit Agreement") with a group of banking institutions. The Credit Agreement provides for a $35 million revolving credit facility, a $90 million term loan facility and an up to $30 million incremental facility of which $12 million was utilized in the second quarter of 2019. The Credit Agreement also provides for the issuance of letters of credit, which would reduce availability under the revolving credit facility. The maturity date of the Credit Agreement is November 7, 2023. As of June 30, 2020 and December 31, 2019, there were no outstanding amounts drawn on the revolving credit facility.

Interest on the term loan facility and revolving credit facility under the Credit Agreement is determined by reference to either LIBOR or a "base rate", in each case plus an applicable margin of 4.50% per annum for LIBOR loans or 3.50% per annum for base rate loans. The Company is also required to pay a fee on the unused portion of the revolving credit facility equal to 0.35% per annum. The effective interest rates for the six months ended June 30, 2020 for the term loan and revolving credit facility were 6.23% and 1.09%, respectively.

The principal amount of the term loan facility under the Credit Agreement must be repaid in consecutive quarterly installments of 5.0% in year 1, 7.5% in years 2 and 3, 10.0% in years 4 and 5, in each case on the last day of each quarter, which commenced in March 2019 with a final payment at maturity. The loans under the Credit Agreement may be prepaid at any time without premium or penalty.

The Credit Agreement contains covenants that limit the Company's and its subsidiaries' ability to, among other things, grant liens, incur additional indebtedness, make acquisitions or investments, dispose of certain assets, make dividends and distributions, change the nature of their businesses, enter into certain transactions with affiliates or amend the terms of material indebtedness.

The Credit Agreement also contains financial covenants that require the Company to maintain a quarterly minimum fixed charge coverage ratio of 1.25:1.00 and a quarterly maximum consolidated leverage ratio of 3.25:1.00.

The obligations under the Credit Agreement are guaranteed by the Company and certain domestic subsidiaries of the Company and secured by liens on substantially all of the assets of the Loan Parties, subject to certain exclusions and limitations.

On April 20, 2020, the Company received funds under the Paycheck Protection Program (the “Program”) in the amount of $3.5 million. Although the Company believes that it met all eligibility criteria for a loan under the Program at the time of its application, subsequent to receiving the funds, the Small Business Administration (“SBA”), in consultation with the Department of the Treasury (“Treasury”), provided additional guidance to address public, borrower and lender questions concerning the eligibility criteria under the Program. Based on this guidance provided by the SBA and Treasury, the Company returned the funds received under the Program on April 29, 2020.

NOTE 9 – FAIR VALUE MEASUREMENTS

The Company determines fair value in accordance with the provisions of FASB guidance, *Fair Value Measurements and Disclosures*, which defines fair value as an exit price, representing the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a three-level fair value hierarchy that prioritizes the inputs used to measure fair value was established. There are three levels of inputs used to measure fair value. Level 1 relates to quoted market prices for identical assets or liabilities. Level 2 relates to observable inputs other than quoted prices included in Level 1. Level 3 relates to unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company’s non-financial assets measured at fair value on a nonrecurring basis include goodwill and intangibles assets (see Note 5 for further discussion). The Company’s cash is representative of fair value as these balances are comprised of deposits available on demand. Accounts receivable, prepaid wires, accounts payable and wire transfers and money orders payable are representative of their fair values because of the short turnover of these items.

The Company’s financial instruments that are not measured at fair value on a recurring basis include its revolving credit facility and term loan. The fair value of the term loan, which approximates book value, is estimated by discounting the future cash flows using a current market interest rate. The estimated fair value of the revolving credit facility would approximate face value given the payment schedule and interest rate structure, which approximates current market interest rates.

NOTE 10 – SHARE-BASED COMPENSATION

The International Money Express, Inc. 2020 Omnibus Equity Compensation Plan (the “2020 Plan”) was approved by stockholders at the 2020 Annual Meeting of Stockholders on June 26, 2020, and provides for the granting of stock-based incentive awards, including stock options and restricted stock units (“RSUs”), to employees and independent directors of the Company. There are 3.7 million shares of the Company's common stock reserved for issuance under the 2020 Plan, consisting of 3.3 million new issuable shares and 0.4 million shares that were available for grant under the International Money Express, Inc. 2018 Omnibus Equity Compensation Plan (the “2018 Plan”). As of June 30, 2020, no stock options or RSUs have been issued under the 2020 Plan. The 2020 Plan replaced the 2018 Plan effective June 26, 2020. As of June 30, 2020, there were 3.3 million shares reserved for outstanding awards granted under the 2018 Plan.

The value of each option grant is estimated on the grant date using the Black-Scholes option pricing model (“BSM”). The option pricing model requires the input of highly subjective assumptions, including the grant date fair value of our common stock, expected volatility, risk-free interest rates, expected term and expected dividend yield. To determine the grant date fair value of the Company’s common stock, we use the closing market price of our common stock at the grant date. We also use an expected volatility based on the historical volatility of the Company's common stock and the “simplified” method for calculating the expected life of our stock options as the options are “plain vanilla” and we do not have any significant historical post-vesting activity. We have elected to account for forfeitures as they occur. The risk-free interest rates are obtained from publicly available U.S. Treasury yield curve rates.

Share-based compensation is recognized as an expense on a straight-line basis over the requisite service period, which is generally the vesting period. The stock options issued by the Company under the 2018 Plan have 10-year terms and vest in four equal annual installments beginning one year after the date of the grant. During the six months ended June 30, 2020, 11.3 thousand stock options vested. The Company recognized compensation expense for stock options of approximately $0.6 million for both the three months ended June 30, 2020 and 2019 and $1.2 million for both the six months ended June 30, 2020 and 2019, which are included in salaries and benefits in the condensed consolidated statements of operations and comprehensive income. As of June 30, 2020, there were 3.1 million outstanding stock options and unrecognized compensation expense of $6.8 million is expected to be recognized over a weighted-average period of 2.4 years.

A summary of the stock option activity under the 2018 Plan during the six months ended June 30, 2020 is presented below:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2019	2,905,219	$ 10.51	8.74	$ 3.58
Granted	320,000	$ 10.98		$ 4.53
Exercised	(11,250)	$ 9.91		$ 3.43
Forfeited	(163,000)	$ 12.42		$ 4.09
Outstanding at June 30, 2020	3,050,969	$ 10.46	8.36	$ 3.66
Exercisable at June 30, 2020	623,680	$ 9.96	8.10	$ 3.45

The RSUs issued under the 2018 Plan to the Company's independent directors vest on the one-year anniversary from the grant date. The Company recognized compensation expense for RSUs of $0.1 million for both the three months ended June 30, 2020 and 2019, and $0.2 million and $0.1 million for the six months ended June 30, 2020 and 2019, respectively, which is included in salaries and benefits in the condensed consolidated statements of operations and comprehensive income. During the six months ended June 30, 2020, 22.5 thousand and 13.9 thousand RSUs were granted and vested, respectively. There were no forfeited RSUs during the six months ended June 30, 2020. As of June 30, 2020, there was $0.3 million of unrecognized compensation expense for the restricted stock units.

NOTE 11 – EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income for the period by the weighted average number of common shares outstanding for the period. In computing dilutive earnings per share, basic earnings per share is adjusted for the assumed issuance of all applicable potentially dilutive share-based awards, including common stock options and RSUs.

Below are basic and diluted earnings per share for the periods indicated (in thousands, except for share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income for basic and diluted earnings per common share	$ 8,978	$ 7,074	$ 14,666	$ 10,230
Shares:				
Weighted-average common shares outstanding – basic	38,035,279	37,505,598	38,035,146	36,847,845
Effect of dilutive securities:				
RSUs	12,513	17,762	7,995	15,221
Stock options	—	19,762	92	9,881
Warrants	—	51,029	—	25,515
Weighted-average common shares outstanding – diluted	38,047,792	37,594,151	38,043,233	36,898,462
Earnings per common share – basic and diluted	$ 0.24	$ 0.19	$ 0.39	$ 0.28

As of June 30, 2020, there were 3.1 million options and 22.5 thousand RSUs excluded from the diluted earnings per share calculation because, under the treasury stock method, the inclusion of these would be anti-dilutive.

As of June 30, 2019, there were 0.1 million options excluded from the diluted earnings per share calculation because, under the treasury stock method, the inclusion of these would be anti-dilutive. In April 2019, the Company executed a tender offer for all warrants, subsequent to which all warrants ceased to exist.

NOTE 12 – INCOME TAXES

A reconciliation between the income tax provision at the US statutory tax rate and the Company's income tax provision on the condensed consolidated statements of operations and comprehensive income is below (in thousands, except for tax rates):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Income before income taxes	$ 12,243	$ 9,676	$ 20,011	$ 13,913
US statutory tax rate	21 %	21 %	21 %	21 %
Income tax expense at statutory rate	2,571	2,032	4,202	2,922
State tax expense, net of federal	659	545	1,058	795
Foreign tax rates different from U.S. statutory rate	26	11	59	15
Non-deductible expenses	12	19	22	28
Credits	(3)	(5)	(3)	(9)
Other	—	—	7	(68)
Total tax provision	$ 3,265	$ 2,602	$ 5,345	$ 3,683

Effective income tax rates for interim periods are based upon our current estimated annual rate. The Company's effective income tax rate varies based upon an estimate of taxable earnings as well as on the mix of taxable earnings in the various states and countries in which we operate. Changes in the annual allocation and apportionment of the Company's activity among these jurisdictions results in changes to the effective rate utilized to measure the Company's deferred tax assets and liabilities.

As presented in the income tax reconciliation above, the tax provision recognized on the condensed consolidated statements of operations and comprehensive income was affected by state taxes, non-deductible expenses, share-based compensation expenses and foreign tax rates applicable to the Company's foreign subsidiaries that are higher or lower than the U.S. statutory rate.

In January 2020, Intermex Holdings II, Inc., the Company's parent company prior to the 2018 merger, was notified by the IRS that its 2017 federal income tax return was selected for examination. The Company has complied with all information requested to date. As of June 30, 2020 and December 31, 2019, no amounts for tax, interest, or penalties have been paid or accrued as a result of this examination.

On March 27, 2020, the United States enacted the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The Cares Act is an emergency economic stimulus package that includes spending and tax breaks to strengthen the United States economy and fund a nationwide effort to curtail the effects of COVID-19. The CARES Act provides various tax law changes in response to the COVID-19 pandemic, including increasing the ability to deduct interest expense, providing for deferral on tax deposits, and amending certain provisions of the previously enacted Tax Cuts and Jobs Act. After considering the provisions of the CARES Act, the Company determined that the CARES Act did not have a material effect on its annual effective tax rate and the income tax provision for the three and six months ended on June 30, 2020.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Leases

The Company is a party to leases for office space, warehouses and Company-operated store locations. Rent expense under all operating leases, included in other selling, general and administrative expenses in the condensed consolidated statements of operations and comprehensive income, amounted to approximately $0.5 million for both the three months ended June 30, 2020 and 2019, and $1.0 million for both the six months ended June 30, 2020 and 2019.

At June 30, 2020, future minimum rental payments required under operating leases for the remainder of 2020 and thereafter are as follows (in thousands):

2020	$ 768
2021	1,353
2022	1,096
2023	882
2024	776
Thereafter	662
	$ 5,537

Contingencies and Legal Proceedings

The Company is subject to legal proceedings and claims that have arisen in the ordinary course of its business and have not been finally adjudicated. Although there can be no assurance as to the ultimate disposition of these matters, it is the opinion of the Company's management, based upon the information available at this time and the stage of the proceedings, that it is not possible to determine the probability of loss or estimate of damages, and therefore, the Company has not established a reserve for any of these proceedings, except for the matter related to a complaint filed under the Telephone Consumer Protection Act of 1991 (the "TCPA claim") described below.

On May 30, 2019, Stuart Sawyer filed a putative class action complaint in the United States District Court for the Southern District of Florida asserting a claim under the TCPA, 47 U.S.C. § 227, et seq., based on allegations that since May 30, 2015, the Company had sent text messages to class members' wireless telephones without their consent. Following a mediation held on October 7, 2019, the Company and the plaintiff entered into a term sheet providing the general terms for the settlement of the action, which was memorialized in a definitive Settlement Agreement on March 16, 2020 subject to subsequent Court approval. The Settlement Agreement provides for resolution of Mr. Sawyer's TCPA claims and the claims of a class of similarly situated individuals, as defined in the complaint, who received text messages from the Company during the period May 30, 2015 through October 7, 2019, and for the creation of a $3.25 million settlement fund that will be used to pay all class member claims, class counsel's fees and the costs of administering the settlement.

The Settlement Agreement also established procedures for the notification of claimants and the processing of claims. The settlement fund will be managed by a duly-appointed settlement administrator which will be authorized to communicate with class members, process claims and make payments from the fund in accordance with the terms of the Settlement Agreement and the final judgment in the case. No amount of the settlement fund will revert to the Company; instead, any unclaimed funds will be sent to a consumer advocacy organization approved by the Court.

The remaining balance of the amount payable under the Settlement Agreement of approximately $2.9 million is included in accrued and other liabilities in the condensed consolidated balance sheet as of June 30, 2020.

The Company operates in all U.S. states, two U.S. territories and three other countries. Money transmitters and their agents are under regulation by state and federal laws. Violations may result in civil or criminal penalties or a prohibition from providing money transfer services in a particular jurisdiction. It is the opinion of the Company's management, based on information available at this time, that the expected outcome of regulatory examinations will not have a material adverse effect on either the results of operations or financial condition of the Company.

Regulatory Requirements

Pursuant to applicable licensing laws, certain domestic subsidiaries of the Company are required to maintain minimum tangible net worth and liquid assets (eligible securities) to cover the amount outstanding of wire transfers and money orders payable. As of June 30, 2020, the Company's subsidiaries were in compliance with these two requirements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with our Unaudited Condensed Consolidated Financial Statements and related Notes included in this Quarterly Report on Form 10-Q, as well as our Audited Consolidated Financial Statements and related Notes and MD&A included in our Annual Report on Form 10-K for the year ended December 31, 2019. This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in other sections of this Quarterly Report on Form 10-Q, including risks related to the COVID-19 pandemic described in Pt. II, Item 1A, "Risk Factors" below which is incorporated in the MD&A by reference. See "Special Note Regarding Forward-Looking Statements" for additional factors relating to such statements, and see "Risk Factors" in the documents that we have filed with or furnished to the SEC for a discussion of certain risk factors applicable to our business, financial condition and results of operations. Past operating results are not necessarily indicative of operating results in any future periods.

Recent Developments

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus ("COVID-19"). The pandemic continues affecting economic conditions in the United States of America ("United States" or "U.S."), as federal, state, local and foreign governments reacted to the public health crisis with mitigation measures, creating significant uncertainties in the U.S. and global economy. The extent to which the COVID-19 pandemic affects our business, operations and financial results depends, and will continue to depend, on numerous evolving factors that we may not be able to accurately predict. Due to heightened uncertainty relating to the effects of the COVID-19 pandemic on our business operations, including the duration and impact on overall customer demand, we withdrew our 2020 guidance in the second quarter.

In response to the pandemic, our top priority has been to take appropriate actions to protect the health and safety of our employees. We have adjusted standard operating procedures within our business operations to ensure continued worker safety, and are continually monitoring evolving health guidelines and responding to changes as appropriate. These procedures include reconfiguring facilities to reduce employee density, expanded and more frequent cleaning within facilities, implementation of appropriate and mandated distancing programs, employee temperature monitoring and requiring use of certain personal protective equipment at our U.S. headquarters and call centers in Mexico and Guatemala. Initially, we temporarily closed our 33 Company-operated stores and implemented a mandatory work-at-home program for all of our administrative offices and employees in all countries where we operate. During the second quarter, however, we started to allow office-based employees to work from our offices on a voluntary basis, while maintaining the option to work at home and, as of June 30, 2020, all Company-operated stores have been reopened with adjustments to ensure social distancing and facial covering requirements established by state and local regulations.

Notwithstanding the operational challenges created by these measures, our business continues to function and, to date, our customer service has not been adversely affected in any material respect. Despite these efforts, the COVID-19 pandemic continues to pose the risk that we or our employees, sending and paying agents, as well as consumers and their beneficiaries, are or may become further restricted from conducting business activities, partially or completely, for an indefinite period of time, including due to shutdowns requested or mandated by governmental authorities or imposed by our management, or that the pandemic may otherwise interrupt or impair business activities. These risks could be magnified if the recent resurgence of COVID-19 illnesses continues or is not adequately contained and governmental authorities once again impose restrictions on commercial and social activities.

The operational changes noted above had only a limited effect on the Company's financial results for the three and six month periods ended June 30, 2020. Although we saw a slight year over year decrease in our volume of transactions at the beginning of the pandemic, the months of May and June 2020 have shown a year-over-year increase in volume and transactions. The economic effects of the pandemic caused increased foreign exchange volatility, particularly with respect to the Mexican peso, which has created additional operational challenges; however, the overall effect on our results of operations to date has been positive. As previously reported, we set an all-time high for one-day sales on Mother's Day weekend, May 9, 2020, including also the single highest sales day for company remittances from the U.S. to Mexico, the single largest money transfer corridor in the world. Despite positive trends during the second quarter, we continue to monitor this evolving pandemic and its potential effects on the Company's operations.

Although governmental authorities took measures that restricted the normal course of operations of businesses and consumers that were in place for most of the second quarter, the Company and our sending agents are considered essential businesses under current federal guidance and such measures did not have a material adverse effect on the Company's financial condition, results of operations and cash flows for the three and six month periods ended June 30, 2020. Notwithstanding the foregoing, the Company's business is dependent upon the willingness and ability of its employees, network of agents and consumers to conduct money transfer services and the ultimate effects of the economic disruption caused by the pandemic and responses thereto. Although the Company's operations continued effectively despite social distancing and other measures taken in response to the pandemic, the ultimate impact of the COVID-19 pandemic on our financial condition, results of operations and cash flows is dependent on future developments, including the duration of the pandemic and

the related extent of its severity, as well as its impact on the economic conditions, particularly the level of unemployment of our customers, which remain uncertain and cannot be predicted at this time. If the global response to contain the COVID-19 pandemic escalates further or is unsuccessful, or if governmental decisions to ease pandemic related restrictions are ineffective, premature or counterproductive, the Company could experience a material adverse effect on its financial condition, results of operations and cash flows.

Further quantification and discussion of these pandemic related effects, to the extent relevant and material, are included in the discussion of results of operations below.

Overview

We are a rapidly growing and leading money remittance services company focused primarily on the United States to Latin America and the Caribbean ("LAC") corridor, which includes Mexico, Central and South America and the Caribbean. In 2019, we expanded our services to allow remittances to Africa from the United States and also began offering sending services from Canada to Latin America and Africa. We utilize our proprietary technology to deliver convenient, reliable and value-added services to our customers through a broad network of sending and paying agents. Our remittance services, which include a comprehensive suite of ancillary financial processing solutions and payment services, are available in all 50 states in the U.S., Washington D.C., Puerto Rico and 13 provinces in Canada, where customers can send money to beneficiaries in 17 LAC countries, four countries in Africa and two countries in Asia. Our services are accessible in person through over 100,000 sending and paying agents and Company-operated stores, as well as online and via Internet-enabled mobile devices. Additionally, we have expanded our product and service portfolio to include online payment options, pre-paid debit cards and direct deposit payroll cards, which may present different cost, demand, regulatory and risk profiles relative to our core remittance business.

Money remittance services to LAC countries, primarily Mexico and Guatemala, are the primary source of our revenue. These services involve the movement of funds on behalf of an originating customer for receipt by a designated beneficiary at a designated receiving location. Our remittances to LAC countries are primarily generated in the United States by customers with roots in Latin American and Caribbean countries, many of whom do not have an existing relationship with a traditional full-service financial institution capable of providing the services we offer. We provide these customers with flexibility and convenience to help them meet their financial needs. Other customers who use our services may have access to traditional banking services, but prefer to use our services based on reliability, convenience and value. We generate money remittance revenue from fees paid by our customers (i.e., the senders of funds), which we share with our sending agents in the originating country and our paying agents in the destination country. Remittances paid in local currencies that are not pegged to the U.S. dollar also earn revenue through our daily management of currency exchange spreads.

Our money remittance services enable our customers to send funds through our broad network of locations in the United States and Canada that are primarily operated by third-party businesses, as well as 33 Company-operated stores. Transactions are processed and payment is collected by our agent ("sending agent(s)") and those funds become available for pickup by the beneficiary at the designated destination, usually within minutes, at any Intermex payer location ("paying agent(s)"). We refer to our sending agents and our paying agents collectively as agents. In addition, our services are offered digitally through Intermexonline.com and via Internet-enabled mobile devices. We currently operate in the United States, Mexico, Guatemala, Canada and 15 additional countries in LAC corridor, four countries in Africa and two in Asia. Since January 2019 through June 30, 2020, we have grown our sending agent network by more than 10% and increased our remittance transactions volume by approximately 11%. In the three and six months ended June 30, 2020, we processed approximately 7.6 million and 14.6 million remittances, respectively, representing approximately 8% and 3% growth in transactions, respectively, as compared to the same periods in 2019.

As a non-bank financial institution in the United States, we are regulated by the Department of Treasury, the Internal Revenue Service, FinCEN, the Consumer Financial Protection Bureau ("CFPB"), the Department of Banking and Finance of the State of Florida and additionally by the various regulatory institutions of those states in which we hold an operating license. We are duly registered as a Money Service Business ("MSB") with FinCEN, the financial intelligence unit of the U.S. Department of the Treasury. We are also subject to a wide range of regulations in the United States and other countries, including anti-money laundering laws and regulations; financial services regulations; currency control regulations; anti-bribery laws; money transfer and payment instrument licensing laws; escheatment laws; privacy, data protection and information security laws, such as the Graham-Leach-Bliley Act ("GLBA"); and consumer disclosure and consumer protection laws, such as the California Consumer Privacy Act ("CCPA").

Key Factors and Trends Affecting our Business

Various trends and other factors have affected and may continue to affect our business, financial condition and operating results, including, but not limited to:

- the COVID-19 pandemic, responses thereto and the economic and market effects thereof, including unemployment levels and increased capital market volatility;
- competition in the markets in which we operate;
- volatility in foreign exchange rates that could affect the volume of consumer remittance activity and/or affect our foreign exchange related gains and losses;
- cyber-attacks or disruptions to our information technology, computer network systems and data centers;
- our ability to maintain agent relationships on terms consistent with those currently in place;
- our ability to maintain banking relationships necessary for us to conduct our business;

- credit risks from our agents and the financial institutions with which we do business;
- bank failures, sustained financial illiquidity, or illiquidity at our clearing, cash management or custodial financial institutions;
- new technology or competitors that disrupt the current ecosystem by introducing digital platforms;
- our ability to satisfy our debt obligations and remain in compliance with our credit facility requirements;
- interest rate risk from elimination of LIBOR as a benchmark interest rate;
- our success in developing and introducing new products, services and infrastructure;
- customer confidence in our brand and in consumer money transfers generally;
- our ability to maintain compliance with the regulatory requirements of the jurisdictions in which we operate or plan to operate;
- international political factors or implementation of tariffs, border taxes or restrictions on remittances or transfers of money out of the United States;
- changes in tax laws and unfavorable outcomes of tax positions we take;
- political instability, currency restrictions and volatility in countries in which we operate or plan to operate;
- consumer fraud and other risks relating to customer authentication;
- weakness in U.S. or international economic conditions;
- change or disruption in international migration patterns;
- our ability to protect our brand and intellectual property rights; and
- our ability to retain key personnel.

Throughout 2019 and the first six months of 2020, Latin American political and economic conditions have remained unstable, as evidenced by high unemployment rates in key markets, currency reserves, currency controls, restricted lending activity, weak currencies, low consumer confidence and the impact of the COVID-19 pandemic, among other factors. Specifically, continued political and economic unrest in parts of Mexico and some countries in South America contributed to volatility. Our business has generally been resilient during times of economic instability as money remittances are essential to many recipients, with the funds used by the receiving party for their daily needs; however, long-term sustained appreciation of the Mexican peso or Guatemalan quetzal as compared to the U.S. Dollar could negatively affect our revenues and profitability.

Money remittance businesses have continued to be subject to strict legal and regulatory requirements, and we continue to focus on and regularly review our compliance programs. In connection with these reviews, and in light of regulatory complexity and heightened attention of governmental and regulatory authorities related to cybersecurity and compliance activities, we have made, and continue to make, enhancements to our processes and systems designed to detect and prevent cyber-attacks, consumer fraud, money laundering, terrorist financing and other illicit activities, along with enhancements to improve consumer protection, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and similar regulations outside the United States. In coming periods, we expect these enhancements will continue to result in changes to certain of our business practices and may result in increased costs.

We maintain a regulatory compliance department, under the direction of our experienced Chief Administrative and Compliance Officer, whose foremost responsibility is to monitor transactions, detect suspicious activity, maintain financial records and train our employees and agents. An independent third-party consulting firm periodically reviews our policies and procedures to ensure the efficacy of our anti-money laundering and regulatory compliance program.

The market for money remittance services is very competitive. Our competitors include a small number of large money remittance providers, financial institutions, banks and a large number of small niche money remittance service providers that serve select regions. We compete with larger companies, such as Western Union, MoneyGram and Euronet and a number of other smaller MSB entities. We generally compete for money remittance agents on the basis of value, service, quality, technical and operational differences, commission structure and marketing efforts. As a philosophy, we sell credible solutions to our sending agents, not discounts or higher commissions, as is typical for the industry. We compete for money remittance customers on the basis of trust, convenience, service, efficiency of outlets, value, technology and brand recognition.

We expect to encounter increasing competition as new electronic platforms emerge that enable customers to send and receive money through a variety of channels, but we do not expect adoption rates to be as significant in the near term for the customer segment we serve. Regardless, we continue to innovate in the industry by differentiating our money remittance business through programs to foster loyalty among agents as well as customers and have expanded our channels through which our services are accessed to include online and mobile offerings in preparation for customer adoption.

We qualify as an "emerging growth company" pursuant to the provisions of the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), enacted on April 5, 2012. An "emerging growth company" can take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." These provisions include:

- an exemption from the auditor attestation requirement of Section 404 of the Sarbanes-Oxley Act in the assessment of the emerging growth company's internal control over financial reporting;

- an exemption from the adoption of new or revised financial accounting standards until they would apply to private companies; and

- an exemption from compliance with any new requirements adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer.

We will remain an "emerging growth company" until the earlier of (1) the earliest of the last day of the fiscal year (a) following January 19, 2022, the fifth anniversary of us becoming a publicly-traded company, (b) in which we have total annual gross revenue of at least $1.07 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700.0 million as of the last business day of our prior second fiscal quarter, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period. As of June 30, 2020, the market value of our common stock that is held by non-affiliates approximated $308.0 million.

How We Assess the Performance of Our Business

In assessing the performance of our business, we consider a variety of performance and financial measures. The key indicators of the financial condition and operating performance of our business are revenues, service charges from agents and banks, salaries and benefits and selling, general and administrative expenses and net income. To help us assess our performance with these key indicators, we use Adjusted net income, Adjusted earnings per share and Adjusted EBITDA as non-GAAP financial measures. We believe these non-GAAP measures provide useful information to investors and expanded insight to measure our revenue and cost performance as a supplement to our U.S. GAAP consolidated financial statements. See the "Adjusted Net Income and Adjusted Earnings per Share" and "Adjusted EBITDA" sections below for reconciliations of these non-GAAP financial measures to net income and earnings per share, our closest GAAP measures.

Revenues

Transaction volume is the primary generator of revenue in our business. Revenue on transactions is derived primarily from transaction fees paid by customers to transfer money. Revenues per transaction vary based upon send and receive locations and the amount sent. In certain transactions involving different send and receive currencies, we generate foreign exchange gains based on the difference between the set exchange rate charged by us to the sender and the rate available to us in the wholesale foreign exchange market.

Operating Expenses

Service Charges from Agents and Banks

Service charges and fees primarily consist of agent commissions and bank fees. Service charges and fees vary based on agent commission percentages and the amount of fees charged by the banks. Sending agents earn a commission on each transaction they process of approximately 50% of the transaction fee. Service charges and fees may increase if banks or payer organizations increase their fee structure or sending agents use higher fee methods to remit the funds to us. Service charges also vary based on the method the customer selects to send the transfer and payer organization that facilitates the transaction.

Salaries and Benefits

Salaries and benefits include cash and share-based compensation associated with our corporate employees and sales team as well as employees at our Company-operated stores. Corporate employees include management, customer service, compliance, information technology, finance and human resources. Our sales team, located throughout the United States and Canada, is focused on supporting and growing our sending agent network.

Other Selling, General and Administrative

General and administrative expenses primarily consist of fixed overhead expenses associated with our operations, such as information technology, rent, insurance, professional services, non-income taxes, facilities maintenance and other similar types of expenses. A portion of these expenses relate to our 33 Company-operated stores; however, the majority relate to the overall business and compliance requirements of a regulated publicly traded financial services company. Selling expenses include expenses such as advertising and promotion, provision for bad debt and expenses associated with increasing our network of agents. These expenses are expected to continue to increase in line with increase in revenues.

Depreciation and Amortization

Depreciation largely consists of depreciation of computer equipment and software that supports our technology platform. Amortization of intangible assets is primarily related to our agent relationships, trade name and developed technology.

Non-Operating Expenses

Interest Expense

Interest expense consists primarily of interest associated with our debt, which consists of a term loan and revolving credit facility. The effective interest rates for the six months ended June 30, 2020 for the term loan and revolving credit facility were 6.23% and 1.09%, respectively. Interest on the term loan facility and revolving credit facility is determined by reference to either LIBOR or a “base rate”, in each case, plus an applicable margin of 4.50% per annum for LIBOR loans or 3.50% per annum for base rate loans. The Company is also required to pay a fee on the unused portion of the revolving credit facility equal to 0.35% per annum.

Income tax provision

Our income tax provision includes the expected benefit of all deferred tax assets, including our net operating loss carryforwards. With few exceptions, our net operating loss carryforwards will expire from 2029 through 2037. After consideration of all evidence, both positive and negative, management has determined that no valuation allowance is required at June 30, 2020 on the Company's U.S. federal or state deferred tax assets. However, a valuation allowance of $0.3 million as of June 30, 2020 has been recorded on deferred tax assets associated with Canadian net operating loss carryforwards. Our income tax provision has been impacted by state taxes, non-deductible expenses, share-based compensation expenses, and foreign tax rates applicable to the Company’s foreign subsidiaries that are higher or lower than the U.S. statutory rate.

Net Income

Net income is determined by subtracting operating and non-operating expenses from revenues.

Segments

Our business is organized around one reportable segment that provides money transmittal services between the United States and Canada to Mexico, Guatemala and other countries in Latin America, Africa and Asia through a network of authorized agents located in various unaffiliated retail establishments and 33 Company-operated stores throughout the U.S. and Canada. This is based on the objectives of the business and how our chief operating decision maker, the CEO and President, monitors operating performance and allocates resources.

Results of Operations

The following table summarizes key components of our results of operations for the periods indicated:

(in thousands)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Revenues:				
Wire transfer and money order fees, net	$ 72,793	$ 70,490	$ 139,888	$ 128,941
Foreign exchange gain, net	11,660	11,623	21,214	21,025
Other income	609	562	1,211	1,058
Total revenues	85,062	82,675	162,313	151,024
Operating expenses:				
Service charges from agents and banks	56,271	54,622	108,498	100,191
Salaries and benefits	7,069	7,597	14,428	15,194
Other selling, general and administrative expenses	5,155	5,337	10,492	11,061
Depreciation and amortization	2,691	3,155	5,381	6,307
Total operating expenses	71,186	70,711	138,799	132,753
Operating income	13,876	11,964	23,514	18,271
Interest expense	1,633	2,288	3,503	4,358
Income before income taxes	12,243	9,676	20,011	13,913
Income tax provision	3,265	2,602	5,345	3,683
Net income	$ 8,978	$ 7,074	$ 14,666	$ 10,230

Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019

Revenues

Revenues for the above periods are presented below:

($ in thousands)	Three Months Ended June 30, 2020	% of Revenues	Three Months Ended June 30, 2019	% of Revenues
Revenues:				
Wire transfer and money order fees, net	$ 72,793	85 %	$ 70,490	85 %
Foreign exchange gain, net	11,660	14 %	11,623	14 %
Other income	609	1 %	562	1 %
Total revenues	$ 85,062	100 %	$ 82,675	100 %

Wire transfer and money order fees, net of $72.8 million for the three months ended June 30, 2020 increased by $2.3 million from $70.5 million for the three months ended June 30, 2019. This increase of $2.3 million was primarily due to a 3% increase in transaction volume compared to the second quarter of 2019, largely due to the continued growth in our agent network, which has increased by 6% from June 2019 to June 2020.

Revenues from foreign exchange gain, net of $11.7 million for the three months ended June 30, 2020 increased by $0.1 million from $11.6 million for the three months ended June 30, 2019. This increase was primarily due to higher transaction volume resulting from growth in our agent network and a higher average amount sent by our customers.

Operating Expenses

Operating expenses for the above periods are presented below:

($ in thousands)	Three Months Ended June 30, 2020	% of Revenues	Three Months Ended June 30, 2019	% of Revenues
Operating expenses:				
Service charges from agents and banks	$ 56,271	66 %	$ 54,622	66 %
Salaries and benefits	7,069	8 %	7,597	9 %
Other selling, general and administrative expenses	5,155	6 %	5,337	7 %
Depreciation and amortization	2,691	3 %	3,155	4 %
Total operating expenses	$ 71,186	83 %	$ 70,711	86 %

Service charges from agents and banks — Service charges from agents and banks were $56.3 million, or 66% of revenues, for the three months ended June 30, 2020 compared to $54.6 million, or 66% of revenues, for the three months ended June 30, 2019. The increase of $1.7 million was primarily due to the increase in transaction volume described above.

Salaries and benefits — Salaries and benefits of $7.1 million for the three months ended June 30, 2020 decreased by $0.5 million from $7.6 million for the three months ended June 30, 2019. The decrease of $0.5 million is primarily due to $0.4 million decrease in commission expense for our representatives due to lower than expected transaction volume achieved compared to their individual goals.

Other selling, general and administrative expenses — Other selling, general and administrative expenses of $5.2 million for the three months ended June 30, 2020 decreased by $0.1 million from $5.3 million for the three months ended June 30, 2019. The decrease of $0.1 million is primarily due to $0.6 million decrease in advertising and promotion expenses due to a change in marketing strategy, offset by an increase of $0.3 million in IT related expenses and $0.1 million in other operating expenses during the three months ended June 30, 2020 incurred to sustain our business expansion. In addition, provision for bad debt was approximately $0.3 million for the three months ended June 30, 2020 and $0.2 million for the three months ended June 30, 2019 as write-offs were higher in the second quarter of 2020 resulting from the deterioration of the creditworthiness of a small number of sending agents adversely affected by the COVID-19 pandemic.

Depreciation and amortization — Depreciation and amortization of $2.7 million for the three months ended June 30, 2020 decreased by $0.5 million from $3.2 million for the three months ended June 30, 2019. This decrease is mainly due to $0.6 million less amortization related to our trade name, developed technology and agent relationships during the second quarter of 2020 as these intangibles are being amortized on an accelerated basis, which declines over time. This decrease was partially offset by an increase in depreciation of $0.1 million associated primarily with additional computer equipment to support our growing business and sending agent network.

Non-Operating Expenses

Interest expense — Interest expense of $1.6 million for the three months ended June 30, 2020 decreased by $0.7 million from $2.3 million for the three months ended June 30, 2019. The decrease of $0.7 million was primarily due to a reduction in interest rates paid under the Credit Agreement (as defined below) and lower drawdowns under the revolving credit facility.

Income tax provision — Income tax provision of $3.3 million for the three months ended June 30, 2020 increased by $0.7 million from an income tax provision of $2.6 million for the three months ended June 30, 2019. The increase in the income tax provision was mainly attributable to higher taxable income resulting from higher revenues.

Net Income

We reported net income of $9.0 million for the three months ended June 30, 2020 compared to net income of $7.1 million for the three months ended June 30, 2019, representing an increase of $1.9 million, reflecting the factors discussed above.

Non-GAAP Financial Measures

We use Adjusted Net Income, Adjusted Earnings Per Share and Adjusted EBITDA to evaluate our performance, both internally and as compared with our peers, because these measures exclude certain items that may not be indicative of our core operating results, as well as items that can vary widely among companies within our industry. For example, non-cash compensation costs can be subject to volatility from changes in the market price per share of our common stock or variations in the value and number of shares granted, and amortization of intangible assets is subject to acquisition activity, which varies from period to period and amortization of intangibles expense is primarily related to the effects of push down accounting resulting from our 2018 merger.

We present these non-GAAP financial measures because we believe they are frequently used by analysts, investors and other interested parties to evaluate companies in our industry. Further, we believe they are helpful in highlighting trends in our operating results by focusing on our core operating results and are useful to evaluate our performance in conjunction with our GAAP financial measures. Adjusted Net Income, Adjusted Earnings Per Share and Adjusted EBITDA are non-GAAP financial measures and should not be considered as an alternative to operating income, net income or earnings per share as a measure of operating performance or cash flows or as a measure of liquidity. Non-GAAP financial measures are not necessarily calculated the same way by different companies and should not be considered a substitute for or superior to GAAP measures.

Adjusted EBITDA is one of the primary metrics used by management to evaluate the financial performance of our business because it excludes, among other things, certain results of decisions that are outside the control of management, while other measures can differ significantly depending on long-term strategic decisions regarding capital structure, the jurisdictions in which we operate and capital investments.

In particular, Adjusted EBITDA is subject to certain limitations, including the following:

- Adjusted EBITDA does not reflect interest expense, or the amounts necessary to service interest or principal payments on our Credit Agreement;
- Adjusted EBITDA does not reflect income tax provision (benefit), and because the payment of taxes is part of our operations, tax provision is a necessary element of our costs and ability to operate;
- Although depreciation and amortization are eliminated in the calculation of Adjusted EBITDA, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any costs of such replacements;
- Adjusted EBITDA does not reflect the noncash component of share-based compensation;
- Adjusted EBITDA does not reflect the impact of earnings or charges resulting from matters we consider not to be reflective, on a recurring basis, of our ongoing operations; and
- other companies in our industry may calculate Adjusted EBITDA or similarly titled measures differently than we do, limiting its usefulness as a comparative measure.

We adjust for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA, as well as our other non-GAAP financial measures, only as supplemental information.

Adjusted Net Income and Adjusted Earnings per Share

Adjusted Net Income is defined as net income adjusted to add back certain charges and expenses, such as non-cash amortization resulting from push-down accounting, non-cash compensation costs and other items set forth in the table below, as these charges and expenses are not considered a part of our core business operations and are not an indicator of ongoing, future company performance.

Adjusted Earnings per Share - Basic and Diluted is calculated by dividing Adjusted Net Income by GAAP weighted-average common shares outstanding (basic and diluted).

Adjusted Net Income for the three months ended June 30, 2020 was $10.8 million, representing an increase of $1.2 million, or 13%, from Adjusted Net Income of $9.6 million for the three months ended June 30, 2019. The increase in Adjusted Net Income was primarily due to the increase in revenues of $2.4 million, offset primarily by an increase in service charges from agents and banks of $1.7 million due to higher transaction volume.

The following table presents the reconciliation of Net Income, our closest GAAP measure, to Adjusted Net Income:

	Three Months Ended June 30,	
(in thousands, except for per share data)	2020	2019
Net Income	**$ 8,978**	**$ 7,074**
Adjusted for:		
Share-based compensation, 2018 Plan (a)	686	634
Offering costs (b)	—	386
TCPA settlement (c)	23	—
Other employee severance (d)	—	66
Other charges and expenses (e)	97	59
Amortization of intangibles (f)	1,710	2,312
Income tax benefit related to adjustments (g)	(671)	(930)
Adjusted Net Income	**$ 10,823**	**$ 9,601**
Adjusted Earnings per Share		
Basic and diluted	$ 0.28	$ 0.26
Weighted-average common shares outstanding		
Basic	38,035,279	37,505,598
Diluted	38,047,792	37,594,151

(a) Stock options and restricted stock were granted to employees and independent directors of the Company. The Company recorded $0.7 million and $0.6 million of expense related to these equity instruments during the three months ended June 30, 2020 and 2019, respectively.
(b) The Company incurred $0.4 million of expenses during the three months ended June 30, 2019 for professional and legal fees in connection with a tender offer for the Company's warrants.
(c) Represents legal fees for the settlement of a class action lawsuit related to the TCPA.
(d) Represents $0.1 million of severance costs incurred during the three months ended June 30, 2019 related to departmental changes.
(e) Includes loss on disposal of fixed assets and foreign currency (gains) losses.
(f) Represents the amortization of certain intangible assets that resulted from the application of push-down accounting.
(g) Represents the current and deferred tax impact of the taxable adjustments to net income using the Company's blended federal and state tax rate for each period. Relevant tax-deductible adjustments include all adjustments to net income.

Adjusted Earnings per Share - Basic and Diluted for the three months ended June 30, 2020 was $0.28, representing an increase of $0.02, or 8% compared to $0.26 for the three months ended June 30, 2019.

The following table presents the reconciliation of GAAP Earnings per Share, our closest GAAP measure, to Adjusted Earnings per Share:

	Three Months Ended June 30,	
	2020	2019
GAAP Earnings per Share - Basic and Diluted	**$ 0.24**	**$ 0.19**
Adjusted for:		
Share-based compensation, 2018 Plan	0.02	0.02
Offering costs	—	0.01
TCPA settlement	NM	—
Other employee severance	—	NM
Other charges and expenses	NM	NM
Amortization of intangibles	0.04	0.06
Income tax benefit related to adjustments	(0.02)	(0.02)
Adjusted Earnings per Share - Basic and Diluted	**$ 0.28**	**$ 0.26**

NM - Per share amounts are not meaningful.

The table above may contain slight summation differences due to rounding.

Adjusted EBITDA

Adjusted EBITDA is defined as net income before depreciation and amortization, interest expense, income taxes, and also adjusted to add back certain charges and expenses, such as non-cash compensation costs and other items set forth in the table below, as these charges and expenses are not considered a part of our core business operations and are not an indicator of ongoing, future company performance.

Adjusted EBITDA for the three months ended June 30, 2020 was $17.4 million, representing an increase of $1.1 million, or 7%, from $16.3 million for the three months ended June 30, 2019. The increase in Adjusted EBITDA was primarily due to the increase in revenues of $2.4 million, offset primarily by an increase in service charges from agents and banks of $1.7 million due to an increase in transaction volume.

The following table presents the reconciliation of Net Income, our closest GAAP measure, to Adjusted EBITDA:

	Three Months Ended June 30,	
(in thousands)	2020	2019
Net Income	**$ 8,978**	**$ 7,074**
Adjusted for:		
Interest expense	1,633	2,288
Income tax provision	3,265	2,602
Depreciation and amortization	2,691	3,155
EBITDA	**16,567**	**15,119**
Share-based compensation, 2018 Plan (a)	686	634
Offering costs (b)	—	386
TCPA settlement (c)	23	—
Other employee severance (d)	—	66
Other charges and expenses (e)	97	59
Adjusted EBITDA	**$ 17,373**	**$ 16,264**

(a) Stock options and restricted stock were granted to employees and independent directors of the Company. The Company recorded $0.7 million and $0.6 million of expense related to these equity instruments during the three months ended June 30, 2020 and 2019, respectively.
(b) The Company incurred $0.4 million of expenses during the three months ended June 30, 2019 for professional and legal fees in connection with a tender offer for the Company's warrants.
(c) Represents legal fees for the settlement of a class action lawsuit related to the TCPA.
(d) Represents $0.1 million of severance costs incurred during the three months ended June 30, 2019 related to departmental changes.
(e) Includes loss on disposal of fixed assets and foreign currency (gains) losses.

Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

Revenues

Revenues for the above periods are presented below:

($ in thousands)	Six Months Ended June 30, 2020	% of Revenues	Six Months Ended June 30, 2019	% of Revenues
Revenues:				
Wire transfer and money order fees, net	$ 139,888	86 %	$ 128,941	85 %
Foreign exchange gain, net	21,214	13 %	21,025	14 %
Other income	1,211	1 %	1,058	1 %
Total revenues	$ 162,313	100 %	$ 151,024	100 %

Wire transfer and money order fees, net of $139.9 million for the six months ended June 30, 2020 increased by $11.0 million from $128.9 million for the six months ended June 30, 2019. This increase of $11.0 million was primarily due to an 11% increase in transaction volume compared to the six months ended June 30, 2019, largely due to the continued growth in our agent network, which has increased by 6% from June 2019 to June 2020.

Revenues from foreign exchange gain, net of $21.2 million for the six months ended June 30, 2020 increased by $0.2 million from $21.0 million for the six months ended June 30, 2019. This increase was primarily due to higher transaction volume resulting from growth in our agent network and a higher average amount sent by our customers.

Operating Expenses

Operating expenses for the above periods are presented below:

($ in thousands)	Six Months Ended June 30, 2020	% of Revenues	Six Months Ended June 30, 2019	% of Revenues
Operating expenses:				
Service charges from agents and banks	$ 108,498	67 %	$ 100,191	66 %
Salaries and benefits	14,428	9 %	15,194	10 %
Other selling, general and administrative expenses	10,492	6 %	11,061	7 %
Depreciation and amortization	5,381	3 %	6,307	4 %
Total operating expenses	$ 138,799	86 %	$ 132,753	88 %

Service charges from agents and banks — Service charges from agents and banks were $108.5 million, or 67% of revenues, for the six months ended June 30, 2020 compared to $100.2 million, or 66% of revenues, for the six months ended June 30, 2019. The increase of $8.3 million was primarily due to the increase in transaction volume described above.

Salaries and benefits — Salaries and benefits of $14.4 million for the six months ended June 30, 2020 decreased by $0.8 million from $15.2 million for the six months ended June 30, 2019. The decrease of $0.8 million is primarily due to a $0.8 million decrease in commission expense for our representatives due to lower than expected transaction volume achieved compared to their individual goals.

Other selling, general and administrative expenses — Other selling, general and administrative expenses of $10.5 million for the six months ended June 30, 2020 decreased by $0.6 million from $11.1 million for the six months ended June 30, 2019. The decrease of $0.6 million is primarily due to $0.5 million of legal and other professional expenses during the six months ending June 30, 2019 related to fees associated with the Company’s SEC filings, including a tender offer for warrants that did not reoccur in 2020, as well as a $0.5 million decrease in advertising and promotion expenses due to a change in marketing strategy and $0.5 million decrease in travel expenses due to reduced travel of our employees during the COVID-19 pandemic. This decrease was offset by an increase of $0.5 million in IT related expenses during the six months ended June 30, 2020 incurred to sustain our business expansion. In addition, provision for bad debt was approximately $1.1 million for the six months ended June 30, 2020 and $0.6 million for the six months ended June 30, 2019 as write-offs were higher in the six months ended June 30, 2020 resulting primarily from the deterioration of the creditworthiness of a small number of sending agents during the first quarter impacted by events other than the COVID-19 pandemic.

Depreciation and amortization — Depreciation and amortization of $5.4 million for the six months ended June 30, 2020 decreased by $0.9 million from $6.3 million for the six months ended June 30, 2019. This decrease is mainly due to $1.2 million less amortization related to our trade name, developed technology and agent relationships during the six months ended June 30, 2020 as these intangibles are being amortized on an accelerated basis, which declines over time. This decrease was partially offset by an increase in depreciation of $0.3 million associated primarily with additional computer equipment to support our growing business and sending agent network.

Non-Operating Expenses

Interest expense — Interest expense was $3.5 million for the six months ended June 30, 2020, representing a decrease of $0.9 million from $4.4 million for the six months ended June 30, 2019. The decrease of $0.9 million was primarily due to a reduction in interest rates paid under the Credit Agreement (as defined below) and lower drawdowns under the revolving credit facility.

Income tax provision — Income tax provision was $5.3 million for the six months ended June 30, 2020, representing an increase of $1.6 million from an income tax provision of $3.7 million for the six months ended June 30, 2019. This increase was mainly attributable to higher taxable income primarily as a result of higher revenues.

Net Income

We reported net income of $14.7 million for the six months ended June 30, 2020 compared to net income of $10.2 million for the six months ended June 30, 2019, representing an increase of $4.5 million, reflecting the same factors discussed above.

Non-GAAP Financial Measures

Adjusted Net Income and Adjusted Earnings per Share

Adjusted Net Income (previously defined and used as described above) for the six months ended June 30, 2020 was $18.4 million, representing an increase of $3.0 million or 19% from Adjusted Net Income of $15.4 million for the six months ended June 30, 2019. The increase in Adjusted Net Income was primarily due to the increase in revenues of $11.3 million, offset primarily by an increase in service charges from agents and banks of $8.3 million due to higher transaction volume.

The following table presents the reconciliation of Net Income, our closest GAAP measure, to Adjusted Net Income:

	Six Months Ended June 30,	
(in thousands, except for per share data)	2020	2019
Net Income	**$ 14,666**	**$ 10,230**
Adjusted for:		
Share-based compensation, 2018 Plan (a)	1,408	1,260
Offering costs (b)	—	899
TCPA settlement (c)	46	—
Other employee severance (d)	—	172
Other charges and expenses (e)	244	119
Amortization of intangibles (f)	3,421	4,624
Income tax benefit related to adjustments (g)	(1,366)	(1,872)
Adjusted Net Income	**$ 18,419**	**$ 15,432**
Adjusted Earnings per Share		
Basic and diluted	$ 0.48	$ 0.42
Weighted-average common shares outstanding		
Basic	38,035,146	36,847,845
Diluted	38,043,233	36,898,462

(a) Stock options and restricted stock were granted to employees and independent directors of the Company. The Company recorded $1.4 million and $1.3 million of expense related to these equity instruments during the six months ended June 30, 2020 and 2019, respectively.
(b) The Company incurred $0.9 million of expenses during the six months ended June 30, 2019 for professional and legal fees in connection with a tender offer for the Company’s warrants.
(c) Represents legal fees for the settlement of a class action lawsuit related to the TCPA.
(d) Represents $0.2 million of severance costs incurred during the six months ended June 30, 2019 related to departmental changes.
(e) Includes loss on disposal of fixed assets and foreign currency (gains) losses.
(f) Represents the amortization of certain intangible assets that resulted from the application of push-down accounting.
(g) Represents the current and deferred tax impact of the taxable adjustments to net income using the Company’s blended federal and state tax rate for each period. Relevant tax-deductible adjustments include all adjustments to net income.

Adjusted Earnings per Share - Basic and Diluted (previously defined and used as described above) for the six months ended June 30, 2020 was $0.48, representing an increase of $0.06 or 14% compared to $0.42 for the six months ended June 30, 2019.

The following table presents the reconciliation of GAAP Earnings per Share, our closest GAAP measure, to Adjusted Earnings per Share:

	Six Months Ended June 30,	
	2020	2019
GAAP Earnings per Share - Basic and Diluted	**$ 0.39**	**$ 0.28**
Adjusted for:		
Share-based compensation, 2018 Plan	0.04	0.03
Offering costs	—	0.02
TCPA settlement	NM	—
Other employee severance	—	NM
Other charges and expenses	0.01	NM
Amortization of intangibles	0.09	0.13
Income tax benefit related to adjustments	(0.04)	(0.05)
Adjusted Earnings per Share - Basic and Diluted	**$ 0.48**	**$ 0.42**

NM - Per share amounts are not meaningful.

The table above may contain slight summation differences due to rounding.

Adjusted EBITDA

Adjusted EBITDA (previously defined and used as described above) for the six months ended June 30, 2020 was $30.6 million, representing an increase of $3.6 million or 13% from $27.0 million for the six months ended June 30, 2019. The increase in Adjusted EBITDA was primarily due to the increase in revenues of $11.3 million, offset primarily by an increase in service charges from agents and banks of $8.3 million due to an increase in transaction volume.

The following table presents the reconciliation of Net Income, our closest GAAP measure, to Adjusted EBITDA:

	Six Months Ended June 30,	
(in thousands)	2020	2019
Net Income	**$ 14,666**	**$ 10,230**
Adjusted for:		
Interest expense	3,503	4,358
Income tax provision	5,345	3,683
Depreciation and amortization	5,381	6,307
EBITDA	**28,895**	**24,578**
Share-based compensation, 2018 Plan (a)	1,408	1,260
Offering costs (b)	—	899
TCPA settlement (c)	46	—
Other employee severance (d)	—	172
Other charges and expenses (e)	244	119
Adjusted EBITDA	**$ 30,593**	**$ 27,028**

(a) Stock options and restricted stock were granted to employees and independent directors of the Company. The Company recorded $1.4 million and $1.3 million of expense related to these equity instruments during the six months ended June 30, 2020 and 2019, respectively.
(b) The Company incurred $0.9 million of expenses during the six months ended June 30, 2019 for professional and legal fees in connection with a tender offer for the Company's warrants.
(c) Represents legal fees for the settlement of a class action lawsuit related to the TCPA.
(d) Represents $0.2 million of severance costs incurred during the six months ended June 30, 2019 related to departmental changes.
(e) Includes loss on disposal of fixed assets and foreign currency (gains) losses.

Liquidity and Capital Resources

We consider liquidity in terms of cash flows from operations and their sufficiency to fund business operations, including working capital needs, debt service, acquisitions, contractual obligations and other commitments. In particular, to meet our payment service obligations at all times, we must have sufficient highly liquid assets and be able to move funds on a timely basis.

Our principal sources of liquidity are our cash generated by operating activities supplemented with borrowings under our revolving credit facility. Our primary cash needs are for day to day operations, to pay interest and principal on our indebtedness, to fund working capital requirements and to make capital expenditures.

Notwithstanding the recent effects of the COVID-19 pandemic in the U.S. economy, we still expect to continue funding our liquidity requirements through internally generated funds, supplemented in the ordinary course, with borrowings under our revolving credit facility. While our operating cash flows may be affected by the economic conditions resulting from the pandemic, we maintain a strong cash balance position and have access to committed funding sources, which we have used only on a limited and ordinary course basis during the six months ended June 30, 2020. Therefore, we believe that our projected cash flows generated from operations, together with borrowings under our revolving credit facility are sufficient to fund our principal debt payments, interest expense, our working capital needs and our expected capital expenditures for at least the next twelve months. We will, however, continue to evaluate the nature and extent of these potential impacts to our business and liquidity and capital resources and take action, as necessary, to preserve adequate liquidity, such as limiting discretionary spending and re-prioritizing our capital projects, to ensure that our business can continue to operate during these uncertain times.

The Company and certain of its domestic subsidiaries as borrowers maintain a financing agreement (as amended, the “Credit Agreement”) with a group of banking institutions. The Credit Agreement provides for a $35.0 million revolving credit facility, a $90.0 million term loan facility and up to a $30.0 million incremental facility, of which $12.0 million was primarily used to pay for the cash portion of the tender offer to purchase warrants during the second quarter of 2019 (the “Offer”). The Credit Agreement also provides for the issuance of letters of credit, which would reduce availability under the revolving credit facility. The maturity date of the Credit Agreement is November 7, 2023.

Interest on the term loan and revolving credit facilities of the Credit Agreement is determined by reference to either LIBOR or a “base rate”, in each case plus an applicable margin of 4.50% per annum for LIBOR loans or 3.50% per annum for base rate loans. The Company is also required to pay a fee on the unused portion of the revolving credit facility equal to 0.35% per annum. The effective interest rates for the six months ended June 30, 2020 for the term loan and revolving credit facility were 6.23% and 1.09%, respectively.

The principal amount of the term loan facility under the Credit Agreement must be repaid in consecutive quarterly installments of 5% in year 1, 7.5% in years 2 and 3, 10% in years 4 and 5, in each case on the last day of each quarter, which commenced in March 2019 with a final payment at maturity. The loans under the Credit Agreement may be prepaid at any time without payment or penalty.

The Credit Agreement contains covenants that limit the Company’s and its subsidiaries’ ability to, among other things, grant liens, incur additional indebtedness, make acquisitions or investments, dispose of certain assets, make dividends and distributions, change the nature of their businesses, enter into certain transactions with affiliates or amend the terms of material indebtedness. The Credit Agreement allows for redemptions or acquisitions of the Company’s equity interests subject to certain dollar limitations.

The Credit Agreement also contains financial covenants that require the Company to maintain a quarterly minimum fixed charge coverage ratio of 1.25:1.00 and a quarterly maximum consolidated leverage ratio of 3.25:1.00.

As of June 30, 2020, we were in compliance with the covenants of the Credit Agreement.

As of June 30, 2020, we had total indebtedness of $93.2 million, consisting of borrowings under the term loan facility, excluding debt origination costs of $2.1 million. There were $53.0 million of additional borrowings available under these facilities as of June 30, 2020.

On April 20, 2020, the Company received funds under the Paycheck Protection Program (the “Program”) in the amount of $3.5 million. Although the Company believes that it met all eligibility criteria for a loan under the Program at the time of its application, subsequent to receiving the funds, the Small Business Administration (“SBA”), in consultation with the Department of the Treasury (“Treasury”), provided additional guidance to address public, borrower and lender questions concerning the eligibility criteria under the Program. Based on this guidance provided by the SBA and Treasury, the Company returned the funds received under the Program on April 29, 2020.

Our indebtedness could adversely affect our ability to raise additional capital, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk and prevent us from meeting our obligations. See “*Risk Factors—Risks Relating to Our Indebtedness—We have a substantial amount of indebtedness, which may limit our operating flexibility and could adversely affect our* *business, financial condition and results of operations*” included in our Annual Report on Form 10-K for the year ended December 31, 2019.

Cash Flows

The following table summarizes the changes to our cash flows for the periods presented:

	Six Months Ended June 30,	
(in thousands)	2020	2019
Statement of Cash Flows Data:		
Net cash provided by operating activities	$ 21,473	$ 32,086
Net cash used in investing activities	(1,591)	(2,663)
Net cash (used in) provided by financing activities	(3,830)	4,327
Effect of exchange rate changes on cash	(184)	105
Net increase in cash	15,868	33,855
Cash, beginning of period	86,117	73,029
Cash, end of period	$ 101,985	$ 106,884

Operating Activities

Net cash provided by operating activities was $21.5 million for the six months ended June 30, 2020, representing a decrease of $10.6 million from net cash provided by operating activities of $32.1 million for the six months ended June 30, 2019. The decrease is a result of $14.8 million for changes in working capital, which may vary due to timing of transmittal orders and payments, offset by additional cash generated by our operating results for the six months ended June 30, 2020, which benefited from further growth of the business.

Investing Activities

Net cash used in investing activities was $1.6 million for the six months ended June 30, 2020, representing a decrease of $1.1 million from net cash used in investing activities of $2.7 million for the six months ended June 30, 2019. This decrease in cash used was primarily due to lower purchases of property and equipment and no acquisitions of agent locations during the six months ended June 30, 2020.

Financing Activities

Net cash used in financing activities was $3.8 million for the six months ended June 30, 2020, which consisted of scheduled quarterly repayments due on the term loan.

Net cash provided by financing activities was $4.3 million for the six months ended June 30, 2019, which consisted of $12.0 million in borrowings under the Credit Agreement and $5.0 million in additional revolving credit line borrowings offset by $10.0 million related to payments made in connection with the Offer, $2.4 million in quarterly payments due on the term loan, as well as the payment of debt origination costs associated with the Increase Joinder.

Contractual Obligations

The following table includes aggregated information about contractual obligations that affect our liquidity and capital needs. At June 30, 2020, our contractual obligations over the next several periods were as follows:

(in thousands)	**Total**	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Debt, principal payments	$ 93,214	$ 7,661	$ 19,153	$ 66,400	$ —
Interest payments	13,145	4,392	7,584	1,169	—
Non-cancelable operating leases	5,537	1,477	2,199	1,596	265
Total	$ 111,896	$ 13,530	$ 28,936	$ 69,165	$ 265

Our condensed consolidated balance sheet reflects $91.1 million of debt as of June 30, 2020, as the principal payment obligations of $93.2 million are gross of unamortized debt origination costs. The above table reflects the principal and interest of the revolver and term loan under the Credit Agreement that will be paid through the maturity of the debt using the rates in effect on June 30, 2020 and assuming no voluntary prepayments of principal.

Non-cancelable operating leases include various office leases, including our office headquarters.

Off-Balance Sheet Arrangements

We are not a party to any material off-balance sheet arrangements, such as guarantee contracts, retained or contingent interests, certain derivative instruments and variable interest entities that either have, or are reasonably likely to have, a current or future material effect on our condensed consolidated financial statements.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions about future events that affect amounts reported in our condensed consolidated financial statements and related notes, as well as the related disclosure of contingent assets and liabilities at the date of the financial statements. Management evaluates its accounting policies, estimates and judgments on an on-going basis. Management bases its estimates and judgments on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions.

Critical accounting policies are those policies that management believes are very important to the portrayal of our financial position and results of operations, and that require management to make estimates that are difficult, subjective or otherwise complex. Our Critical Accounting Policies and Estimates disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates*" in our Annual Report on Form 10-K for the year ended December 31, 2019, for which there were no material changes, included the following:

- Revenue Recognition
- Accounts Receivable and Allowance for Doubtful Accounts
- Goodwill and Intangible Assets
- Income Taxes

Recent Accounting Pronouncements

Refer to Note 1 of our unaudited condensed consolidated financial statements included in this filing for further information on recent accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

We manage foreign currency risk through the structure of the business and an active risk management process. We currently settle with our payers in Latin America primarily by entering into foreign exchange spot transactions with local and foreign currency providers ("counterparties"). The foreign currency exposure on our foreign exchange spot transactions is limited by the fact that all transactions are settled within two business days from trade date. Foreign currency fluctuations, however, may negatively affect our average exchange gain per transaction.

In addition, included in wire transfer and money orders payable in our condensed consolidated balance sheets as of June 30, 2020 and December 31, 2019, there are $3.5 million and $9.9 million, respectively, of wires payable denominated primarily in Mexican pesos and Guatemalan quetzales.

We are also exposed to changes in currency rates as a result of our investments in foreign operations and revenues generated in currencies other than the U.S. dollar. Revenues and profits generated by international operations will increase or decrease because of changes in foreign currency exchange rates. This foreign currency risk is related primarily to our operations in Mexico and Guatemala. Revenues from our foreign subsidiaries represent less than 3% of our consolidated revenues for the three and six months ended June 30, 2020 and 2019, respectively. Therefore, a 10% increase or decrease in these currency rates against the U.S. Dollar would result in a minimal change to our overall operating results.

The spot exchange rates as of June 30, 2020 and December 31, 2019 were 23.11 and 18.86 for the Mexican peso/dollar, respectively, 7.69 and 7.69 for the Guatemalan quetzal/dollar, respectively, and 1.37 and 1.31 for the Canadian dollar/U.S. dollar, respectively. The average exchange rates for the six months ended June 30, 2020 and 2019 were 21.64 and 19.15 for the Mexican peso/dollar and 7.68 and 7.69 for the Guatemalan quetzal/dollar, respectively. The average exchange rates for the Canadian dollar/U.S. dollar for the six months ended June 30, 2020 was 1.36; we commenced operations in Canada during the third quarter of 2019, therefore, information prior to this period has not been presented. Long-term sustained appreciation of the Mexican peso or Guatemalan quetzal as compared to the U.S. dollar could negatively affect our margins.

Beginning in March 2020, we have experienced increased volatility in the Mexican peso/dollar rates related to economic effects of the COVID-19 pandemic, as well as actions taken by governments and central banks in response to the pandemic. We continue to expect an increase in volatility in foreign exchange rates and depreciation against the U.S. dollar, especially for the Mexican peso, during 2020. We cannot, however, reasonably estimate the duration or extent of that volatility.

Interest Rate Risk

Interest on the term loan and revolving credit facility under the Credit Agreement is determined by reference to either LIBOR or a "base rate", in each case, plus an applicable margin of 4.50% per annum for LIBOR loans or 3.50% per annum for base rate loans. The Company is also required to pay a fee on the unused portion of the revolving credit facility equal to 0.35% per annum. Because interest expense is subject to fluctuation, if interest rates increase, our debt service obligations on such variable rate indebtedness would increase even though the amount borrowed remained the same. Accordingly, an increase in interest rates would adversely affect our profitability. Due to the economic effects of the COVID-19 pandemic, market interest rates have declined significantly, with the 10-year Treasury bond yield falling below 1.00% on March 3, 2020 and averaging 0.68% for the three months ended June 30, 2020, and the 30-day LIBOR rate decreasing to 0.16% as of June 30, 2020, favorably affecting interest expense on the variable-rate portion of our debt during the three months ended June 30, 2020. We cannot predict, however, whether or for how long interest rates will remain at these low levels.

As of June 30, 2020, we had $93.2 million in outstanding borrowings under the term loan. A hypothetical 1% increase or decrease in the interest rate on our indebtedness as of June 30, 2020 would have increased or decreased cash interest expense on our term loan by approximately $0.9 million per annum.

Credit Risk

We maintain certain cash balances in various U.S. banks, which at times, may exceed federally insured limits. We have not incurred any losses on these accounts. In addition, we maintain various bank accounts in Mexico, Guatemala and Canada, which are not insured. We have not incurred any losses on these uninsured accounts. To manage our exposures to credit risk with respect to cash balances and other credit risk exposures resulting from our relationships with banks and financial institutions, we regularly review cash concentrations, and we attempt to diversify our cash balances among global financial institutions.

We are also exposed to credit risk related to receivable balances from sending agents. We perform a credit review before each agent signing and conduct ongoing analyses of sending agents and certain other parties we transact with directly. As of June 30, 2020, we also had $1.5 million outstanding of notes receivable from sending agents. Most of the notes are collateralized by personal guarantees from the sending agents and by assets from their businesses. Due to the COVID-19 pandemic, it is possible we could be adversely affected by credit losses, such as those related to our outstanding notes receivables from sending agents. At the date of this report, however, we are not aware of any significant exposure and are continuing to monitor our credit risk.

Our provision for bad debt was approximately $1.1 million for the six months ended June 30, 2020 (0.7% of total revenues) and $0.6 million for the six months ended June 30, 2019 (0.4% of total revenues) as write-offs were higher in the six months ended June 30, 2020, resulting primarily from the deterioration of the creditworthiness of a small number of sending agents during the first quarter adversely affected by events other than the COVID-19 pandemic.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that are designed to ensure that information required to be disclosed in our reports filed pursuant to the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules, regulations and related forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within an organization have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met.

As required by Rules 13a-15(b) and 15d-15(b) under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of our disclosure controls and procedures as of June 30, 2020. Based on their evaluation, the Company’s principal executive officer and principal financial officer concluded that the Company’s disclosure controls and procedures were effective and operating to provide reasonable assurance that material information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, including ensuring that such material information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure, as of June 30, 2020.

Changes in Internal Control Over Financial Reporting

Notwithstanding operational changes in response to the COVID-19 pandemic, during the most recently completed fiscal quarter, there have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are subject to various claims, charges and litigation matters that arise in the ordinary course of business. We believe these actions are a normal incident of the nature and kind of business in which we are engaged. While it is not feasible to predict the outcome of these matters with certainty, we do not believe that any asserted or unasserted legal claims or proceedings, individually or in the aggregate, will have a material and adverse effect on our business, financial condition and results of operations.

Reference is made to Note 13 – Commitments and Contingencies in the Unaudited Condensed Consolidated Financial Statements of International Money Express, Inc. contained elsewhere in this Quarterly Report on Form 10–Q for information regarding certain legal proceedings to which we are a party, which information is incorporated by reference herein.

ITEM 1A. RISK FACTORS

Except as set forth below, there have been no material changes to our principal risks that we believe are material to our business, results of operations and financial condition, from the risk factors previously disclosed in the Annual Report on Form 10-K for the year ended December 31, 2019 (the “2019 Form 10-K”). Prospective investors are encouraged to consider the risks described in our 2019 Form 10-K, our Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in this Quarterly Report on Form 10-Q and in our 2019 Form 10-K, and other information publicly disclosed or contained in documents we file with the Securities and Exchange Commission before purchasing our securities.

Our financial condition, results of operations, business and cash flow may be negatively affected by a public health crises such as the recent coronavirus (COVID-19) pandemic.

We may face risks related to health epidemics and pandemics or other outbreaks of communicable diseases. During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (“COVID-19”). The global spread of COVID-19 has created significant volatility, uncertainty and economic disruption, including significant volatility in the capital markets. The extent to which the COVID-19 pandemic affects our business, operations, financial results and the trading price of our common stock will depend on numerous evolving factors that we may not be able to accurately predict, including: the duration and scope of the pandemic; governmental and business actions that have been and continue to be taken in response to the pandemic (including mitigation efforts such as stay at home and other social distancing orders) and the impact of the pandemic on economic activity and actions taken in response (including stimulus efforts such as the Families First Coronavirus Act and the CARES Act).

A public health epidemic or pandemic, such as the COVID-19 pandemic, can have a material adverse effect on the demand for our money remittance services to the extent it impacts the markets in which we operate, and poses the risk that we or our employees, network of agents and consumers and their beneficiaries may be prevented from conducting business activities for an indefinite period of time, including due to shutdowns requested or mandated by governmental authorities, or that such epidemic may otherwise interrupt or impair business activities. In the first six months of 2020 we have been subject, on a limited basis, to such shutdowns. We have adjusted standard operating procedures within our business operations to ensure the continued safety of our workers, are taking further actions to mitigate the impact of the pandemic on our business, and are continually monitoring evolving health guidelines, as well as market conditions, and responding to changes as appropriate. Despite these efforts, the COVID-19 pandemic continues to pose the risk that we or our employees, sending and paying agents, as well as consumers and their beneficiaries, may be prevented from conducting business activities, partially or completely, for an indefinite period of time, including due to shutdowns requested or mandated by governmental authorities or imposed by our management, or that the pandemic may otherwise interrupt or impair business activities.

Adjustments to our operating procedures as a result of the COVID-19 pandemic only had a limited effect on the Company’s financial condition, results of operations and cash flows for the three and six months ended June 30, 2020, however, we will continue to monitor this evolving pandemic and its potential effects on the Company’s operations. The Company and our sending agents are considered essential businesses under current federal guidance, however, the Company’s business is dependent upon the willingness and ability of its employees, network of agents and consumers to conduct money transfer services and the ultimate effects of the economic disruption caused by the pandemic and responses thereto. Although the Company’s operations continued effectively in the first six months of 2020 despite store closures, social distancing and other measures taken in response to the pandemic, the ultimate impact of the COVID-19 pandemic on our results of operations and financial condition is dependent on future developments, including the duration of the pandemic and the related extent of its severity, as well as its impact on the economic conditions, particularly the level of unemployment of our customers, which remain uncertain and cannot be predicted at this time. If the global response to contain the COVID-19 pandemic escalates further or is unsuccessful, or if governmental decisions to ease pandemic related restrictions are ineffective, premature or counterproductive, the Company could experience a material adverse effect on the Company's financial condition, results of operations and cash flows.

In addition, to protect our workers, we are utilizing work from home measures. Despite our implementation of security measures, there is no guarantee that the data security and privacy safeguards we have put in place will be completely effective or that we will not encounter some of the common risks associated with employees accessing Company data and systems remotely.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Document
10.1†	International Money Express, Inc. 2020 Omnibus Equity Compensation Plan (incorporated by reference to Annex A to the Registrant’s Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on May 15, 2020).
10.2†	International Money Express, Inc. 2020 Employee Stock Purchase Plan (incorporated by reference to Annex B to the Registrant’s Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on May 15, 2020).
10.3*†	Form of Non-Qualified Stock Option Agreement pursuant to the International Money Express, Inc. 2020 Omnibus Equity Compensation Plan.
10.4*†	Form of RSU Agreement (Non-Employee Directors) pursuant to the International Money Express, Inc. 2020 Omnibus Equity Compensation Plan.
31.1*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act - Chief Executive Officer
31.2*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act - Chief Financial Officer
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. § 1350.
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. § 1350.
101.INS	Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104*	The cover page from the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, formatted in Inline XBRL (included with the Exhibit 101 attachments).

† Management contract or compensatory plan or arrangement.
* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 6, 2020

International Money Express, Inc.

By: /s/ Robert Lisy

Robert Lisy
Chief Executive Officer and President

Date: August 6, 2020

International Money Express, Inc.

By: /s/ Tony Lauro II

Tony Lauro II
Chief Financial Officer

Exhibit 10.3

INTERNATIONAL MONEY EXPRESS, INC. 2020
OMNIBUS EQUITY COMPENSATION PLAN
NON-QUALIFIED STOCK OPTION AGREEMENT

This Stock Option Agreement (this "Agreement") is made and entered into as of ___________ by and between International Money Express, Inc., a Delaware corporation (the "Company"), and _________ (the "Participant").

Grant Date	____________________________
Exercise Price per Share:	____________________________
Number of Option Shares:	____________________________
Expiration Date:	____________________________

1. Grant of Option.

(a) Grant; Type of Option. The Company hereby grants to the Participant an option (the "Option") to purchase the total number of shares of Common Stock of the Company equal to the number of Option Shares set forth above, at the Exercise Price set forth above. The Option is being granted pursuant to the terms of the International Money Express, Inc. 2020 Omnibus Equity Compensation Plan (as may be amended from time to time, the "Plan"). The Option is intended to be a Non-qualified Stock Option and *not* an Incentive Stock Option within the meaning of Section 422 of the Internal Revenue Code.

(b) Consideration; Subject to Plan. The grant of the Option is made in consideration of the services to be rendered by the Participant to the Company and is subject to the terms and conditions of the Plan. Capitalized terms used but not defined herein will have the meaning ascribed to them in the Plan.

2. Exercise Period; Vesting.

(a) Vesting Schedule. The Option will become vested and exercisable with respect to 25% of the shares on the first anniversary of the Grant Date and thereafter shall vest with respect to an additional 25% on an annual basis through the fourth anniversary of the Grant Date until the Option is 100% vested; provided, however, if a Change of Control occurs, and, at any time prior to the second (2nd) anniversary of the Change of Control, the Company terminates the Participant's employment with or service to the Company, as applicable, without Cause (as such term is defined in Section 3 below), the unvested portion of the Option shall become immediately vested upon such Grantee's termination of employment or service; provided further that if the Option is not continued following the Change of Control, then the Option shall become fully vested and exercisable immediately prior to the Change of Control. Any unvested portion of the Option will not be exercisable on or after the date on which the Participant ceases to be employed by or provide services to the Company or any of its subsidiaries. If the Grantee ceases to be employed by or provide services to the Company or any of its subsidiaries due to death or disability, the unvested portion of the Option shall become immediately vested upon such Grantee's termination or employment or service.

(b) Expiration. The Option will expire on the Expiration Date set forth above, or earlier as provided in this Agreement or the Plan.

3. Termination of Employment or Service.

(a) Termination for Reasons Other Than Cause, Death, Disability. If the Participant's employment with or service to the Company is terminated for any reason other than Cause, and not due to death or disability, the Participant may exercise the vested portion of the Option, but only within such period of time ending on the earlier of (a) the date three months following the termination of the Participant's employment or service or (b) the Expiration Date.

"Cause" means, with respect to the Participant (i) if the Participant is a party to an employment agreement with the Company or its Affiliates and such agreement provides for a definition of Cause, the definition contained therein; or (ii) if no such agreement exists, or if such agreement does not define Cause: (A) the commission of, or plea of guilty or no contest to, a felony or a crime involving moral turpitude or the commission of any other act involving willful malfeasance or material fiduciary breach with respect to the Company or an Affiliate; (B) conduct that results in or is reasonably likely to result in harm to the reputation or business of the Company or any of its Affiliates; (C) gross negligence or willful misconduct with respect to the Company or an Affiliate; (D) material violation of any of the Company's written policies; or (E) material violation of state or federal securities laws. The Administrator, in its absolute discretion, shall determine the effect of all matters and questions relating to whether a Participant has been discharged for Cause.

(b) Termination for Cause. If the Participant's employment or service with the Company is terminated for Cause, the Option (whether vested or unvested) shall immediately terminate and cease to be exercisable.

(c) Termination due to Disability. If the Participant's employment or service with the Company terminates as a result of the Participant's disability, the Participant may exercise the vested portion of the Option, but only within such period of time ending on the earlier of (a) the date 12 months following the Participant's termination of employment or service or (b) the Expiration Date.

(d) Termination due to Death. If the Participant's employment terminates as a result of the Participant's death, the vested portion of the Option may be exercised by the Participant's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by the person designated to exercise the Option upon the Participant's death, but only within the time period ending on the earlier of: (a) the date 12 months following the Participant's termination of employment or (b) the Expiration Date.

4. Manner of Exercise.

(a) Election to Exercise. To exercise the Option, the Participant (or in the case of exercise after the Participant's death or incapacity, the Participant's executor, administrator, heir or legatee, as the case may be) must deliver to the Company or its designated agent a notice of intent to exercise in the manner designated by the Administrator. If someone other than the Participant exercises the Option, then such person must submit documentation reasonably acceptable to the Company verifying that such person has the legal right to exercise the Option.

(b) Payment of Exercise Price. The entire Exercise Price of the Option (and any Related Tax Items, as defined below) shall be payable:

(i) in cash or by certified or bank check;

(ii) unless otherwise determined by the Administrator, by surrendering shares of Stock subject to the Option or by delivering shares of Stock owned by the Participant (having in either case, an aggregate Fair Market Value on the date of exercise equal to the Option Price);

(iii) in cash, on the settlement date that occurs after the exercise date specified in the notice of exercise, provided that the Participant exercises the Option through an irrevocable agreement with a registered broker and the payment is made in accordance with procedures permitted by Regulation T of the Federal Reserve Board and such procedures do not violate applicable law; or

(iv) by such other method as the Administrator may approve, to the extent permitted by applicable law.

(c) Withholding. If the Company, in its discretion, determines that it is obligated to withhold any tax in connection with the exercise of the Option, the Participant must make arrangements satisfactory to the Company to pay or provide for any applicable federal, state and local withholding obligations of the Company, or the Company may deduct from other wages paid to the Participant the amount of any withholding taxes due with respect to such exercise of the Option.

(d) Issuance of Shares. Provided that the exercise notice and payment are in form and substance satisfactory to the Company, the Company shall issue the shares of Stock registered in the name of the Participant, the Participant's authorized assignee, or the Participant's legal representative which shall be evidenced by stock certificates representing the shares with the appropriate legends affixed thereto, appropriate entry on the books of the Company or of a duly authorized transfer agent, or other appropriate means as determined by the Company.

5. No Right to Continued Employment; No Rights as Shareholder. Neither the Plan nor this Agreement shall confer upon the Participant any right to be retained in any position, as an employee, consultant or director of the Company or any of its subsidiaries. Further, nothing in the Plan or this Agreement shall be construed to limit the discretion of the Company to terminate the Participant's employment or service at any time, with or without Cause. The Participant shall not have any rights as a shareholder with respect to any shares of Stock subject to the Option unless and until certificates representing the shares have been issued by the Company to the holder of such shares, or the shares have otherwise been recorded on the books of the Company or of a duly authorized transfer agent as owned by such holder.

6. Transferability. The Option is not transferable by the Participant other than to a designated beneficiary upon the Participant's death or by will or the laws of descent and distribution, and is exercisable during the Participant's lifetime only by him or her. No assignment or transfer of the Option, or the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise (except to a designated beneficiary upon death by will or the laws of descent or distribution) will vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Option will terminate and become of no further effect.

7. Adjustments. In accordance with Section 5(d) of the Plan, the terms of this Agreement, including the number of shares of Stock subject to the Option, shall be adjusted as the Administrator determines is equitably required in the event the Company effects one or more stock dividends, stock splits, subdivisions or consolidations of shares or other similar changes in capitalization.

8. Tax Liability and Withholding.

(a) Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and the Company (i) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting, or exercise of the Option or the subsequent sale of any shares acquired on exercise; and (ii) does not commit to structure the Option to reduce or eliminate the Participant's liability for Tax-Related Items. Unless the Participant's obligations with respect to the Tax Related Items are satisfied by the exercise date, the Company shall have no obligation to recognize the exercise and therefore no obligation to issue such shares of Stock issuable upon such exercise.

(b) Notwithstanding anything in the Plan or this Agreement to the contrary, and in addition to any form of payment elected by the Participant on an exercise form approved by the Administrator, the Participant agrees to the following methods of satisfying the Tax Related Items on behalf of the Participant in connection with any exercise of the Option, in the discretion of the Company: (i) through the automatic withholding of a sufficient number of shares of Stock otherwise deliverable in settlement of the Option, applying procedures approved by the Administrator, such withheld shares having an aggregate Fair Market Value on the date of exercise that shall not exceed the minimum amount of the Tax Related Items (or such other amount as the Administrator determines will not result in additional compensation expense for financial accounting purposes under applicable financial accounting principles); (ii) through the deduction from any other payment otherwise due to the Participant at the time of exercise; or (iii) a combination of any or all of the foregoing.

(c) Unless otherwise determined by the Administrator, the Participant may satisfy the tax withholding obligation by surrendering of shares subject to the Option or by delivering shares of Stock owned by the Participant (having in either case, an aggregate Fair Market Value on the date of exercise equal to the amount of the Tax Related Items).

9. Compliance with Law. The exercise of the Option and the issuance and transfer of shares of Stock shall be subject to compliance by the Company and the Participant with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's shares of Stock may be listed. No shares of Stock shall be issued pursuant to this Option unless and until any then applicable requirements of state or federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel.

10. Notices. Any notice required to be delivered to the Company under this Agreement shall be in writing and addressed to the Secretary of the Company at the Company's principal corporate offices. Any notice required to be delivered to the Participant under this Agreement shall be in writing and addressed to the Participant at the Participant's address as shown in the records of the Company. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.

11. Governing Law. This Agreement will be construed and interpreted in accordance with the laws of the State of Delaware without regard to conflict of law principles.

12. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Participant or the Company to the Administrator for review. The resolution of such dispute by the Administrator shall be final and binding on the Participant and the Company.

13. Options Subject to Plan. This Agreement is subject to the Plan as approved by the Company's shareholders. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

14. Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom the Option may be transferred by will or the laws of descent or distribution.

15. Severability. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

16. Discretionary Nature of Plan. The Plan is discretionary and may be amended, cancelled or terminated by the Company at any time, in its discretion. The grant of the Option in this Agreement does not create any contractual right or other right to receive any Options or other awards in the future. Future awards, if any, will be at the sole discretion of the Company. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Participant's employment with the Company.

17. Amendment. The Administrator has the right to amend, alter, suspend, discontinue or cancel the Option, prospectively or retroactively; provided, that, no such amendment shall adversely affect the Participant's material rights under this Agreement without the Participant's consent.

18. No Impact on Other Benefits. The value of the Participant's Option is not part of his or her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

19. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

20. Acceptance. The Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. The Participant has read and understands the terms and provisions thereof, and accepts the Option subject to all of the terms and conditions of the Plan and this Agreement. The Participant acknowledges that there may be adverse tax consequences upon exercise of the Option or disposition of the underlying shares and that the Participant should consult a tax advisor prior to such exercise or disposition.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

INTERNATIONAL MONEY EXPRESS, INC.

By: ______________________________

Name:

Title:

[EMPLOYEE NAME]

By: ______________________________

Name:

INTERNATIONAL MONEY EXPRESS, INC. 2020
OMNIBUS EQUITY COMPENSATION PLAN
RSU AGREEMENT
NON-EMPLOYEE DIRECTOR VERSION

THIS AGREEMENT (this "Agreement"), dated ________________________, 2020 ________ (the "Date of Grant"), between International Money Express, Inc., a Delaware corporation (the "Company"), and ______________ ("Grantee"), is made pursuant and subject to the provisions of the Company's 2020 Omnibus Equity Compensation Plan (the "Plan"), a copy of which has been made available to the Grantee. All terms used herein that are defined in the Plan have the same meaning given them in the Plan.

1. **Award.** Subject to the terms and conditions of the Plan and subject further to the terms and conditions herein set forth, the Company hereby grants the Grantee [______] restricted stock units (the "RSUs"), subject to the vesting terms set forth in Section 2 below. Subject to the provisions of this Agreement and the Plan, each vested RSU represents the right to receive one (1) share of Stock. The RSUs shall apply only with respect to a whole number of shares of Stock.

2. **Vesting.**

   (a) The shares of Stock subject to the RSUs granted under this Agreement shall vest in full on the earlier of the day prior to the first annual meeting of stockholders following the date of the agreement and one (1) year from the Date of Grant (such earlier date, the "Vesting Date").

   (b) From and after the Date of Grant through the date on which the RSU becomes fully vested pursuant to subsection (a) above, the unvested portion of the RSU remains subject to forfeiture in accordance with the terms of Sections 2(d) and 3 hereof.

   (c) In accordance with the Plan, shares of Stock subject to this RSU Agreement that have not previously vested shall become immediately vested upon a Change of Control.

   (d) Shares of Stock subject to the RSUs that do not vest in accordance with this Section shall be forfeited.

3. **Forfeiture and Termination of Service.** If Grantee does not serve as a member of the Board or as an employee or consultant of the Company on the Vesting Date, the RSUs shall immediately terminate and become null and void.

4. **Settlement.** Within thirty (30) days following the date on which any portion of the RSUs vest pursuant to Section 2 of this Agreement, the Company shall deliver to the Grantee one (1) share of Stock in settlement of each RSU that becomes vested on such vesting date.

5. **Delivery of Stock.** Certificates or evidence of book-entry shares representing the Stock issued upon settlement of RSUs pursuant to Section 4 of this Agreement will be delivered to or otherwise made available to the Grantee (or, at the discretion of the Grantee, joint in the names of the Grantee and the Grantee's spouse) or to the Grantee's nominee at such person's request. Delivery of shares of Stock under this Agreement will comply with all applicable laws (including, the requirements of the Securities Act of 1933, as amended (the "Securities Act")), and the applicable requirements of any securities exchange or similar entity.

6. **Shareholder Rights.** An RSU is not a share of Stock, and thus, the Grantee will have no rights as a stockholder with respect to the RSUs. Dividend Equivalents shall accrue on the RSUs awarded hereunder and such Dividend Equivalents will be subject to vesting on the same schedule as the RSUs and will be paid to Grantee at the same time as the settlement of such RSUs.

7. **Transferability.** The RSUs subject to this Award may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered before they vest in accordance with Section 2. After such RSUs vest and are settled in accordance with Sections 2 and 4, no sale or disposition of such shares shall be made in the absence of an effective registration statement under the Securities Act with respect to such shares unless an opinion of counsel satisfactory to the
Company that such sale or disposition will not constitute a violation of the Securities Act or any other applicable securities laws is first obtained or an exemption from such registration pursuant to Rule 144 under the Securities Act or otherwise is available.

8. **Change in Capital Structure.** In accordance with Section 5(d) of the Plan, the terms of this Agreement, including the number of shares of Stock in respect of the RSUs shall be adjusted as the Board determines is equitably required in the event the Company effects one or more stock dividends, stock splits, subdivisions or consolidations of shares or other similar changes in capitalization.

9. **No Withholding.**

   (a) The Grantee understands that when the RSUs are settled in accordance with Section 4, the Grantee will be obligated to recognize income, for Federal, state and local income tax purposes, as applicable, in an amount equal to the Fair Market Value of the share of Stock as of such date, and the Grantee is responsible for all tax obligations that arise in connection with the RSUs.

   (b) Whenever shares of Stock are to be issued upon settlement of the RSUs, the Grantee shall assume sole responsibility for discharging all tax and other obligations associated therewith. The Grantee agrees to indemnify the Company against any non-U.S., U.S. federal, state and local withholding taxes for which the Company may be liable in connection with the Grantee's acquisition, ownership or disposition of any shares of Stock.

10. **Conflicts.** In the event of any conflict between the provisions of the Plan as in effect on the Date of Grant and the provisions of this Agreement, the provisions of the Plan shall govern. All references herein to the Plan mean the Plan as in effect on the date hereof.

11. **No Right to Continued Service.** Neither the Plan nor this Agreement shall confer upon the Grantee any right to be retained in any position, as an employee, consultant or director of the Company or any of its subsidiaries.

12. **Compliance with Law.** The grant and settlement of the RSUs shall be subject to compliance by the Company and the Grantee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's shares of Stock may be listed. No shares of Stock shall be issued in settlement of the RSUs unless and until any then applicable requirements of state or federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel.

13. **Notices.** Any notice required to be delivered to the Company under this Agreement shall be in writing and addressed to the Secretary of the Company at the Company's principal corporate offices. Any notice required to be delivered to the Grantee under this Agreement shall be in writing and addressed to the Grantee at the Grantee's address as shown in the records of the Company. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.

14. **Interpretation.** Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or the Company to the Administrator for review. The resolution of such dispute by the Administrator shall be final and binding on the Grantee and the Company.

15. **Successors and Assigns.** The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Grantee and the Grantee's beneficiaries, executors, administrators and the person(s) to whom this Agreement may be transferred by will or the laws of descent or distribution.

16. **Severability.** The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

17. **Discretionary Nature of Plan.** The Plan is discretionary and may be amended, cancelled or terminated by the Company at any time, in its discretion. The grant of the RSUs in this Agreement does not create any contractual right or other right to receive any Grants in the future. Future Grants, if any, will be at the sole discretion of the Company. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Grantee's service to the Company.

18. **Amendment.** The Administrator has the right to amend, alter, suspend, discontinue or cancel the RSUs, prospectively or retroactively; provided, that, no such amendment shall adversely affect the Grantee's material rights under this Agreement without the Grantee's consent.

19. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

20. **Grantee Bound by Plan.** The Grantee hereby acknowledges that a copy of the Plan has been made available to him or her and agrees to be bound by all the terms and provisions thereof. The terms and conditions of the Plan are incorporated into this Agreement by reference.

21. **Binding Effect.** Subject to the limitations stated above and in the Plan, this Agreement shall be binding upon and inure to the benefit of the successors of the Grantee and any transferee of the Grantee in accordance with Section 7 of this Agreement and the successors of the Company.

22. **Governing Law.** This Agreement shall be governed by the laws of the State of Delaware.

[Signatures appear on following page]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Agreement, and the Grantee has placed his or her signature hereon, effective as of the Date of Grant.

INTERNATIONAL MONEY EXPRESS, INC.

By: ______________________________

Name:

Title:

I hereby accept this Grant and I agree to be bound by the terms of the Plan and this Grant. I further agree that all of the decisions and interpretations of the Company with respect thereto shall be final and binding.

ACCEPTED AND AGREED TO:

By: ______________________________

Date ______________________________

CERTIFICATIONS

I, Robert Lisy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of International Money Express, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2020

By:	/s/ Robert Lisy
Name:	Robert Lisy
Title:	Chief Executive Officer and President
	(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Tony Lauro II, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of International Money Express, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2020

By: /s/ Tony Lauro II
Name: Tony Lauro II
Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert Lisy, Chief Executive Officer and President of International Money Express, Inc. (the “Company”), certify, pursuant to 18 U.S.C. Section 1350, that, to my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2020

By:	/s/ Robert Lisy
Name:	Robert Lisy
Title:	Chief Executive Officer and President (Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Tony Lauro II, Chief Financial Officer of International Money Express, Inc. (the “Company”), certify, pursuant to 18 U.S.C. Section 1350, that, to my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2020

By:	/s/ Tony Lauro II
Name:	Tony Lauro II
Title:	Chief Financial Officer (Principal Financial Officer)