**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 September 30, 2019 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**<br>**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 November 5, 2019, there were 38,007,611 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


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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements contained in this Quarterly Report on Form 10-Q that reflect our current views with respect to future events and financial performance, business strategies, expectations for our business and the business of the Company and any other statements of a future or forward-looking nature, constitute "forward-looking statements" for the purposes of federal securities laws. Our forward-looking statements include, but are not limited to, statements regarding our or our management's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "would," "will," "approximately," "shall" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this Quarterly Report on Form 10-Q may include, for example, the future financial performance of the Company.

The forward-looking statements contained in this Quarterly Report on Form 10-Q are based on our current expectations and beliefs concerning future developments and their potential effects on us. We cannot assure you that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. Some factors that could cause actual results to differ include, but are not limited to:

- the ability to maintain the listing of our common stock on Nasdaq;
- the ability to recognize the anticipated benefits of the Merger (as defined herein), which may be affected by, among other things, competition, and the ability of the combined business to grow and manage growth profitably;
- 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:
  - competition in the markets in which we operate;
  - 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;
  - 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 devaluation 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
  - changes in foreign exchange rates that could impact consumer remittance activity.
- 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, 2018 and in the section entitled "Risk Factors" in the prospectus supplement, dated September 11, 2019, filed pursuant to Rule 424(b)(4).

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)

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| ASSETS | (unaudited) | |
| Current assets: | | |
| Cash | $ 94,189 | $ 73,029 |
| Accounts receivable, net of allowance of $772 and $842, respectively | 53,763 | 35,795 |
| Prepaid wires | 9,382 | 26,655 |
| Other prepaid expenses and current assets | 2,267 | 3,171 |
| Total current assets | 159,601 | 138,650 |
| Property and equipment, net | 11,550 | 10,393 |
| Goodwill | 36,260 | 36,260 |
| Intangible assets, net | 29,720 | 36,395 |
| Deferred tax asset, net | 2,032 | 2,267 |
| Other assets | 1,744 | 1,874 |
| Total assets | $ 240,907 | $ 225,839 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Current portion of long-term debt, net | $ 6,405 | $ 3,936 |
| Accounts payable | 14,100 | 11,438 |
| Wire transfers and money orders payable | 57,339 | 36,311 |
| Accrued and other liabilities | 24,061 | 16,355 |
| Total current liabilities | 101,905 | 68,040 |
| Long-term liabilities: | | |
| Debt, net | 89,383 | 113,326 |
| Total long-term liabilities | 89,383 | 113,326 |
| Commitments and contingencies, see Note 13 | | |
| Stockholders' equity: | | |
| Common stock $0.0001 par value; 230,000,000 shares authorized, 38,005,623 and 36,182,783 shares issued and outstanding as of September 30, 2019 and December 31, 2018, respectively. | 4 | 4 |
| Additional paid-in capital | 53,748 | 61,889 |
| Accumulated deficit | (4,165) | (17,418) |
| Accumulated other comprehensive income (loss) | 32 | (2) |
| Total stockholders' equity | 49,619 | 44,473 |
| Total liabilities and stockholders' equity | $ 240,907 | $ 225,839 |

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 (LOSS)
## (in thousands, except for share data, unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | |
| Wire transfer and money order fees, net | $ 72,468 | $ 61,332 | $ 201,410 | $ 168,554 |
| Foreign exchange gain | 12,272 | 10,697 | 33,297 | 29,013 |
| Other income | 594 | 479 | 1,652 | 1,277 |
| Total revenues | 85,334 | 72,508 | 236,359 | 198,844 |
| Operating expenses: | | | | |
| Service charges from agents and banks | 56,319 | 48,305 | 156,510 | 132,565 |
| Salaries and benefits | 7,612 | 10,959 | 22,806 | 24,633 |
| Other selling, general and administrative expenses | 9,788 | 5,207 | 20,850 | 13,390 |
| Transaction costs | - | 6,305 | - | 10,319 |
| Depreciation and amortization | 3,179 | 4,142 | 9,486 | 11,750 |
| Total operating expenses | 76,898 | 74,918 | 209,652 | 192,657 |
| Operating income (loss) | 8,436 | (2,410) | 26,707 | 6,187 |
| Interest expense | 2,145 | 3,434 | 6,503 | 10,110 |
| Income (loss) before income taxes | 6,291 | (5,844) | 20,204 | (3,923) |
| Income tax provision | 2,253 | 7,569 | 5,936 | 8,186 |
| Net income (loss) | 4,038 | (13,413) | 14,268 | (12,109) |
| Other comprehensive (loss) income | (9) | 22 | 34 | 7 |
| Comprehensive income (loss) | $ 4,029 | $ (13,391) | $ 14,302 | $ (12,102) |
| Income (loss) per common share: | | | | |
| Basic and diluted | $ 0. 11 | $ (0.43) | $ 0.38 | $ (0.55) |
| Weighted-average common shares outstanding: | | | | |
| Basic | 37,984,316 | 30,975,338 | 37,230,831 | 21,827,082 |
| Diluted | 38,286,702 | 30,975,338 | 37,365,371 | 21,827,082 |

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 | | Additional | Accumulated | Accumulated Other Comprehensive | Total Stockholders' |
| | Shares | Amount | Paid-in Capital | Deficit | Income (Loss) | Equity |
| Balance, June 30, 2019 | 37,982,848 | $ 4 | $ 53,118 | $ (8,203) | $ 41 | $ 44,960 |
| Net income | - | - | - | 4,038 | - | 4,038 |
| Issuance of common stock: | | | | | | |
| Exercise of stock options | 1,583 | - | (4) | - | - | (4) |
| Restricted stock units | 21,192 | - | - | - | - | - |
| Share-based compensation | - | - | 634 | - | - | 634 |
| Adjustment from foreign currency translation, net | - | - | - | - | (9) | (9) |
| Balance, September 30, 2019 | 38,005,623 | $ 4 | $ 53,748 | $ (4,165) | $ 32 | $ 49,619 |

| | Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock | | Additional | Accumulated | Accumulated Other Comprehensive | Total Stockholders' |
| | Shares | Amount | Paid-in Capital | Deficit | Income (Loss) | Equity |
| Balance, June 30, 2018 | 17,227,682 | $ 2 | $ 46,789 | $ (8,870) | $ (17) | $ 37,904 |
| Net equity infusion from reverse recapitalization | 18,955,101 | 2 | 8,962 | - | - | 8,964 |
| Net loss | - | - | - | (13,413) | - | (13,413) |
| Share-based compensation | - | - | 4,453 | - | - | 4,453 |
| Adjustment from foreign currency translation, net | - | - | - | - | 22 | 22 |
| Balance, September 30, 2018 | 36,182,783 | $ 4 | $ 60,204 | $ (22,283) | $ 5 | $ 37,930 |

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)

| | Nine Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock | | Additional | Accumulated | Accumulated Other Comprehensive | Total Stockholders' |
| | Shares | Amount | Paid-in Capital | Deficit | Income (Loss) | Equity |
| Balance, December 31, 2018 | 36,182,783 | $ 4 | $ 61,889 | $ (17,418) | $ (2) | $ 44,473 |
| Adoption of new accounting pronouncement | - | - | - | (1,015) | - | (1,015) |
| Warrant exchange | 1,800,065 | - | (10,031) | - | - | (10,031) |
| Net income | - | - | - | 14,268 | - | 14,268 |
| Issuance of common stock: | | | | | | |
| Exercise of stock options | 1,583 | - | (4) | - | - | (4) |
| Restricted stock units | 21,192 | - | - | - | - | - |
| Share-based compensation | - | - | 1,894 | - | - | 1,894 |
| Adjustment from foreign currency translation, net | - | - | - | - | 34 | 34 |
| Balance, September 30, 2019 | 38,005,623 | $ 4 | $ 53,748 | $ (4,165) | $ 32 | $ 49,619 |

| | Nine Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock | | Additional | Accumulated | Accumulated Other Comprehensive | Total Stockholders' |
| | Shares | Amount | Paid-in Capital | Deficit | Income (Loss) | Equity |
| Balance, December 31, 2017 | 17,227,682 | $ 2 | $ 46,076 | $ (10,174) | $ (2) | $ 35,902 |
| Net equity infusion from reverse recapitalization | 18,955,101 | 2 | 8,962 | - | - | 8,964 |
| Net loss | - | - | - | (12,109) | - | (12,109) |
| Share-based compensation | - | - | 5,166 | - | - | 5,166 |
| Adjustment from foreign currency translation, net | - | - | - | - | 7 | 7 |
| Balance, September 30, 2018 | 36,182,783 | $ 4 | $ 60,204 | $ (22,283) | $ 5 | $ 37,930 |

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)

| | Nine Months Ended September 30, 2019 | 2018 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income (loss) | $ 14,268 | $ (12,109) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization | 9,486 | 11,750 |
| Share-based compensation | 1,894 | 5,166 |
| Provision for bad debts | 1,171 | 743 |
| Debt origination costs amortization | 546 | 700 |
| Deferred income tax provision, net | 572 | 6,906 |
| Loss on disposal of property and equipment | 182 | 152 |
| Total adjustments | 13,851 | 25,417 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (19,224) | (30,286) |
| Prepaid wires | 17,259 | 2,785 |
| Other prepaid expenses and assets | 933 | (1,428) |
| Wire transfers and money orders payables | 21,047 | 29,640 |
| Accounts payable and accrued and other liabilities | 9,013 | 16,497 |
| Net cash provided by operating activities | 57,147 | 30,516 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (3,817) | (3,575) |
| Acquisition of agent locations | (250) | - |
| Net cash used in investing activities | (4,067) | (3,575) |
| Cash flows from financing activities: | | |
| Borrowings under term loan | 12,000 | - |
| Repayments under revolving loan, net | (30,000) | - |
| Repayments of term loan | (3,679) | (3,638) |
| Debt origination costs | (240) | - |
| Proceeds from reverse recapitalization | - | 101,664 |
| Cash consideration to Intermex shareholders | - | (101,659) |
| Cash paid in warrant exchange | (10,031) | - |
| Net cash used in financing activities | (31,950) | (3,633) |
| Effect of exchange rate changes on cash | 30 | 27 |
| Net increase in cash and restricted cash | 21,160 | 23,335 |
| Cash and restricted cash, beginning of the period | 73,029 | 59,795 |
| Cash and restricted cash, end of the period | $ 94,189 | $ 83,130 |

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)

| | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 |
|---|---|---|
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for interest | $ 5,780 | $ 9,410 |
| Cash paid for income taxes | $ 2,550 | $ 1,495 |
| | | |
| **Supplemental disclosure of non-cash investing activity:** | | |
| Agent business acquired in exchange for receivables | $ 85 | $ - |
| | | |
| **Supplemental disclosure of non-cash financing activity:** | | |
| Intermex transaction accruals settled by acquisition proceeds | $ - | $ 9,063 |
| 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

On July 26, 2018 (the "Closing Date"), International Money Express, Inc. (formerly FinTech Acquisition Corp. II) consummated the previously announced transaction (the "Merger") by and among FinTech Acquisition Corp. II, a Delaware corporation ("FinTech"), FinTech II Merger Sub Inc., a wholly-owned subsidiary of FinTech ("Merger Sub 1"), FinTech II Merger Sub 2 LLC, a wholly-owned subsidiary of FinTech ("Merger Sub 2"), Intermex Holdings II, Inc. ("Intermex") and SPC Intermex Representative LLC ("SPC Intermex")(See Note 2). As a result of the Merger, the separate corporate existence of Intermex ceased and Merger Sub 2 (which changed its name to International Money Express Sub 2, LLC in connection with the closing of the Merger) continued as the surviving entity. In connection with the closing of the Merger, FinTech changed its name to International Money Express, Inc. (the "Company"). Unless the context below otherwise provides, the "Company" refers to the combined company following the Merger and, together with their respective subsidiaries, "FinTech" refers to the registrant prior to the closing of the Merger and "Intermex" refers to Intermex Holdings II, Inc. prior to the closing of Merger.

The Merger was accounted for as a reverse recapitalization where FinTech was treated as the "acquired" company for financial reporting purposes. This determination was primarily based on the facts that following the Merger, the former stockholders of Intermex control the majority of the voting rights in respect of the board of directors of the Company, Intermex comprising the ongoing operations of the Company and Intermex's senior management comprising the senior management of the Company. Accordingly, the Merger was treated as the equivalent of Intermex issuing stock for the net assets of FinTech, accompanied by a recapitalization. The net assets of FinTech were stated at historical cost, with no goodwill or other intangible assets resulting from the Merger. The consolidated assets, liabilities and results of operations prior to the Closing Date of the Merger are those of Intermex, and FinTech's assets, liabilities and results of operations are consolidated with Intermex beginning on the Closing Date. The shares and corresponding capital amounts included in common stock and additional paid-in capital, pre-merger, have been retroactively restated as shares reflecting the exchange ratio in the Merger. The historical financial information and operating results of FinTech prior to the Merger have not been separately presented in these condensed consolidated financial statements as they were not significant or meaningful.

The Company operates as a money transmitter, primarily between the United States of America ("U.S.") and Mexico, Guatemala and other countries in Latin America and Africa through a network of authorized agents located in various unaffiliated retail establishments throughout the U.S and 33 Company-owned stores.

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 United statements of America ("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 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, 2018.

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

Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") issued guidance, *Revenue from Contracts with Customers*, which amended the existing accounting standards for revenue recognition. Refer to Note 3 for additional discussion on the adoption of this standard on January 1, 2019.

The FASB issued amended guidance, *Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments*, which clarifies how certain cash receipts and cash payments are presented and classified in the condensed consolidated statements of cash flows. The amendments are aimed at reducing the existing diversity in practice. The Company adopted this guidance in the first quarter of 2019 applying a retrospective approach for each period presented. The adoption of this guidance did not have a material impact on the condensed consolidated financial statements.

The 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 accounting rules. The guidance requires that a lessee recognize 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 will be adopted by the Company on January 1, 2021 and may be applied using either the earliest period adjustment method or the modified retrospective approach. The Company is currently evaluating the impact this guidance will have on the 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 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 required to adopt the new standard on January 1, 2023. The Company is currently evaluating the impact this guidance will have on the consolidated financial statements.

Reclassifications

Certain reclassifications have been made to prior-year amounts to conform with current presentation.

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

NOTE 2 – FINTECH MERGER

FinTech Merger

As discussed in Note 1, on July 26, 2018 Intermex and FinTech consummated the Merger, which was accounted for as a reverse recapitalization. Immediately prior to the Merger, FinTech's shareholders exercised their right to redeem certain of their outstanding shares for cash, resulting in the redemption of 4.9 million shares of FinTech for gross redemption payments of $49.8 million. Subsequent to this redemption, there were 18.9 million outstanding shares. The aggregate consideration paid in the Merger by FinTech to the Intermex shareholders consisted of approximately (i) $102.0 million in cash and (ii) 17.2 million shares of FinTech common stock. In accounting for the reverse recapitalization, the net cash proceeds received in the third quarter of 2018 from FinTech amounted to $5.0 thousand as shown in the table below (in thousands):

| | | |
|---|---|---|
| Cash balance available to Intermex prior to the consummation of the Merger | $ | 110,726 |
| Less: | | |
| Intermex Merger costs paid from acquisition proceeds at closing | | (9,062) |
| Cash consideration to Intermex shareholders | | (101,659) |
| Net cash proceeds from reverse recapitalization | $ | 5 |

| | | |
|---|---|---|
| Cash balance available to Intermex prior to the consummation of the Merger | $ | 110,726 |
| Less: | | |
| Cash consideration to Intermex shareholders | | (101,659) |
| Other FinTech assets acquired and liabilities assumed in the Merger: | | |
| Prepaid expenses | | 76 |
| Accrued liabilities [(1)] | | (136) |
| Deferred tax assets [(1)] | | 982 |
| Net equity infusion from FinTech [(1)] | $ | 9,989 |

(1) During the fourth quarter of 2018, the Company acquired approximately $1 million of deferred tax assets from FinTech, which is reflected in the table above. These deferred tax assets relate to capitalized transaction costs incurred by FinTech prior to the merger, therefore they have been recorded in additional-paid in capital.

Cash consideration to Intermex shareholders included the payout of all vested Incentive Units issued to employees of the Company as discussed in Note 10.

After the completion of the Merger on July 26, 2018, there were 36.2 million shares of International Money Express, Inc. common stock outstanding, warrants to purchase 9 million shares of common stock and 3.4 million shares reserved for issuance under the International Money Express, Inc. 2018 Omnibus Equity Compensation Plan (See Note 10).

Transaction Costs

Direct costs related to the Merger were expensed as incurred and included as "transaction costs" in the condensed consolidated statements of operations and comprehensive income (loss). Transaction costs included all internal and external costs directly related to the Merger, consisting primarily of legal, consulting, accounting, advisory and financing fees and certain incentive bonuses directly related to the Merger. Transaction costs for the three and nine months ended September 30, 2018 amounted to $6.3 million and $10.3 million, respectively.

NOTE 3 – REVENUE RECOGNITION STANDARD

On January 1, 2019, the Company adopted the new accounting standard, Revenue from Contracts with Customers, as amended, which modified the existing accounting standards for revenue recognition. The guidance establishes that an entity should recognize revenue to depict the transfer of promised goods or services, that is, the satisfaction of performance obligations, to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance establishes a five-step model to determine when revenue recognition is appropriate. The Company adopted the guidance using the modified retrospective approach recording the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of accumulated deficit in the condensed consolidated balance sheet, amounting to $1.0 million, net of tax, with a corresponding increase to deferred revenue liability, included within accrued and other liabilities in the condensed consolidated balance sheet. In accordance with the modified retrospective approach, the comparative information has not been restated and continues to be reported under the accounting standards in effect for that period.

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For the three and nine months ended September 30, 2019, the Company recognized in revenues from contracts with customers the following:

| | Three Months ended September 30, 2019 | Nine Months ended September 30, 2019 |
|---|---|---|
| Wire transfer and money order fees | $ 72,710 | $ 202,202 |
| Discounts and promotions | (242) | (792) |
| Wire transfer and money order fees, net | 72,468 | 201,410 |
| Foreign exchange gain | 12,272 | 33,297 |
| Other income | 594 | 1,652 |
| Total revenues | $ 85,334 | $ 236,359 |

There are no significant initial costs incurred to obtain contracts with customers. However, the Company has a loyalty program, that for each wire transfer completed, customers earn points. Customers earn 1 point for each wire transfer processed, which 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, due to the loyalty program benefits represent a future performance obligation, a portion of the initial consideration is recorded as deferred revenue (See Note 6). Prior to the implementation of the standard, the Company used the incremental cost method to account for the loyalty program; therefore, a liability for the cost associated with the company's future obligation to its customers was created and the loyalty program expense was recorded within Service charges from agents and banks in the consolidated statements of operations and comprehensive income (loss). Under the new guidance, loyalty program expense is recorded as contra revenue. The loyalty program reserve balance as of January 1, 2019 of $0.6 million was credited to accumulated deficit as this became part of the beginning balance of the new deferred revenue liability.

Based on our assessment of the new standard, except for the loyalty program discussed above, we have determined that our revenues include only one performance obligation, which is to collect the consumer'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 by a fee per transaction. For substantially all of the Company's revenues, the Company acts as the principal in transactions and reports revenue on a gross basis, as 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 4 – OTHER PREPAID EXPENSES AND CURRENT ASSETS

Other prepaid expenses and current assets consisted of the following (in thousands):

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Prepaid insurance | $ 377 | $ 300 |
| Prepaid fees | 733 | 719 |
| Notes receivable | 507 | 451 |
| Other prepaid expenses and current assets | 650 | 1,701 |
| | $ 2,267 | $ 3,171 |

**INTERNATIONAL MONEY EXPRESS, INC.**
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## NOTE 5 – GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets on the condensed consolidated balance sheets of the Company consist of 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. Other intangibles primarily relate to the acquisition of certain agent locations or company-owned stores, which are amortized straight line over 10 years. The determination of our other 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. A change in the conditions, circumstances or strategy of the Company may result in a need to recognize an impairment charge.

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

| | Goodwill | Other Intangibles |
|---|---|---|
| Balance at December 31, 2018 | $ 36,260 | $ 36,395 |
| Acquisition of agent locations | - | 335 |
| Amortization expense | - | (7,010) |
| Balance at September 30, 2019 | $ 36,260 | $ 29,720 |

## NOTE 6 – ACCRUED AND OTHER LIABILITIES

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

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Payables to agents | $ 10,118 | $ 8,972 |
| Accrued legal settlement (see Note 13) | 3,250 | - |
| Accrued compensation | 1,998 | 2,344 |
| Accrued bank charges | 955 | 983 |
| Accrued loyalty program reserve | - | 621 |
| Accrued interest | 1,185 | 1,009 |
| Accrued legal fees | 400 | 920 |
| Accrued taxes | 2,330 | 745 |
| Deferred revenue loyalty program | 2,483 | - |
| Other | 1,342 | 761 |
| | $ 24,061 | $ 16,355 |

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

| | |
|---|---|
| Balance, December 31, 2018 | $ - |
| Adoption of ASC 606 | 1,976 |
| Revenue deferred during the period | 2,104 |
| Revenue recognized during the period | (1,597) |
| Balance, September 30, 2019 | $ 2,483 |

**INTERNATIONAL MONEY EXPRESS, INC.**
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NOTE 7 – DEBT

Debt consisted of the following (in thousands):

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Revolving credit facility | $ - | $ 30,000 |
| Term loan | 98,321 | 90,000 |
| | 98,321 | 120,000 |
| Less: Current portion of long-term debt (1) | (6,405) | (3,936) |
| Less: Debt origination costs | (2,533) | (2,738) |
| | $ 89,383 | $ 113,326 |

(1) Current portion of long-term debt is net of debt origination costs of $0.6 million both at September 30, 2019 and December 31, 2018.

On November 7, 2018 and further amended on December 7, 2018, the Company entered into a new financing agreement (the "Credit Agreement") with, among others, certain of its domestic subsidiaries as borrowers and 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. The Credit Agreement also provides for the issuance of letters of credit, which would reduce availability under the revolving credit facility. The proceeds of the Credit Agreement were used to repay existing indebtedness, for working capital purposes and to pay fees and expenses in connection with the transaction. The maturity date of the Credit Agreement is November 7, 2023.

On March 25, 2019, the Company entered into an Increase Joinder No. 1 to the Credit Agreement (the "Increase Joinder"), which was accounted for as a debt modification, under which the Company received $12 million from the incremental facility on April 29, 2019. The proceeds of the Increase Joinder were primarily used to pay for the cash portion of the Tender Offer (the "Offer") to purchase warrants (See Note 10) during the second quarter of 2019.

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 period ended September 30, 2019 for the term loan and revolving credit facility were 7.73% and 8.48%, respectively.

The principal amount of the term loan facility, including the Increase Joinder, 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, commencing 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 which 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 substantially all of the assets of the loan parties, subject to certain exclusions and limitations.

## NOTE 8 – 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 the goodwill and other intangibles. 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 9 – RELATED PARTY TRANSACTIONS

Prior to the Merger, Intermex paid a monthly management fee of $65.0 thousand, plus reimbursement of expenses, to a related party for management services, which was included in other selling, general and administrative expenses on the Company’s condensed consolidated statements of operations and comprehensive income (loss). There were no amounts payable to or receivable from related parties included in the condensed consolidated balance sheets at September 30, 2019 and December 31, 2018. Upon closing of the Merger on July 26, 2018 (See Note 2), the management fee agreement with the related party was terminated.

## NOTE 10 – STOCKHOLDERS’ EQUITY AND SHARE-BASED COMPENSATION

On the Closing Date of the Merger, there were 36.2 million shares of the Company’s common stock outstanding and outstanding warrants to purchase approximately 9 million shares of common stock. As of the Closing Date, the former stockholders of Intermex owned approximately 48.3% and the former stockholders of FinTech owned approximately 51.7% of the combined company’s outstanding common stock. At September 30, 2019, the Company was authorized to issue 230 million shares of common stock and had approximately 38.0 million shares of common stock issued and outstanding at $0.0001 par value per common share.

On September 11, 2019, the Company entered into an underwriting agreement with certain selling stockholders and several underwriters relating to the underwritten public offering of 5.2 million shares of the Company’s common stock, at a price to the public of $12.75 per share. The selling stockholders also granted the underwriters a 30-day option to purchase up to 782,608 additional shares of Common Stock at the same price as the initial shares sold to the underwriters. The closing of the offering occurred on September 16, 2019. The Company did not receive any of the proceeds from the offering. However, it did incur approximately $0.8 million in certain costs, which are included in other selling, general and administrative expenses in the condensed consolidated statements of operations and comprehensive income (loss).

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Equity Warrants

Prior to the Merger, FinTech issued 8.8 million public warrants (“Public Warrants”) and 0.2 million private placement warrants (“Placement Warrants”)(combined are referred to as the “Warrants”). The Company assumed the Warrants upon the change of control event. As a result of the Merger, the Warrants issued by FinTech were no longer exercisable for shares of FinTech common stock but instead were exercisable for common stock of the Company. All other features of the Warrants remained unchanged. There were no cash obligations for the Company pertaining to these Warrants.

Each whole Warrant entitled the holder to purchase one share of the Company’s common stock at a price of $11.50 per share. The Warrants became exercisable 30 days after the completion of the Merger and were to expire 5 years after that date, or earlier upon redemption or liquidation.

On March 28, 2019, the Company commenced a Tender Offer (the “Offer”) to purchase the Warrants. In connection with the Offer, the Company offered the holders of the Warrants a combination of 0.201 shares of its common stock and $1.12 in cash (the “Exchange Consideration”) for each Warrant tendered and exchanged pursuant to the Offer. Concurrently with the Offer, the Company solicited consents from holders of the Warrants to amend the Warrant Agreement dated January 19, 2017 (the “Warrant Agreement”), to permit the Company to require that each outstanding Warrant be converted into a combination of 0.181 shares of our Common Stock and $1.00 in cash, without interest (the “Conversion Consideration”), which Conversion Consideration was approximately 10% less than the Exchange Consideration applicable to the Offer. Approximately 99.51% of the outstanding Warrants were validly tendered and not withdrawn in the Offer. On April 29, 2019, the Company entered into Amendment No. 1 to the Warrant Agreement and, on or about May 20, 2019, exchanged all remaining untendered Warrants for the Conversion Consideration.

Between April and May of 2019, the Company issued an aggregate of approximately 1.8 million shares of common stock and paid approximately $10.0 million in cash in exchange for the Warrants tendered in the Offer as well as the Warrants converted at the Conversion Consideration, resulting in a total of approximately 38.0 million shares of common stock outstanding following the issuance. For the nine months ended September 30, 2019, the Company incurred approximately $0.9 million in professional and legal fees related to the Offer, which are included in other selling, general and administrative expenses in the condensed consolidated statements of operations and comprehensive income (loss). There were no expenses related to the Offer for the three months ended September 30, 2019.

International Money Express, Inc. 2018 Omnibus Equity Compensation Plan

In connection with the Merger, the stockholders of FinTech approved the International Money Express, Inc. 2018 Omnibus Equity Compensation Plan (the “2018 Plan”). There are 3.4 million shares reserved for issuance under the 2018 Plan, of which stock options to purchase 2.8 million shares of common stock and restricted stock units in respect of 21.2 thousand shares of common stock were granted to employees and independent directors of the Company in connection with the completion of the transactions at the Closing Date.

The value of each option grant is estimated on the grant date using the Black-Scholes option pricing model. The option pricing model requires the input of highly subjective assumptions, including the grant date fair value of our common stock, expected volatility, expected forfeitures and risk-free interest rates. 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 volatilities of a group of guideline companies and the “simplified” method for calculating the expected life of our stock options. 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.

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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 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 both the three and nine months ended September 30, 2019, 0.7 million of stock options vested. The Company recognized compensation expense for stock options of approximately $0.6 million and $1.8 million for the three and nine months ended September 30, 2019, respectively, which is included in salaries and benefits in the condensed consolidated statements of operations and comprehensive income (loss). As of September 30, 2019, there were 3.0 million outstanding stock options and unrecognized compensation expense of $7.9 million is expected to be recognized over a weighted-average period of 2.93 years.

A summary of the stock option activity during the nine months ended September 30, 2019 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, 2018 | 2,881,219 | $ 10.00 | 9.60 | $ 3.47 |
| Granted | 375,000 | 13.77 | | 4.37 |
| Exercised | (6,250) | 9.91 | | 3.43 |
| Forfeited | (267,750) | 10.28 | | 3.56 |
| Outstanding at September 30, 2019 | 2,982,219 | $ 10.45 | 8.97 | $ 3.57 |
| Exercisable at September 30, 2019 | 658,430 | | | |

The restricted stock units 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 restricted stock units of $17.5 thousand and $122.5 thousand for the three and nine months ended September 30, 2019, respectively, which is included in salaries and benefits in the condensed consolidated statements of operations and comprehensive income (loss). During the three and nine months ended September 30, 2019, 21.2 thousand restricted stock units were vested for both periods. There were no forfeited restricted stock units during the three and nine months ended September 30, 2019. As of September 30, 2019, there was no unrecognized compensation expense for the restricted stock units.

Incentive Units

Interwire LLC, the former parent company of Intermex, issued Class B, C and D incentive units to employees of the Company (collectively "incentive units"). As these units were issued as compensation to the Company's employees, the expense was recorded by the Company. In connection with the Merger, on the Closing Date, all unvested incentive units for Class B, C and D became fully vested and were immediately recognized as share-based compensation expense in the third quarter of 2018. Share-based compensation expense recognized related to these incentive units and included in salaries and benefits in the condensed consolidated statements of operations and comprehensive income (loss), amounted to $4.0 million and $4.7 million for the three and nine months ended September 30, 2018, respectively. Subsequent to the Merger, all incentive units ceased to exist.

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NOTE 11 – INCOME (LOSS) PER SHARE

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

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Net income (loss) for basic and diluted income (loss) per common share | $ 4,038 | $ (13,413) | $ 14,268 | $ (12,109) |
| Shares: | | | | |
| Weighted-average common shares outstanding – basic | 37,984,316 | 30,975,338 | 37,230,831 | 21,827,082 |
| Effect of dilutive securities: | | | | |
| Restricted stock units | 19,222 | - | 16,555 | - |
| Stock Options | 283,164 | - | 100,975 | - |
| Warrants | - | - | 17,010 | - |
| Weighted-average common shares outstanding – diluted | 38,286,702 | 30,975,338 | 37,365,371 | 21,827,082 |
| Net income (loss) per common share – basic and diluted | $ 0.11 | $ (0.43) | $ 0.38 | $ (0.55) |

The computation of diluted weighted-average common shares outstanding above excludes 447,500 options to purchase shares of the Company's common stock because, under the treasury stock method, the inclusion of these would be anti-dilutive.

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 (loss) is below (in thousands, except for tax rates):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Income (loss) before income taxes | $ 6,291 | $ (5,844) | $ 20,204 | $ (3,923) |
| US statutory tax rate | 21% | 21% | 21% | 21% |
| Income tax expense (benefit) at statutory rate | 1,321 | (1,227) | 4,243 | (824) |
| State tax expense, net of federal | 345 | 1,355 | 1,140 | 1,471 |
| Foreign tax rates different from U.S. statutory rate | 26 | 114 | 41 | 147 |
| Non-deductible expenses | 218 | 7,411 | 246 | 7,484 |
| Credits | 8 | (86) | (1) | (95) |
| Other | 335 | 2 | 267 | 3 |
| Total tax provision | $ 2,253 | $ 7,569 | $ 5,936 | $ 8,186 |

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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 (loss) was impacted by state taxes, non-deductible expenses such as share-based compensation expense, transaction costs and foreign tax rates applicable to the Company’s foreign subsidiaries that are higher or lower than the U.S. statutory rate.

On December 22, 2017, the U.S. enacted tax reform legislation known as H.R. 1, commonly referred to as the “Tax Cuts and Jobs Act” (the “Act”), resulting in significant modifications to existing law. All changes to the tax code that were effective as of January 1, 2018 have been applied by the Company in computing its income tax expense for the three and nine months ended September 30, 2019 and 2018. Additional guidance issued by the U.S. Treasury Department, the IRS and other standard-setting bodies may materially impact the provision for income taxes and effective tax rate in the period in which the guidance is issued.

In 2018, FinTech Acquisition Corp II was notified by the IRS that its 2017 federal income tax return was selected for examination. The Company has complied with all information requests to date. As of September 30, 2019, no amounts for tax, interest, or penalties have been paid or accrued as a result of this examination or any other uncertain tax positions.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Leases

The Company is a party to leases for office space and company-operated stores. Rent expense under all operating leases, included in other selling, general and administrative expenses in the condensed consolidated statements of operations and comprehensive income (loss), amounted to $0.5 million for both the three months ended September 30, 2019 and 2018, and $1.5 million and $1.4 million for the nine months ended September 30, 2019 and 2018, respectively.

In April 2018, the Company renegotiated its corporate lease to extend the term through November 2025. At September 30, 2019, future minimum rental payments required under operating leases for the remainder of 2019 and thereafter are as follows (in thousands):

| | | |
|---|---|---|
| 2019 | $ | 381 |
| 2020 | | 1,409 |
| 2021 | | 1,202 |
| 2022 | | 983 |
| 2023 | | 869 |
| Thereafter | | 1,439 |
| | $ | 6,283 |

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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 Telephone Consumer Protection Act, 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. At 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 is subject to memorialization in a definitive agreement, and subsequent Court approval. The terms of the settlement provide 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 amount of approximately $3.3 million and related legal expenses of $0.1 million are included in accrued and other liabilities in the condensed consolidated balance sheet as of September 30, 2019 and other selling, general and administrative expenses in the condensed consolidated statements of operations and comprehensive income (loss) for both the three and nine month periods ended September 30, 2019.

Contingencies

The Company operates in 50 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

Certain domestic subsidiaries of the Company are subject to maintaining minimum tangible net worth and liquid assets (eligible securities) to cover the amount outstanding of wire transfers and money orders payable. As of September 30, 2019, the Company's subsidiaries were in compliance with these two requirements.

NOTE 14 – SUBSEQUENT EVENTS

The Company evaluates subsequent events and transactions that occur after the balance sheet date up to the date the condensed consolidated financial statements are issued. Except for the matter discussed in Note 13, there were no other subsequent events that would have required adjustment or disclosure in the condensed consolidated financial statements.

**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 and 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, 2018. This MD&A 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. See "Special Note Regarding Forward-Looking Statements" for additional factors relating to such statements, and see "Risk Factors" in our documents we have filed or furnished with 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.*

## Overview

We are a rapidly growing and leading money remittance services company focused primarily on the U.S. to the Latin America and the Caribbean ("LAC") corridor, which includes Mexico, Central and South America and the Caribbean. 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 50 states, Washington D.C., Puerto Rico and licensed in 13 provinces in Canada, where customers can send money to beneficiaries in 17 LAC countries and four countries in Africa. 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.

Money remittance services to Latin America, 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 Latin America 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 and receive funds through our extensive network of locations in the United States and Canada that are primarily operated by third-party businesses, which we refer to as agents, and 33 company-operated stores. 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 19 additional countries. Since January 2017 through September 30, 2019, we have grown our agent network by more than 77% and increased our remittance transactions volume by approximately 49%. In the three and nine months ended September 30, 2019, we processed approximately 7.6 million and 21.1 million remittances, respectively, representing approximately 19% and 21% growth in transactions, respectively, as compared to the same periods in 2018.

As a non-bank financial institution, we are regulated by the Department of Treasury, the Internal Revenue Service, FinCEN, the CFPB, the Department of Banking and Finance of the State of Florida and additionally by the various regulatory institutions of those states where we hold an operating license. We are duly registered as an 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 law; money transfer and payment instrument licensing laws; escheatment laws; privacy, data protection and information security laws; and consumer disclosure and consumer protection laws.

### 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:

- competition in the markets in which we operate;
- 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;
- 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 devaluation 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;
- our ability to retain key personnel; and
- changes in foreign exchange rates that could impact consumer remittance activity.

Throughout 2019, 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 and low consumer confidence, 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 such as ours 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 activity, 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 and banks as well as 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. We sell credible solutions to our 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 technologies 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 and new customer acquisition.

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 earliest of: (i) the last day of the fiscal year during which we had total annual gross revenues of $1.07 billion or more; (ii) the last day of the fiscal year following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement; (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; or (iv) the date on which we are deemed 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 prior June 30. As of June 30, 2019, the market value of our common stock that is held by non-affiliates approximated $214.8 million. As a result, beginning with our December 31, 2019 Form 10-K, we will be deemed an accelerated filer, which will only accelerate our reporting deadlines with the SEC. This new designation does not affect our filing status as an emerging growth company.

**The Merger**

On July 26, 2018 (the "Closing Date"), International Money Express, Inc. (formerly FinTech Acquisition Corp. II) consummated the previously announced merger by and among FinTech, Merger Sub 1, a wholly-owned subsidiary of FinTech, Merger Sub 2, a wholly-owned subsidiary of FinTech, Intermex Holdings, and SPC Intermex (the "Merger"). In connection with the closing of the Merger, FinTech changed its name to International Money Express, Inc.

The Merger was accounted for as a reverse recapitalization where FinTech was treated as the "acquired" company for financial reporting purposes. This determination was primarily based on the facts that, following the Merger, the former stockholders of Intermex Holdings control the majority of the voting rights in respect of the board of directors of the Company, Intermex Holdings' comprising the ongoing operations of the Company and Intermex Holdings' senior management comprising the senior management of the Company. Accordingly, the Merger was treated as the equivalent of Intermex Holdings issuing stock for the net assets of FinTech, accompanied by a recapitalization. The net assets of FinTech were stated at historical cost, with no goodwill or other intangible assets resulting from the Merger. The consolidated assets, liabilities and results of operations prior to the Closing Date of the Merger are those of Intermex Holdings, and FinTech's assets, liabilities and results of operations were consolidated with Intermex Holdings beginning on the Closing Date. The shares and corresponding capital amounts included in common stock and additional paid-in capital, pre-merger, have been retroactively restated as shares reflecting the exchange ratio in the Merger.

The Merger was approved by FinTech's stockholders at the Special Meeting of FinTech Stockholders held on July 20, 2018. In connection with the closing of the Merger, FinTech redeemed a total of 4.9 million shares of its common stock at a redemption price of $10.086957 per share, resulting in a total payment to redeemed stockholders of approximately $49.8 million. The aggregate consideration paid in the Merger consisted of approximately (i) $102.0 million in cash and (ii) 17.2 million shares of FinTech common stock.

After the completion of the transactions on the Closing Date, there were 36.2 million shares of International Money Express, Inc. outstanding common stock, warrants to purchase 9 million shares of common stock ("Warrants") and 3.4 million shares reserved for issuance under the International Money Express, Inc. 2018 Equity Compensation Plan, of which stock options to purchase 2.8 million shares of common stock and restricted stock units in respect of 21.2 thousand shares of common stock were granted to employees and independent directors of the Company in connection with the completion of the transaction. As of the Closing Date, the former stockholders of Intermex owned approximately 48.3% and the former stockholders of FinTech owned approximately 51.7%, respectively, of the combined Company's outstanding common stock.

**Tender Offer**

On March 28, 2019, the Company commenced a Tender Offer (the "Offer") to purchase the Warrants. In connection with the Offer, the Company offered the holders of the Warrants a combination of 0.201 shares of its common stock and $1.12 in cash (the "Exchange Consideration") for each Warrant tendered and exchanged pursuant to the Offer. Concurrently with the Offer, the Company solicited consents from holders of the Warrants to amend the Warrant Agreement dated January 19, 2017 (the "Warrant Agreement"), to permit the Company to require that each outstanding Warrant be converted into a combination of 0.181 shares of our Common Stock and $1.00 in cash, without interest (the "Conversion Consideration"), which Conversion Consideration was approximately 10% less than the Exchange Consideration applicable to the Offer. Approximately 99.51 % of the outstanding Warrants were validly tendered and not withdrawn in the Offer. On April 29, 2019, the Company entered into Amendment No. 1 to the Warrant Agreement and, on or about May 20, 2019, exchanged all remaining untendered Warrants for the Conversion Consideration.

Between April and May of 2019, the Company issued an aggregate of approximately 1.8 million shares of common stock and paid approximately $10.0 million in cash in exchange for the Warrants tendered in the Offer as well as the Warrants converted for the Conversion Consideration, resulting in a total of approximately 38.0 million shares of Common Stock outstanding following the issuance.

**Secondary Offering**

On September 11, 2019, the Company entered into an underwriting agreement with certain selling stockholders and several underwriters relating to the underwritten public offering of 5.2 million shares of the Company's common stock, at a price to the public of $12.75 per share. The selling stockholders also granted the underwriters a 30-day option to purchase up to 782,608 additional shares of Common Stock at the same price as the initial shares sold to the underwriters. The closing of the offering occurred on September 16, 2019. The Company did not receive any of the proceeds from the offering. However, it did incur approximately $0.8 million in certain costs, which are included in other selling, general and administrative expenses in the condensed consolidated statements of operations and comprehensive income (loss).

**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, services charges from agents and banks, salaries and benefits and selling, general and administrative expenses. To help us assess our performance with these key indicators, we use Adjusted net income (loss), Adjusted income (loss) 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 (Loss) and Adjusted Income (Loss) per Share" and "Adjusted EBITDA" sections below for reconciliations of these non-GAAP financial measures to our net income (loss), the closest GAAP measure.

***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 revenues 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. 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 expense, insurance, professional services, 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 for being a public 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.

*Transaction Costs*

We incurred transaction costs associated with the Merger. These costs included all internal and external costs directly related to the transaction, consisting primarily of legal, consulting, accounting, advisory fees and certain incentive bonuses. Due to their significance, they are presented separately in our condensed consolidated financial statements.

*Depreciation and Amortization*

Depreciation largely consists of depreciation of computer equipment and amortization of 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 that were both refinanced on November 7, 2018 and subsequently amended on March 25, 2019. As of September 30, 2019 and December 31, 2018, the interest rates for the term loan and revolving credit facility related to our current Credit Agreement were 7.12% and 6.53%, and 7.34% and 7.01%, 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 and are subject to annual utilization limitations; however, our current assessment is that no valuation allowance is required for any of our deferred tax assets. Our income tax provision has been impacted by non-deductible expenses, including shared-based compensation and transaction costs.

***Net Income (Loss)***

Net income (loss) 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 primarily between the United States and Latin America. 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 summarized key components of our results of operations for the periods indicated:

| (in thousands) | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 |
|---|---|---|---|---|
| Revenues: | | | | |
| Wire transfer and money order fees, net | $ 72,468 | $ 61,332 | $ 201,410 | $ 168,554 |
| Foreign exchange gain | 12,272 | 10,697 | 33,297 | 29,013 |
| Other income | 594 | 479 | 1,652 | 1,277 |
| Total revenues | 85,334 | 72,508 | 236,359 | 198,844 |
| | | | | |
| Operating expenses: | | | | |
| Service charges from agents and banks | 56,319 | 48,305 | 156,510 | 132,565 |
| Salaries and benefits | 7,612 | 10,959 | 22,806 | 24,633 |
| Other selling, general and administrative expenses | 9,788 | 5,207 | 20,850 | 13,390 |
| Transaction costs | - | 6,305 | - | 10,319 |
| Depreciation and amortization | 3,179 | 4,142 | 9,486 | 11,750 |
| Total operating expenses | 76,898 | 74,918 | 209,652 | 192,657 |
| | | | | |
| Operating income (loss) | 8,436 | (2,410) | 26,707 | 6,187 |
| | | | | |
| Interest expense | 2,145 | 3,434 | 6,503 | 10,110 |
| | | | | |
| Income (loss) before income taxes | 6,291 | (5,844) | 20,204 | (3,923) |
| | | | | |
| Income tax provision | 2,253 | 7,569 | 5,936 | 8,186 |
| | | | | |
| Net income (loss) | $ 4,038 | $ (13,413) | $ 14,268 | $ (12,109) |

## Three Months Ended September 30, 2019 Compared to Three Months Ended September 30, 2018

### *Revenues*

Revenues for the above periods are presented below:

| ($ in thousands) | Three Months Ended September 30, 2019 | % of Revenues | Three Months Ended September 30, 2018 | % of Revenues |
|---|---|---|---|---|
| Revenues: | | | | |
| Wire transfer and money order fees, net | $ 72,468 | 85% | $ 61,332 | 84% |
| Foreign exchange gain | 12,272 | 14% | 10,697 | 15% |
| Other income | 594 | 1% | 479 | 1% |
| Total revenues | $ 85,334 | 100% | $ 72,508 | 100% |

Wire transfer and money order fees, net of $72.5 million for the three months ended September 30, 2019 increased by $11.2 million from $61.3 million for the three months ended September 30, 2018. This increase of $11.2 million was due to a 19% increase in transaction volume compared to the third quarter of 2018, largely due to the continued growth in our agent network, which has grown by 12% from September 2018 to September 2019.

Revenues from foreign exchange gain of $12.3 million for the three months ended September 30, 2019 increased by $1.6 million from $10.7 million for the three months ended September 30, 2018. This increase was primarily due to higher transaction volume achieved by growth in our agent network.

### *Operating Expenses*

Operating expenses for the above periods are presented below:

| *($ in thousands)* | Three Months Ended September 30, 2019 | % of Revenues | Three Months Ended September 30, 2018 | % of Revenues |
|---|---|---|---|---|
| Operating expenses: | | | | |
| Service charges from agents and banks | $ 56,319 | 66% | $ 48,305 | 67% |
| Salaries and benefits | 7,612 | 9% | 10,959 | 15% |
| Other selling, general and administrative expenses | 9,788 | 11% | 5,207 | 7% |
| Transaction costs | - | 0% | 6,305 | 9% |
| Depreciation and amortization | 3,179 | 4% | 4,142 | 6% |
| Total operating expenses | $ 76,898 | 90% | $ 74,918 | 104% |

*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 September 30, 2019 compared to $48.3 million, or 67% of revenues, for the three months ended September 30, 2018. The increase of $8.0 million was primarily due to the increase in transaction volume.

*Salaries and benefits* — Salaries and benefits were $7.6 million for the three months ended September 30, 2019, a decrease of $3.4 million from $11.0 million for the three months ended September 30, 2018. The decrease of $3.4 million is primarily due to $4.0 million of share-based compensation in the three months ended September 30, 2018 related to the accelerated vesting of incentive units in connection with the Merger that did not reoccur in the comparable 2019 period. This decrease was offset by $0.4 million in increased wages, largely in management and other areas to support our growing operations, and a $0.2 million increase related to share-based compensation in connection with the International Money Express, Inc. 2018 Omnibus Equity Compensation Plan.

*Other selling, general and administrative expenses* — Other selling, general and administrative expenses of $9.8 million for the three months ended September 30, 2019 increased by $4.6 million from $5.2 million for the three months ended September 30, 2018. The increase of $4.6 million is primarily due to a $3.3 million settlement and legal fees associated with a Telephone Consumer Protection Act (“TCPA”) lawsuit, $0.7 million of insurance premiums, property taxes and other operating expenses and $0.6 million in IT related expenses.

*Transaction costs* — Transaction costs of $6.3 million for the three months ended September 30, 2018 include $1.8 million in employee bonuses, $1.6 million to terminate our management fee agreement, $1.5 million change in control fee to our lender, and $1.4 million in legal and other professional fees all directly related to the Merger. There were no transaction costs for the three months ended September 30, 2019.

*Depreciation and amortization* — Depreciation and amortization of $3.2 million for the three months ended September 30, 2019 decreased by $0.9 million from $4.1 million for the three months ended September 30, 2018. This decrease is mainly due to $0.8 million less amortization related to the trade name, developed technology and agent relationships during the third quarter of 2019 as these intangibles are being amortized on an accelerated basis, which declines over time.

### *Non-Operating Expenses*

*Interest expense* — Interest expense was $2.1 million for the three months ended September 30, 2019, a decrease of $1.3 million from $3.4 million for the three months ended September 30, 2018. The decrease of $1.3 million was primarily due to a reduction in the interest rates paid under the Credit Agreement.

*Income tax provision* — Income tax provision was $2.3 million for the three months ended September 30, 2019, a decrease of $5.3 million from an income tax provision of $7.6 million for the three months ended September 30, 2018. The decrease in the income tax provision wasmainly due to $7.2 million less non-deductible expenses and $1.0 million less state tax expense, which are offset by a $2.5 million increase attributable to higher taxable income.

### *Net Income (Loss)*

We had net income of $4.0 million for the three months ended September 30, 2019 compared to net loss of $13.4 million for the three months ended September 30, 2018 due primarily to the same factors discussed above.

### *Adjusted Net Income (Loss) and Adjusted Income (Loss) per Share*

Adjusted Net Income (Loss) is defined as net income adjusted to add back certain charges and expenses, such as transaction costs, non-cash amortization resulting from push-down accounting, and non-cash compensation costs, 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.

We present Adjusted Net Income (Loss) and Adjusted Income (Loss) per Share 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, 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.

Adjusted Net Income (Loss) is a non-GAAP financial measure and should not be considered as an alternative to operating income or net income 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.

Adjusted Net Income for the three months ended September 30, 2019 was $9.5 million, representing an increase of $8.2 million, or 631%, from Adjusted Net Income of $1.3 million for the three months ended September 30, 2018. The increase in Adjusted Net Income was primarily due to the increase in revenues of $12.9 million and a decrease in transaction costs, salaries and benefits and income taxes, less the increase in service charges from agents and banks of $8.0 million as well as increases in other operating expenses to support the growth in our business.

The following table presents the reconciliation of net income (loss), our closest GAAP measure, to Adjusted Net Income (Loss).

| | Three Months Ended September 30, | |
|---|---|---|
| *(in thousands)* | 2019 | 2018 |
| **Net Income (Loss)** | **$ 4,038** | **$ (13,413)** |
| **Adjusted for:** | | |
| Transaction costs (a) | - | 6,305 |
| Incentive units plan (b) | - | 4,023 |
| Share-based compensation, 2018 Plan (c) | 634 | 430 |
| Offering costs (d) | 766 | - |
| Management fee (e) | - | 195 |
| TCPA settlement (f) | 3,358 | - |
| Costs related to registering stock underlying warrants (g) | - | 615 |
| Other employee severance (h) | - | 106 |
| Other charges and expenses (i) | 86 | 38 |
| Amortization of intangibles (j) | 2,312 | 3,098 |
| Income tax benefit related to adjustments (k) | (1,654) | (146) |
| **Adjusted Net Income** | **$ 9,540** | **$ 1,251** |
| | | |
| **Adjusted Income per Share** | | |
| Basic and diluted | $ 0.25 | $ 0.04 |
| | | |
| **Weighted-average common shares outstanding** | | |
| Basic | 37,984,316 | 30,975,338 |
| Diluted | 38,286,702 | 30,975,338 |

(a) Represents direct costs for the three months ended September 30, 2018 related to the Merger, which were expensed as incurred and included as “transaction costs” in our condensed consolidated statements of operations and comprehensive income (loss).

(b) In connection with the Stella Point acquisition, Class B, C and D incentive units were granted to our employees by Interwire LLC. The three months ended September 30, 2018 included an expense regarding these incentive units, which became fully vested and were paid out upon the closing of the Merger. As a result, employees no longer hold profits interests following the Merger.

(c) Stock options and restricted stock were granted to employees and independent directors of the Company. The Company recorded $0.6 million and $0.4 million of expense related to these equity instruments during the three months ended September 30, 2019 and 2018, respectively.

(d) The Company incurred $0.8 million of offering costs during the three months ended September 30, 2019 for professional and legal fees in connection with a Secondary Offering of the Company’s common stock.

(e) Represents payments under our management agreement with Stella Point pursuant to which we paid a quarterly fee for certain advisory and consulting services. In connection with the Merger, this agreement was terminated.

(f) Represents a charge for the settlement of a class action lawsuit related to the TCPA, which included a $3.3 million settlement payment and $0.1 million in related legal fees.
(g) The Company incurred $0.6 million of expenses during the three months ended September 30, 2018 for professional fees in connection with the registration of common stock underlying outstanding warrants.
(h) Represents $0.1 million of severance costs incurred during the three months ended September 30, 2018, related to departmental changes.
(i) Both periods include loss on disposal of fixed assets and foreign currency (gains) losses.
(j) Represents the amortization of certain intangible assets that resulted from the application of pushdown accounting.
(k) Represents the current and deferred tax impact of the relevant tax-deductible adjustments to net income (loss) using the Company's blended federal and state tax rate for each period. Relevant tax-deductible adjustments include all adjustments to net income except for $0.8 million of offering costs for the three months ended September 30, 2019 and $5.8 million of non-deductible transaction costs and $4.0 million of non-deductible incentive units plan expense for the three months ended September 30, 2018.

### *Adjusted EBITDA*

Adjusted EBITDA is defined as net income (loss) before depreciation and amortization, interest expense, income taxes, and also adjusted to add back certain charges and expenses, such as transaction costs and non-cash compensation costs, 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 is one of the primary metrics used by management to evaluate the financial performance of our business. We present Adjusted EBITDA because we believe it is frequently used by analysts, investors and other interested parties to evaluate companies in our industry. Further, we believe it is helpful in highlighting trends in our operating results, 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.

Adjusted EBITDA is a non-GAAP financial measure and should not be considered as an alternative to operating income or net income 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. Some of these limitations include the following:

- Adjusted EBITDA does not reflect the significant interest expense, or the amounts necessary to service interest or principal payments on our senior secured credit facility;
- Adjusted EBITDA does not reflect income tax provision, and because the payment of taxes is part of our operations, tax expense 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 employee 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 compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only as supplemental information.

Adjusted EBITDA for the three months ended September 30, 2019 was $16.5 million, representing an increase of $3.1 million, or 22%, from $13.4 million for the three months ended September 30, 2018. The increase in Adjusted EBITDA was primarily due to the increase in revenues of $12.9 million and a decrease in salaries and benefits, less the increase in service charges from agents and banks of $8.0 million as well as increases in other operating expenses to support the growth in our business.

The following table presents the reconciliation of net income (loss), our closest GAAP measure, to Adjusted EBITDA.

| *(in thousands)* | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 |
|---|---|---|
| **Net Income (Loss)** | **$ 4,038** | **$ (13,413)** |
| **Adjusted for:** | | |
| Interest expense | 2,145 | 3,434 |
| Income tax provision | 2,253 | 7,569 |
| Depreciation and amortization | 3,179 | 4,142 |
| **EBITDA** | **11,615** | **1,732** |
| Transaction costs (a) | - | 6,305 |
| Incentive units plan (b) | - | 4,023 |
| Share-based compensation, 2018 Plan (c) | 634 | 430 |
| Offering costs (d) | 766 | - |
| Management fee (e) | - | 195 |
| TCPA settlement (f) | 3,358 | - |
| Costs related to registering stock underlying warrants (g) | - | 615 |
| Other employee severance (h) | - | 106 |
| Other charges and expenses (i) | 86 | 38 |
| **Adjusted EBITDA** | **$ 16,459** | **$ 13,444** |

(a) Represents direct costs for the three months ended September 30, 2018 related to the Merger, which were expensed as incurred and included as “transaction costs” in our condensed consolidated statements of operations and comprehensive income (loss).

(b) In connection with the Stella Point acquisition, Class B, C and D incentive units were granted to our employees by Interwire LLC. The three months ended September 30, 2018 included an expense regarding these incentive units, which became fully vested and were paid out upon the closing of the Merger. As a result, employees no longer hold profits interests following the Merger.

(c) Stock options and restricted stock were granted to employees and independent directors of the Company. The Company recorded $0.6 million and $0.4 million of expense related to these equity instruments during the three months ended September 30, 2019 and 2018, respectively.

(d) The Company incurred $0.8 million of expenses during the three months ended September 30, 2019 for professional and legal fees in connection with a Secondary Offering of the Company’s common stock.

(e) Represents payments under our management agreement with Stella Point pursuant to which we paid a quarterly fee for certain advisory and consulting services. In connection with the Merger, this agreement was terminated.

(f) Represents a charge for the settlement of a class action lawsuit related to the TCPA, which included a $3.3 million settlement payment and $0.1 million in related legal fees.

(g) The Company incurred $0.6 million of expenses during the three months ended September 30, 2018 for professional fees in connection with the registration of common stock underlying outstanding warrants.

(h) Represents $0.1 million of severance costs incurred during the three months ended September 30, 2018, related to departmental changes.

(i) Both periods include loss on disposal of fixed assets and foreign currency (gains) losses.

## Nine Months Ended September 30, 2019 Compared to Nine Months Ended September 30, 2018

### *Revenues*

Revenues for the above periods are presented below:

| *($ in thousands)* | Nine Months Ended September 30, 2019 | % of Revenues | Nine Months Ended September 30, 2018 | % of Revenues |
|---|---|---|---|---|
| Revenues: | | | | |
| Wire transfer and money order fees, net | $ 201,410 | 85% | $ 168,554 | 85% |
| Foreign exchange gain | 33,297 | 14% | 29,013 | 14% |
| Other income | 1,652 | 1% | 1,277 | 1% |
| Total revenues | $ 236,359 | 100% | $ 198,844 | 100% |

Wire transfer and money order fees, net of $201.4 million for the nine months ended September 30, 2019 increased by $32.8 million from $168.6 million for the nine months ended September 30, 2018. This increase of $32.8 million was due to a 21% increase in transaction volume, largely due to the continued growth in our agent network, which has grown by 12% from September 2018 to September 2019.

Revenues from foreign exchange gain of $33.3 million for the nine months ended September 30, 2019 increased by $4.3 million from $29.0 million for the nine months ended September 30, 2018. This increase was primarily due to higher transaction volume achieved by growth in our agent network.

***Operating Expenses***

Operating expenses for the above periods are presented below:

| *($ in thousands)* | Nine Months Ended September 30, 2019 | % of Revenues | Nine Months Ended September 30, 2018 | % of Revenues |
|---|---|---|---|---|
| Operating expenses: | | | | |
| Service charges from agents and banks | $ 156,510 | 66% | $ 132,565 | 67% |
| Salaries and benefits | 22,806 | 10% | 24,633 | 12% |
| Other selling, general and administrative expenses | 20,850 | 9% | 13,390 | 7% |
| Transaction costs | - | -% | 10,319 | 5% |
| Depreciation and amortization | 9,486 | 4% | 11,750 | 6% |
| Total operating expenses | $ 209,652 | 89% | $ 192,657 | 97% |

*Service charges from agents and banks* — Service charges from agents and banks were $156.5 million, or 66% of revenues, for the nine months ended September 30, 2019 compared to $132.6 million, or 67% of revenues, for the nine months ended September 30, 2018. The increase of $23.9 million was primarily due to the increase in transaction volume.

*Salaries and benefits* — Salaries and benefits were $22.8 million for the nine months ended September 30, 2019, a decrease of $1.8 million from $24.6 million for the nine months ended September 30, 2018. The decrease of $1.8 million is primarily due to $4.7 million of share-based compensation in the nine months ended September 30, 2018 related to the accelerated vesting of incentive units in connection with the Merger that did not reoccur in the comparable 2019 period. This decrease was offset by $1.4 million in increased wages, largely in management and other areas to support our growing operations and a $1.5 million increase related to share-based compensation in connection with the International Money Express, Inc. 2018 Omnibus Equity Compensation Plan.

*Other selling, general and administrative expenses* — Other selling, general and administrative expenses of $20.9 million for the nine months ended September 30, 2019 increased by $7.5 million from $13.4 million for the nine months ended September 30, 2018. The increase includes $3.3 million in settlement and legal fees associated with a TCPA class action lawsuit, $1.3 million of legal and other professional fees associated with the Company’s SEC filings, including the Offer for the Company’s outstanding warrants and a Secondary Offering of the Company’s common stock, $1.9 million of insurance premiums, property taxes and other operating expenses and $1.0 million in IT related expenses.

*Transaction costs* — Transaction costs of $10.3 million for the nine months ended September 30, 2018 include costs related to the Merger, consisting primarily of employee bonuses, termination of management fee agreement, change in control fee to our lender and legal and other professional fees. There were no transaction costs for the nine months ended September 30, 2019.

*Depreciation and amortization* — Depreciation and amortization of $9.5 million for the nine months ended September 30, 2019 decreased by $2.3 million from $11.8 million for the nine months ended September 30, 2018. This decrease is due to $2.4 million less amortization related to the trade name, developed technology and agent relationships during the nine months ended September 30, 2019 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 agent network.

***Non-Operating Expenses***

*Interest expense* — Interest expense was $6.5 million for the nine months ended September 30, 2019, a decrease of $3.6 million from $10.1 million for the nine months ended September 30, 2018. The decrease of $3.6 million was primarily due to a reduction in the interest rates paid under the Credit Agreement.

*Income tax provision* — Income tax provision was $5.9 million for the nine months ended September 30, 2019, a decrease of $2.3 million from an income tax provision of $8.2 million for the nine months ended September 30, 2018. The decrease in the income tax provision was mainly due to $7.2 million and $0.3 million less non-deductible expenses and state tax expense, respectively, which were offset by a $5.1 million increase attributable to higher taxable income.

### *Net Income (Loss)*

We had net income of $14.3 million for the nine months ended September 30, 2019 compared to net loss of $12.1 million for the nine months ended September 30, 2018 due primarily to the same factors discussed above.

### *Adjusted Net Income (Loss) and Adjusted Income (Loss) per Share*

Adjusted Net Income for the nine months ended September 30, 2019 was $25.0 million, representing an increase of $14.0 million, or 127%, from Adjusted Net Income of $11.0 million for the nine months ended September 30, 2018. The increase in Adjusted Net Income was primarily due to the increase in revenues of $37.5 million and a decrease in transaction costs, interest expense and income taxes, less the increase in service charges from agents and banks of $23.9 million as well as increases in other operating expenses to support the growth in our business.

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

| | Nine Months Ended September 30, | |
|---|---|---|
| *(in thousands)* | 2019 | 2018 |
| **Net Income (Loss)** | **$ 14,268** | **$ (12,109)** |
| **Adjusted for:** | | |
| Transaction costs (a) | - | 10,319 |
| Incentive units plan (b) | - | 4,735 |
| Share-based compensation, 2018 Plan (c) | 1,894 | 430 |
| Offering costs (d) | 1,665 | - |
| Management fee (e) | - | 585 |
| TCPA Settlement (f) | 3,358 | 192 |
| Transition expenses (g) | - | 348 |
| Costs related to registering stock underlying warrants (h) | - | 615 |
| Other employee severance (i) | 172 | 106 |
| Other charges and expenses (j) | 205 | 346 |
| Amortization of intangibles (k) | 6,936 | 9,294 |
| Income tax benefit related to adjustments (l) | (3,526) | (3,819) |
| **Adjusted Net Income** | **$ 24,972** | **$ 11,042** |
| | | |
| **Adjusted Income per Share** | | |
| Basic and diluted | $ 0.67 | $ 0.51 |
| | | |
| **Weighted-average common shares outstanding** | | |
| Basic | 37,230,831 | 21,827,082 |
| Diluted | 37,365,371 | 21,827,082 |

(a) Represents direct costs for the nine months ended September 30, 2018 related to the Merger, which were expensed as incurred and included as “transaction costs” in our condensed consolidated statements of operations and comprehensive income (loss).

(b) In connection with the Stella Point acquisition, Class B, C and D incentive units were granted to our employees by Interwire LLC. The nine months ended September 30, 2018 included an expense regarding these incentive units, which became fully vested and were paid out upon the closing of the Merger. As a result, employees no longer hold profits interests following the Merger.

(c) Stock options and restricted stock were granted to employees and independent directors of the Company. The Company recorded $1.9 million and $0.4 million of expense related to these equity instruments during the nine months ended September 30, 2019 and 2018, respectively.

(d) The Company incurred $1.7 million of expenses during the nine months ended September 30, 2019 for professional and legal fees in connection with the Offer for the Company’s outstanding warrants and the Secondary Offering of the Company’s common stock.

(e) Represents payments under our management agreement with Stella Point pursuant to which we paid a quarterly fee for certain advisory and consulting services. In connection with the Merger, this agreement was terminated.

(f) Represents charges for the settlements of lawsuits related to the TCPA, which included a $3.3 million settlement charge and $0.1 million in related fees during the nine months ended September 30, 2019 and $0.1 million settlement payment and $0.1 million in related legal fees during the nine months ended September 30, 2018.

(g) Represents recruiting fees and severance costs related to managerial changes in connection with becoming a publicly-traded company.

(h) The Company incurred $0.6 million of expenses during the nine months ended September 30, 2018 for professional fees in connection with the registration of common stock underlying outstanding warrants.

(i) Represents $0.2 million and $0.1 million of severance costs incurred during the nine months ended September 30, 2019 and 2018, respectively, related to departmental changes.

(j) Both periods include loss on disposal of fixed assets and foreign currency (gains) losses.

(k) Represents the amortization of certain intangible assets that resulted from the application of pushdown accounting.

(l) Represents the current and deferred tax impact of the relevant tax-deductible adjustments to net income (loss) using the Company's blended federal and state tax rate for each period. Relevant tax-deductible adjustments include all adjustments to net income except for $1.7 million of offering costs for the nine months ended September 30, 2019 and $5.8 million of non-deductible transaction costs and $4.7 million of non-deductible incentive units plan expense in the nine months ended September 30, 2018.

### *Adjusted EBITDA*

Adjusted EBITDA for the nine months ended September 30, 2019 was $43.5 million, representing an increase of $7.8 million, or 22%, from $35.6 million for the nine months ended September 30, 2018. The increase in Adjusted EBITDA was primarily due to the increase in revenues of $37.5 million, less the increase in service charges from agents and banks of $23.9 million as well as increases in other operating expenses to support the growth in our business.

The following table presents the reconciliation of net income, our closest GAAP measure, to Adjusted EBITDA.

| | Nine Months Ended September 30, | |
|---|---|---|
| *(in thousands)* | 2019 | 2018 |
| **Net Income (Loss)** | **$ 14,268** | **$ (12,109)** |
| **Adjusted for:** | | |
| Interest expense | 6,503 | 10,110 |
| Income tax provision | 5,936 | 8,186 |
| Depreciation and amortization | 9,486 | 11,750 |
| **EBITDA** | **36,193** | **17,937** |
| Transaction costs (a) | - | 10,319 |
| Incentive units plan (b) | - | 4,735 |
| Share-based compensation, 2018 Plan (c) | 1,894 | 430 |
| Offering costs (d) | 1,665 | - |
| Management fee (e) | - | 585 |
| TCPA Settlement (f) | 3,358 | 192 |
| Transition expenses (g) | - | 348 |
| Costs related to registering stock underlying warrants (h) | - | 615 |
| Other employee severance (i) | 172 | 106 |
| Other charges and expenses (j) | 205 | 346 |
| **Adjusted EBITDA** | **$ 43,487** | **$ 35,613** |

(a) Represents direct costs for the nine months ended September 30, 2018 related to the Merger, which were expensed as incurred and included as "transaction costs" in our condensed consolidated statements of operations and comprehensive income (loss).

(b) In connection with the Stella Point acquisition, Class B, C and D incentive units were granted to our employees by Interwire LLC. The nine months ended September 30, 2018 included an expense regarding these incentive units, which became fully vested and were paid out upon the closing of the Merger. As a result, employees no longer hold profits interests following the Merger.

(c) Stock options and restricted stock were granted to employees and independent directors of the Company. The Company recorded $1.9 million and $0.4 million of expense related to these equity instruments during the nine months ended September 30, 2019 and 2018, respectively.

(d) The Company incurred $1.7 million of expenses during the nine months ended September 30, 2019 for professional and legal fees in connection with the Offer for the Company's outstanding warrants and the Secondary Offering of the Company's common stock.

(e) Represents payments under our management agreement with Stella Point pursuant to which we paid a quarterly fee for certain advisory and consulting services. In connection with the Merger, this agreement was terminated.

(f) Represents charges for the settlements of lawsuits related to the TCPA, which included a $3.3 million settlement payment and $0.1 million in related fees during the nine months ended September 30, 2019 and $0.1 million settlement payment and $0.1 million in related legal fees during the nine months ended September 30, 2018.

(g) Represents recruiting fees and severance costs related to managerial changes in connection with becoming a publicly-traded company.
(h) The Company incurred $0.6 million of expenses during the nine months ended September 30, 2018 for professional fees in connection with the registration of common stock underlying outstanding warrants.
(i) Represents $0.2 million and $0.1 million of severance costs incurred during the nine months ended September 30, 2019 and 2018, respectively, related to departmental changes.
(j) Both periods include loss on disposal of fixed assets and foreign currency (gains) losses.

## Liquidity and Capital Resources

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, debt service, acquisitions, contractual obligations and other commitments. We consider liquidity in terms of cash flows from operations and their sufficiency to fund our operating and investing activities. 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 and 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.

We expect to continue funding our liquidity requirements through internally generated funds and supplemented with borrowings under our revolving credit facility. 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 the next twelve months.

On November 7, 2018 and further amended on December 7, 2018, the Company entered into a new financing agreement (the “Credit Agreement”) with, among others, certain of its domestic subsidiaries as borrowers, certain other domestic subsidiaries and 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. The Credit Agreement also provides for the issuance of letters of credit, which would reduce availability under the revolving credit facility. The proceeds of the loans were used to repay existing indebtedness under the Senior Secured Credit Facility, for working capital purposes and to pay fees and expenses in connection with the transaction. The maturity date of the Credit Agreement is November 7, 2023.

On March 25, 2019, the Company entered into an Increase Joinder No 1 to the Credit Agreement (the “Increase Joinder”) under which the Company received $12 million from the incremental facility on April 29, 2019. The proceeds of the Increase Joinder were primarily used to pay for the cash portion of the Exchange Consideration and the Conversion Consideration pursuant to the Offer between April and May of 2019.

Interest on the term loan facility and revolving credit facility for 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 nine months ended September 30, 2019 for the term loan and revolving credit facility were 7.73% and 8.48%, respectively.

The principal amount of the term loan facility for the Credit Agreement, including the Increase Joinder, 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, commencing 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 which 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 September 30, 2019, we were in compliance with the covenants of the Credit Agreement.

As of September 30, 2019, we had total indebtedness of $98.3 million, consisting of borrowings under the term loan facility and excluding debt origination costs of $2.5 million. There were $53.0 million of additional borrowings available under these facilities as of September 30, 2019.

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, 2018.

## Cash Flows

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

| *(in thousands)* | Nine Months Ended September 30 2019 | Nine Months Ended September 30 2018 |
|---|---|---|
| Statement of Cash Flows Data: | | |
| Net cash provided by operating activities | $ 57,147 | $ 30,516 |
| Net cash used in investing activities | (4,067) | (3,575) |
| Net cash used in financing activities | (31,950) | (3,633) |
| Effect of exchange rate changes on cash | 30 | 27 |
| Net increase in cash and restricted cash | 21,160 | 23,335 |
| Cash and restricted cash, beginning of the period | 73,029 | 59,795 |
| Cash and restricted cash, end of the period | $ 94,189 | $ 83,130 |

### *Operating Activities*

Net cash provided by operating activities was $57.1 million for the nine months ended September 30, 2019, an increase of $26.6 million from net cash provided by operating activities of $30.5 million for the nine months ended September 30, 2018. The increase is a result of additional cash generated by our operating results for the nine months ended September 30, 2019, which were positively impacted by the further growth of the business, and also $11.8 million related to changes in working capital.

### *Investing Activities*

Net cash used in investing activities was $4.1 million for the nine months ended September 30, 2019, an increase of $0.5 million from net cash used in investing activities of $3.6 million for the nine months ended September 30, 2018. This increase in cash used was primarily due to higher purchases of property and equipment during the nine months ended September 30, 2019.

### *Financing Activities*

Net cash used in financing activities was $32.0 million for the nine months ended September 30, 2019, which consisted of $30.0 million in revolving credit line repayments, $10.0 million related to payments made in connection with the Offer, $3.7 million quarterly payments due on the term loan and payment of debt origination costs associated with the Increase Joinder, offset by $12 million in borrowings under the Increase Joinder. Net cash used in financing activities was $3.6 million for the nine months ended September 30, 2018, which related to the quarterly payment due on the term loan, as well as proceeds and payments related to the Merger.

## Contractual Obligations

The following table includes aggregated information about contractual obligations that affect our liquidity and capital needs. At September 30, 2019, 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 | $ 98,321 | $ 7,023 | $ 17,238 | $ 74,060 | $ - |
| Interest payments | 25,345 | 7,115 | 12,514 | 5,716 | - |
| Non-cancelable operating leases | 6,283 | 1,463 | 2,285 | 1,677 | 858 |
| Total | $ 129,949 | $ 15,601 | $ 32,037 | $ 81,453 | $ 858 |

Our condensed consolidated balance sheet reflects $95.8 million of debt as of September 30, 2019, as the principal payment obligations of $98.3 million are gross of unamortized debt origination costs. The above table reflects the principal and interest of the term loan under the Credit Agreement that will be paid through maturity using the rates in effect on September 30, 2019 and assuming no voluntary prepayments of principal.

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

## Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements, including 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, 2018, for which there were no material changes, except as described below, included:

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

On January 1, 2019, the Company adopted the new accounting standard, Revenue from Contracts with Customers, as amended, which modified the existing accounting standards for revenue recognition. Refer to Note 3 of our condensed consolidated financial statements included in this filing for further information about the impact of the adoption of this new accounting standard.

## 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. However, foreign currency fluctuations may negatively impact our average exchange gain per transaction.

We are 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 these operations represent less than 3% of our consolidated revenues for the nine months ended September 30, 2019 and 2018. 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 September 30, 2019 and December 31, 2018 were 19.74 and 19.65 for the Mexico Peso/Dollar, respectively, and 7.73 for the Guatemala Quetzal/Dollar as of both respective dates. The average exchange rates for the nine months ended September 30, 2019 and 2018 were 19.24 and 19.03 for the Mexico Peso/Dollar and 7.69 and 7.41 for the Guatemala Quetzal/Dollar, respectively. Long-term sustained appreciation of the Mexican peso or Guatemalan Quetzal as compared to the U.S. dollar could negatively affect our margins.

### *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. Since 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.

As of September 30, 2019, we had $98.3 million in outstanding borrowings under the term loan. A hypothetical 1% increase or decrease in the interest rate on our indebtedness as of September 30, 2019 would have increased or decreased cash interest expense on our term loan by approximately $1.0 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 Canada, Mexico and Guatemala, 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 September 30, 2019 and 2018, we also had $1.5 million and $1.3 million, outstanding of notes receivable from sending agents, respectively. Most of the notes are collateralized by personal guarantees from the sending agents and by assets from their businesses.

Our provision for bad debt was approximately $1.2 million for the nine months ended September 30, 2019 (0.5% of total revenues) and $0.7 million for the nine months ended September 30, 2018 (0.4% of total revenues) as recoveries were higher last year.

## 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(e) and 15d-15(e) 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 September 30, 2019. 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 September 30, 2019.

### *Changes in Internal Control Over Financial Reporting*

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

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 Telephone Consumer Protection Act, 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. At 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 is subject to memorialization in a definitive agreement, and subsequent Court approval. The terms of the settlement provide 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 Company has accrued, during the third fiscal quarter, an amount equal to the settlement fund.

Reference is also 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 other legal proceedings to which we are a party.

### ITEM 1A. RISK FACTORS

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, 2018 (the "2018 Form 10-K") and under the caption "Risk Factors" in our the prospectus supplement, dated September 11, 2019, filed pursuant to Rule 424(b)(4) (the "Prospectus Supplement"), which sections are incorporated by reference into this report. Prospective investors are encouraged to consider the risks described in our 2018 Form 10-K, the Prospectus Supplement, our Management's Discussion and Analysis of Financial Condition and Results of Operations contained in this Report and other information publicly disclosed or contained in documents we file with the Securities and Exchange Commission before purchasing our securities.

### 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 | Shareholders Agreement Waiver dated August 23, 2019, among FinTech Investor Holdings II, LLC, International Money Express, Inc. and SPC Intermex Representative LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 23, 2019). |
| 10.2 | Registration Rights Agreement Waiver dated August 23, 2019, among FinTech Investor Holdings II, LLC, International Money Express, Inc. and SPC Intermex, LP (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on August 23, 2019). |
| 10.3 | Underwriting Agreement dated September 11, 2019, among the Company, Credit Suisse Securities (USA) LLC and Cowen and Company, LLC, as representatives of the several underwriters listed therein, and certain selling stockholders (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed on September 13, 2019). |
| 10.4 | Employment Agreement dated September 23, 2019, between the Company and Joseph Aguilar (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 3, 2019). |
| 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. |

* 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: November 12, 2019

**International Money Express, Inc.**

By: /s/ Robert Lisy
Robert Lisy
Chief Executive Officer and President

Date: November 12, 2019

**International Money Express, Inc.**

By: /s/ Tony Lauro II
Tony Lauro II
Chief Financial Officer

**Exhibit 31.1**

# 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 consolidated 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: November 12, 2019

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 consolidated 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: November 12, 2019

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 September 30, 2019 (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: November 12, 2019

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 September 30, 2019 (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: November 12, 2019

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