EZCORP INC
Form 10-K
November 27, 2013
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended September 30, 2013
or

o 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. 000-19424
EZCORP, INC.
(Exact name of registrant as specified in its charter)

Delaware	74-2540145
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1901 Capital Parkway, Austin, Texas	78746
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (512) 314-3400
Securities Registered Pursuant to Section 12(b) of the Act

Title of Each Class	Name of Each Exchange on Which Registered
Class A Non-voting Common Stock, $.01 par value per share	The NASDAQ Stock Market (NASDAQ Global Select Market)

Securities Registered Pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ
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 þ No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes þ No o
Indicate by check mark if disclosures of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o

(Do not check if a smaller reporting company)

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

The only class of voting securities of the registrant issued and outstanding is the Class B Voting Common Stock, par value $.01 per share, all of which is owned by an affiliate of the registrant. There is no trading market for the Class B Voting Common Stock. The aggregate market value of the Class A Non-voting Common Stock held by non-affiliates of the registrant was $1.067 billion, based on the closing price on the NASDAQ Stock Market on March 31, 2013.

As of October 31, 2013, 51,344,738 shares of the registrant's Class A Non-voting Common Stock, par value $.01 per share and 2,970,171 shares of the registrant's Class B Voting Common Stock, par value $.01 per share, were outstanding.

Documents incorporated by reference: None

Table of Contents

EZCORP, INC.
YEAR ENDED SEPTEMBER 30, 2013
INDEX TO FORM 10-K

Table of Contents

PART I

This report contains forward-looking statements that reflect our future plans, estimates, beliefs and expected performance. Our actual results may differ materially from those currently anticipated and expressed or implied by those forward-looking statements because of a number of risks and uncertainties, including those discussed under “Part I — Item 1A — Risk Factors.” We caution that assumptions, expectations, projections, intentions or beliefs about future events may, and often do, vary from actual results, and the differences can be material. See also “Part II — Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations — Cautionary Statement Regarding Risks and Uncertainties That May Affect Future Results.”

Unless otherwise specified, references to the “company,” “we,” "our" and "us" refer to EZCORP, Inc. and its consolidated subsidiaries. References to a “fiscal” year refer to our fiscal year ended September 30 of the specified year. For example, “fiscal 2013” refers to the fiscal year ended September 30, 2013.

ITEM 1. BUSINESS

Our Business

EZCORP, Inc. is a Delaware corporation headquartered in Austin, Texas. We are a worldwide leader in delivering instant cash solutions to our customers through a wide variety of channels, products, services and markets. We offer our customers multiple ways to access instant cash through 1,342 locations and branches across the United States, Mexico, Canada and the United Kingdom. We offer these products through our four primary channels: in-store, online, worksite and mobile platforms.

We fulfill the growing global consumer demand for immediate access to cash, financial services and affordable pre-owned merchandise. We offer a variety of instant cash solutions, including collateralized, non-recourse loans, commonly known as pawn loans, and a variety of short-term consumer loans, including single- and multiple-payment unsecured loans and single- and multiple-payment auto title loans. In some U.S. locations (primarily in Texas), we do not offer loan products, but rather offer credit services to help customers obtain loans from independent third-party lenders.

We own a 60% interest in Prestaciones Finmart, S.A.P.I. de C.V., SOFOM, E.N.R. ("Grupo Finmart"), a leading payroll withholding lender headquartered in Mexico City; and a 51% interest in Renueva Commercial S.A.P.I. de C.V. ("TUYO"), a company headquartered in Mexico City that owns and operates buy/sell stores in Mexico City and the surrounding metropolitan area.

At September 30, 2013, we operated a total of 1,342 locations, consisting of:

- 495 U.S. pawn stores (operating primarily as EZPAWN or Value Pawn & Jewelry);
- 7 U.S. buy/sell stores (operating as Cash Converters);
- 239 pawn stores in Mexico (operating as Empeño Fácil);
- 489 U.S. financial services stores (operating primarily as EZMONEY);
- 15 buy/sell and financial services stores in Canada (operating as Cash Converters);
- 24 financial services stores in Canada (operating as CASHMAX);
- 19 buy/sell stores in Mexico (operating as TUYO); and
- 54 financial services branches in Mexico (operating as Crediamigo or Adex).

In addition, we offer consumer loans online in the U.S. and the U.K. operating primarily as EZMONEY.com and CashGenie.com, respectively.

We own approximately 30% of Albemarle & Bond Holdings, PLC, one of the United Kingdom's largest pawnbroking businesses with approximately 230 stores, and approximately 33% of Cash Converters International Limited, which is based in Australia and franchises and operates a worldwide network of approximately 700 locations that provide financial services and buy and sell second-hand goods. We also own the Cash Converters master franchise rights in Canada and are the franchisor of eight stores there.

At our pawn stores, we offer pawn loans, which are non-recourse loans collateralized by tangible personal property, and sell merchandise to customers looking for good value. The merchandise we sell consists of second-hand collateral forfeited from our pawn lending activities or purchased from customers and new or refurbished merchandise from third party vendors. In our Cash Converters stores, we also buy and sell second-hand goods. At our financial services stores and at some of our pawn and buy/sell stores, we offer a variety of consumer loan products, including single-payment, unsecured loans with maturity dates typically ranging from 7 to 30 days; multiple-payment unsecured loans that may be repaid over extended periods of up to seven months; single-payment 30-day loans secured by automobile titles; multiple-payment auto title loans that carry terms of two to

Table of Contents

five months; and revolving lines of credit, both unsecured and secured by automobile titles. In Texas, our financial services stores and our pawn stores that also offer financial services do not offer loan products themselves, but rather offer credit services to help customers obtain loans from independent third-party lenders.

Our business consists of three reportable segments: The U.S. & Canada segment, which includes all business activities in the United States and Canada; the Latin America segment, which includes our Empeño Fácil pawn operations and Grupo Finmart financial services operations in Mexico; and the Other International segment, which includes the Cash Genie online business in the U.K. and our equity interests in the net income of Albemarle & Bond and Cash Converters International.

The following table presents store data by segment:

	Fiscal Year Ended September 30, 2013				
	Company-owned Stores				
	U.S. & Canada	Latin America	Other International	Consolidated	Franchises
Stores in operation:					
Beginning of period	987	275	—	1,262	10
New openings	84	73	—	157	—
Acquired	12	26	—	38	—
Sold, combined or closed	(3)	(5)	—	(8)	(2)
Discontinued operations	(50)	(57)	—	(107)	
End of period	1,030	312	—	1,342	8

The following components comprised our total revenues for each of the last three fiscal years:

	Fiscal Year Ended September 30,		
	2013	2012	2011
Merchandise sales	36 %	33 %	34 %
Jewelry scrapping sales	13 %	21 %	24 %
Pawn service charges	25 %	24 %	23 %
Consumer loan (including credit service) fees	25 %	21 %	19 %
Other revenues	1 %	1 %	— %
Total revenues	100 %	100 %	100 %

Pawn and Retail Activities

At our pawn stores, we make secured loans, which are typically small, non-recourse loans collateralized by tangible personal property. At September 30, 2013, we had an aggregate pawn loan principal balance of $156.6 million, and the average pawn loan was approximately $120. We earn pawn service charge revenue on our pawn lending. In fiscal 2013, pawn service charges accounted for approximately 25% of our total revenues and 39% of our net revenues. While allowable service charges vary by state and loan size, many of our U.S. pawn loans earn 20% per month. Our average U.S. pawn loan amount typically ranges between $130 and $135, but varies depending on the valuation of each item pawned. The total U.S. loan term ranges between 60 and 120 days, consisting of the primary term and grace period. In Mexico, pawn service charges range from 14% to 21% per month, including applicable taxes, with the majority of loans earning 21%. The total Mexico pawn loan term is 40 days, consisting of the primary term and grace period. Individual loans are made in Mexican pesos and vary depending on the valuation of each item pawned, but typically average U.S. $65. In fiscal 2013, 2012 and 2011, and on a consolidated basis, approximately 82%, 82% and 81%, respectively, of our pawn loans were redeemed in full or were renewed or extended.

Collateral for our pawn loans consists of tangible personal property, generally jewelry, consumer electronics, tools, sporting goods and musical instruments. Approximately 55% of our pawn loan collateral is jewelry, and the vast majority of that is gold jewelry. We do not evaluate the creditworthiness of a pawn customer but rely on the estimated resale value of the collateral and the perceived probability of the loan’s redemption. We generally lend from 25% to 65% of the collateral’s estimated resale value depending on an evaluation of these factors, and up to 80% based on scrap value.

4

Table of Contents

Through our lending guidelines, we targeted an annual redemption rate (the percentage of loans made that are repaid, renewed or extended) between 78% and 84% over the last three fiscal years. If a customer does not repay, renew or extend a loan, the collateral is forfeited to us and becomes inventory available for sale. We do not record loan losses or charge-offs of pawn loans because the principal amount of an unpaid loan becomes the inventory carrying cost of the forfeited collateral.

The table below shows the dollar amount of our pawn loan activity for fiscal 2013, 2012 and 2011:

	Fiscal Year Ended September 30,		
	2013	2012	2011
	(in millions)		
Loans made	$595.4	$572.0	$505.2
Loans repaid	(339.3)	(318.9)	(273.5)
Loans forfeited	(261.8)	(245.6)	(215.3)
Loans acquired in business acquisitions	5.7	6.8	8.6
Other	(0.3)	—	—
Change due to foreign currency exchange fluctuations	(0.7)	(2.0)	(0.9)
Net (decrease) increase in pawn loans outstanding at the end of the year	$(1.0)	$12.3	$24.1
Loans renewed	$247.3	$221.6	$173.4
Loans extended	$1,407.4	$1,234.2	$979.6

The redemption rate of pawn loans and the gross profit realized on the sale of forfeited collateral are dependent on the loan value of customer merchandise. Jewelry can be appraised based on weight, gold content, style and value of gemstones. Other items pawned typically consist of consumer electronics, tools, sporting goods and musical instruments. These are evaluated based on recent sales experience and the selling price of similar new merchandise, adjusted for age, wear and obsolescence.

At the time a pawn loan is made, the customer is given a pawn ticket, which shows the name and address of the pawn store and the customer, the customer's identification information, the date of the loan, a detailed description of the pledged goods, the amount financed, the pawn service charge, the maturity date of the loan, the total amount that must be paid to redeem the loan and the annual percentage rate.

In our pawn stores and buy/sell stores, we acquire inventory for retail sales through pawn loan forfeitures and through purchases of customers' merchandise and purchases of new or refurbished merchandise from third party vendors. We believe our ability to offer quality second-hand goods and refurbished goods at prices significantly lower than original retail prices attracts value-conscious customers. The gross profit on sales of inventory depends primarily on our assessment of the loan or purchase value at the time the property is either accepted as loan collateral or purchased. Improper value assessment in the lending or purchasing process can result in lower margins or reduced marketability of the merchandise. During fiscal 2013, 2012 and 2011, we realized gross margins on retail sales of 41%, 43% and 43%, respectively.

During the three most recent fiscal years, sources of inventory additions were:

	Fiscal Year Ended September 30,		
	2013	2012	2011
Forfeited pawn loan collateral	72%	72%	68%
Purchases	27%	26%	30%
Acquired in business acquisitions	1%	2%	2%
Total	100%	100%	100%

For fiscal 2013, 2012 and 2011, retail activities and jewelry scrapping (sales of precious metals and gemstones to refiners and gemstone wholesalers) accounted for approximately 49%, 55% and 58%, respectively, of our total revenues, or 29%, 35% and 37%, respectively, of net revenues. As a significant portion of our inventory and sales involve gold jewelry, our results can be heavily influenced by the market price of gold.

Customers may purchase a product protection plan that allows them to return or exchange certain general merchandise (non-jewelry) sold through our retail pawn operations within three to six months of purchase. We recognize the fees for this service as revenue ratably over the three to six month period of the plan.

Table of Contents

We also offer a jewelry VIP package, which guarantees customers a minimum future pawn loan amount on the item sold, allows them full credit if they trade in the item to purchase a more expensive piece of jewelry, and provides minor repair service on the item sold. These fees are recognized on sale.

Customers may also purchase an item on layaway by paying a minimum layaway deposit of typically 10% to 20% of the item's sale price. We hold the item for a 60 to 180-day period, during which the customer is required to pay the balance of the sales price. The initial deposit and subsequent payments are recorded as customer layaway deposits. Layaways are recorded as sales when paid in full. As of September 30, 2013, we held $8.6 million in customer layaway deposits. We record product protection, jewelry VIP and layaway fees as sales revenue, as they are incidental to sales of merchandise.

Our inventory is stated at the lower of cost or market. We record a valuation allowance for obsolete or slow-moving inventory based on the type and age of merchandise. We generally establish a higher allowance percentage on general merchandise, as it is more susceptible to obsolescence, and establish a lower allowance percentage on jewelry, as it retains much greater commodity value. The total allowance was 2.8% of gross inventory at September 30, 2013 compared to 4.9% at September 30, 2012. The lower valuation allowance is reflective of periodic analyses conducted to value the inventory based on aging, profitability, sell-through rates and shrink in each classification, including jewelry and general merchandise. In addition, the closing of certain pawn stores in Mexico during fiscal 2013 favorably impacted this allowance at September 30, 2013. See "Item 1 — Business — Discontinued Operations" below.

Financial Services

We also offer a variety of financial services to customers who have limited access to other sources of credit. Many customers find our financial services a more attractive alternative than borrowing from friends or family or incurring insufficient funds fees, overdraft protection fees, utility reconnect fees and other charges imposed when they have insufficient cash to meet their needs. By utilizing our financial services, customers can exercise greater control of their personal finances without damaging the relationships they have with their merchants, service providers and family members.

In Texas, we do not offer consumer loans, but offer fee-based credit services to customers seeking loans. In these locations, we act as a credit services organization (or "CSO") on behalf of customers in accordance with applicable state and local laws, and offer advice and assistance to customers in obtaining loans from unaffiliated lenders. Our services include arranging consumer loans with independent third-party lenders, assisting in the preparation of loan applications and loan documents and accepting loan payments for the lenders. We do not make, fund or participate in the consumer loans made by the lenders, but we assist customers in obtaining credit and enhance their creditworthiness by issuing letters of credit to guarantee customers' payment obligations to the independent third-party lenders.

The specific financial services offered varies by location, but generally include some or all of the following:

Unsecured consumer loans — We offer a variety of unsecured consumer loans, including single-payment loans, multiple-payment loans, lines of credit and payroll withholding loans:

- Single-payment loans — Single-payment loans are short-term loans (generally less than 30 days and averaging about 18 days) with due dates corresponding to the customer's next payday. Principal amounts of single-payment unsecured loans can be up to $1,500, but average approximately $500. In the U.S. we typically charge a fee of 15% to 22% of the loan amount for a 7 to 23-day period. Online in the United Kingdom, we charge a fixed fee of 30% of the loan amount for up to 28 days.
- Multiple-payment loans — Multiple-payment loans typically carry a term of four to seven months, with a series of equal installment payments due monthly, semi-monthly or on the customer's paydays. Total interest and fees on these loans vary in accordance with state law and loan terms, but over the entire loan term, total approximately 45% to 130% of the original principal amount of the loan. Principal amounts range from $100 to $3,000, but average approximately $550.
- Lines of credit — Revolving lines of credit operate similarly to a typical credit card. Customers may borrow as needed, may fully repay borrowed amounts at any point and are billed at regular intervals with certain minimum principal and fee payment requirements due in each billing cycle. Billing cycle due dates range from two weeks to a month and generally correspond with the customer's paydays. Customers may borrow up to their approved credit line, and may

re-borrow any repaid amounts. We provide lines of credit ranging from $100 to $700 and typically charge an annual fee of $30 per account and a monthly fee approximating 43% of the amount borrowed.

- Payroll withholding loans — In Mexico, Grupo Finmart has approximately 70 active payroll withholding agreements with Mexican employers, primarily federal, state and local governments and agencies, and provides

Table of Contents

unsecured multiple-payment consumer loans to the employees of the various employers. Interest and principal payments are collected through payroll deductions. The average loan is approximately U.S. $1,200, with a term of 31 months and annual yields of approximately 56%.

Secured consumer loans — We offer three principal types of secured consumer loans:

- Single-payment auto title loans — Single-payment auto title loans are 30-day loans secured by the titles to customers' automobiles. Loan principal amounts range from $100 to $10,000, but average about $1,000. Loan amounts are established based on customers' income levels, an inspection of the automobile and title and reference to market values of used automobiles. We earn a fee of 10% to 30% of auto title loan amounts.
- Multi-payment auto title loans — In Texas, we assist customers in obtaining multiple-payment auto title loans from unaffiliated lenders. Multiple-payment auto title loans primarily carry a term of five months with principal amounts ranging from $150 to $10,000, but average about $1,100. We earn a fee of 50% to 140% of the initial loan amount.
- Auto title lines of credit —The terms and fee structure of auto title lines of credit are similar to those of unsecured lines of credit described above, except that they are secured by the titles to customers' automobiles. We provide lines of credit ranging from $100 to $8,000 and typically charge an initial lien fee per account and a monthly fee approximating 25% of the amount borrowed.

As of September 30, 2013, our U.S. online lending business operated in six states. In Louisiana, Missouri, South Dakota and Hawaii, we offer single-payment loans. The average single-payment loan principal is approximately $400 and the term is generally less than 30 days. Total interest and fees on these loans vary in accordance with state law and loan terms, but over the entire loan term, total approximately 15% to 45% of the original principal amount of the loan. In both Texas and Ohio, we offer credit services to customers seeking short-term consumer loans from unaffiliated lenders. We do not originate any of these loans made to customers, but instead earn a fee for assisting customers in obtaining credit from the unaffiliated lenders and for enhancing customers' creditworthiness by providing a guarantee to the unaffiliated lenders. In Texas and Ohio, customers may obtain single-payment unsecured consumer loans, with principal amounts up to $1,500 and average about $460. We also offer single- and multiple-payment loans online in the U.K.

Single-payment consumer loans are considered defaulted if they are not repaid or renewed by the maturity date. Outstanding amounts on unsecured lines of credit are considered defaulted if customers do not timely make one required scheduled payment. Multiple-payment loans are considered defaulted if the customer has failed to make two consecutive installment payments. Although defaulted loans may be collected later, we charge the loan principal to bad debt upon default, leaving only active loans in the reported balance. Subsequent collections of principal are recorded as a reduction of bad debt at the time of collection. Accrued service charges related to defaulted loans are deducted from service charge revenue upon loan default, and increase service charge revenue upon subsequent collection. We provide for a valuation allowance on both the principal and service charges receivable based on recent default and collection experience. Our consumer loan balance represents the principal amount of all active (non-defaulted) loans, net of this valuation allowance.

If a credit service customer defaults on a loan, we pay the lender the principal and accrued interest due under the loan and an insufficient funds fee and charge those amounts to bad debt expense. We then attempt to collect those amounts from the customer. Subsequent recoveries are recorded as a reduction of bad debt at the time of collection. We also record as bad debt expense an accrual of expected losses for principal, interest and insufficient fund fees we expect to pay the lenders on default of the lenders' current loans. This estimate is based on recent default and collection experience and the amount of loans the lenders have outstanding.

Table of Contents

The table below shows the dollar amount of our consumer loan activity for the three most recent fiscal years. For purposes of this table, consumer loan balances include the principal portion of loans (net of valuation allowance) recorded on our balance sheet and the principal portion of active brokered loans outstanding from unaffiliated lenders, which is not included on our balance sheet.

	Fiscal Year Ended September 30,		
	2013	2012	2011
	(in millions)		
Combined consumer loans:			
Loans made	$446.9	$366.4	$277.2
Loans repaid	(346.7)	(313.8)	(241.2)
Loans forfeited, net of collections on bad debt	(57.1)	(42.4)	(38.1)
Loans acquired in business acquisition	3.9	68.7	—
Change due to foreign currency exchange fluctuations	(4.2)	1.1	—
Net increase (decrease) in consumer loans outstanding at the end of the year	$42.8	$80.0	$(2.1)
Consumer loans made by unaffiliated lenders (credit services only):			
Loans made	$119.2	135.6	130.0
Loans repaid	(88.4)	(112.5)	(109.8)
Loans forfeited, net of collections on bad debt	(26.4)	(24.6)	(23.0)
Net increase (decrease) in consumer loans outstanding at the end of the year	$4.4	$(1.5)	$(2.8)
Consumer loans made by us:			
Loans made	$327.7	230.8	147.2
Loans repaid	(258.3)	(201.3)	(131.4)
Loans forfeited, net of collections on bad debt	(30.7)	(17.8)	(15.1)
Loans acquired in business acquisition	3.9	68.7	—
Change due to foreign currency exchange fluctuations	(4.2)	1.1	—
Net increase in consumer loans outstanding at the end of the year	$38.4	$81.5	$0.7

The profitability of unsecured consumer loans is highly dependent on our ability to manage the default rate and collect defaulted loan principal, interest and insufficient fund fees. In determining whether to lend or provide credit services, we perform a review of customer information, such as making a credit reporting agency inquiry, evaluating and verifying income sources and levels, verifying employment and verifying a telephone number where the customers may be contacted.

Auto title loans are secured by the titles to customers' automobiles. Lending decisions and loan amounts are determined on the basis of customers' income levels, an inspection of the automobile and title and reference to market values of used automobiles. Through charges to bad debt expense, we provide a bad debt allowance on the current and delinquent balances of auto title loans and auto title lines of credit, and increase the allowance as the loans age or in response to other potential indicators of loss. Auction proceeds from repossessed automobiles are recorded as an offset to bad debt.

At the time a consumer loan is made, a loan agreement and credit services agreement, when applicable, are given to the customer. It presents the name and address of the lender, the customer and the credit services company when applicable, the customer's identification information, the date of the loan, the amount financed, the interest or service charges due on maturity, the maturity date of the loan, the total amount that must be paid and the annual percentage rate. At the time a line of credit is granted, customers receive a similar agreement specifying the terms of the credit line, fees and annual percentage rate and repayment terms.

Seasonality

Historically, pawn service charges are highest in our fourth fiscal quarter (July through September) due to a higher average loan balance during the summer lending season. Merchandise sales are highest in the first and second fiscal quarters (October through March) due to the holiday season, jewelry sales surrounding Valentine's Day and the impact of tax refunds in the United States. Jewelry scrapping sales are heavily influenced by the timing of decisions to scrap excess jewelry inventory.

Table of Contents

Jewelry scrapping sales generally are greatest during our fourth fiscal quarter (July through September). This results from relatively low jewelry merchandise sales in that quarter and the higher loan balance, leading to a higher dollar amount of loan forfeitures in the summer lending season providing more inventory available for sale.

Consumer loan fees are generally highest in our fourth and first fiscal quarters (July through December) due to a higher need for cash during the holiday season. Consumer loan bad debt, both in dollar terms and as a percentage of related fees, is highest in the fourth fiscal quarter and lowest in the second fiscal quarter due primarily to the impact of tax refunds in the U.S.

The payroll withholding lending business is less impacted by seasonality, with the exception of the summer months when new loan originations tend to moderate.

The net effect of these factors is that net revenues and net income typically are strongest in the fourth fiscal quarter and weakest in the third fiscal quarter.

Operations

A typical company pawn store employs approximately six full-time team members, consisting of a store manager, an assistant manager and four pawnbrokers. Each store manager is responsible for ensuring that the store is run in accordance with our policies, procedures and operating guidelines, and reports to an area manager. Area managers are responsible for the performance of all stores within their area and report to one of our regional directors. Managers and regional directors receive incentive compensation based on their performance in comparison to an operating budget. Our U.S. pawnbrokers are also eligible to receive incentive compensation based on the store's performance and their individual productivity performance. The incentive compensation for our pawn employees typically ranges between 5% to 30% of their total compensation.

Financial services stores typically employ two to three team members per location, consisting of a store manager and one or two customer service representatives. Each store manager is responsible for ensuring that the store is run in accordance with our policies, procedures and operating guidelines, and reports to an area manager, who is responsible for the stores within a specific operating area and reports to a regional director. Managers and regional directors receive incentive compensation based on their performance in comparison to an operating budget.

In the majority of our financial services stores, store employees attempt to collect defaulted consumer loans in the first 30 days after default. After the initial 30 days, our centralized collection center assumes collection responsibility for these loans. The centralized collection center also collects defaulted consumer loans for all other locations from the date of default. After attempting to collect for approximately 90 days, we generally sell the remaining defaulted consumer loans to a third party or refer them to an outside collection agency for a contingency fee.

Our payroll withholding lending business in Mexico operates using a network of low-cost branch offices dedicated to making loans to employees of government agencies and other employers with whom Grupo Finmart has processing and withholding agreements in place. A centralized corporate office provides the lending approval function, processing of loans and repayments, collections, sales support and other administrative functions. Each branch location is headed by a sales manager and, depending upon size of the region, may have between eight and fifteen sales professionals reporting through the branch. Sales professionals are commission-based, with earnings tied to loans originated. All loan requests are approved or declined through the centralized credit process. Grupo Finmart also utilizes a network of brokers to augment the sales force.

We have an internally developed store level point of sale system that automates the recording of pawn, merchandise purchase and sale transactions. We also have a separate loan management computer system specifically designed to handle consumer loan transactions. We have redundant backup systems in the event of a system failure or natural disaster. Financial data from stores owned by our wholly owned subsidiaries is processed at the corporate office each day and the preceding day's data are available for management review via our internal network. For stores and operations owned by majority-owned subsidiaries, weekly financial data is provided to the corporate office. Our communications network provides information access between the stores and the corporate office.

Our internal audit staff monitors the perpetual inventory system, lending practices, regulatory compliance and compliance with our policies and procedures. Each location is typically audited multiple times annually, adjusted based on estimated risk.

As of September 30, 2013, we employed approximately 7,500 team members. We believe that our success is dependent upon our team members' ability to provide prompt and courteous customer service and to execute our operating procedures and standards. We seek to hire people who will become long-term, career team members. To achieve our long-range personnel goals, we offer a structured career development program for all of our field team members. This program includes computer-based training, formal structured classroom training and supervised on-the-job training. All store team members, including

Table of Contents

managers, must meet certain competency criteria prior to hire or promotion and participate in on-going training classes and formal instructional programs. Our career development program develops and advances our employees and provides training for the efficient integration of experienced managers and team members from outside the company.

Trademarks and Trade Names

We operate our U.S. pawn stores principally under the names “EZPAWN” or “Value Pawn” and the Mexico pawn stores under the name “EMPEÑO FÁCIL.” Our U.S. financial services stores operate under a variety of names, including “EZMONEY Payday Loans,” “EZ Loan Services,” “EZ Payday Advance” and “EZPAWN Payday Loans,” and our CSO stores operate under the name “EZMONEY Loan Services.” Our financial services and buy/sell stores in Canada operate under the names “CASHMAX” or “Cash Converters.” In Mexico, we offer payroll withholding loans under the names “Crediamigo” and “Adex." In the U.K. we offer consumer loans online under the name "Cash Genie." We have registered with the United States Patent and Trademark Office the names EZPAWN, EZMONEY and EZCORP, among others. We hold a trademark in Mexico for the name “EMPEÑO FÁCIL” and are the master franchisee in Canada for the “Cash Converters” brand.

Growth and Expansion

We plan to expand the number of locations we operate through opening de novo locations and through acquisitions. We believe that the largest growth opportunities are with de novo stores in Mexico and the U.S., pawn store acquisitions in the U.S. and online lending, both in the U.S. and internationally. We continually evaluate and test new products and formats, which may result in expansion opportunities or strategic investments.

The cost of opening de novo stores varies based on the size, type and location of stores opened. During fiscal 2013, we opened 15 de novo U.S./Canada locations, each requiring an average property and equipment investment of approximately $360,000. We also opened 69 U.S. Financial Services stores, each requiring an average property and equipment investment of approximately $90,000. In Mexico, we opened 66 de novo pawn stores, each requiring an average property and equipment investment of approximately $190,000.

Our ability to add new stores is dependent on several variables, such as the availability of acceptable sites or acquisition candidates, the regulatory environment, local zoning ordinances, access to capital and the availability of qualified personnel.

Discontinued Operations

During fiscal 2013, we implemented a plan to close 107 legacy stores in a variety of locations. These stores were generally older, smaller stores that did not fit our future growth profile. We will continue to execute our growth plan by opening stores that are in-line with our growth strategy, broadening our online selling and lending channels, and adding numerous new products across the portfolio of companies in order to better serve our customers in the formats they desire and with products and services they want.

The store closings included:

- 57 stores in Mexico, 52 of which were small, jewelry-only asset group formats. We will continue to operate our full-service “store-within-a-store,” or SWS, locations under the Empeño Fácil brand.
- 29 stores in Canada, where we are in the process of transitioning to an integrated buy/sell and financial services model under the Cash Converters brand. The affected asset group consists of stores that are not optimal for that model because of location or size. We will continue to operate full-service buy/sell and financial services center stores under the Cash Converters brand in Canada and the United States.
- 20 financial services stores in Dallas, Texas and the State of Florida, where we are exiting both locations primarily due to onerous regulatory requirements. In addition, one jewelry-only concept store was closed, which was our only jewelry-only store in the United States.

In connection with these store closings, we incurred charges for lease termination costs, asset and inventory write-down charges to net realizable liquidation value, uncollectible receivables, and employee severance costs. We recognized $22.2 million of pre-tax charges related to these store closings during fiscal 2013. These exit costs have been recorded as part of the loss from discontinued operations, net of tax, in our consolidated statements of operations.

Competition

We encounter significant competition in connection with all of our activities. These competitive conditions may adversely affect our revenues, profitability and ability to expand. In our lending businesses, we compete with other pawn stores, payday lenders, credit service organizations, banks, credit unions and other financial institutions, such as consumer finance companies.

Other lenders may lend money on an unsecured basis, at interest rates that may be lower than our service charges, and on other terms that may be more favorable than ours or through other market channels, such as online, which some customers may prefer. We believe that the primary elements of competition are the quality of customer service and relationship management, convenience, store location, a customer friendly environment and the ability to loan competitive amounts at competitive rates. In addition, we believe the ability to compete effectively will be based increasingly on strong general management, regional focus, automated management information systems, access to capital, superior customer service and the ability to offer certain services online.

Our competitors for merchandise sales include numerous retail and wholesale stores, such as jewelry stores, discount retail stores, consumer electronics stores, other pawn stores, other resale stores, electronic commerce retailers and auction sites. Competitive factors in our retail operations include the ability to provide the customer with a variety of merchandise at an exceptional value and convenience.

The pawn industry in the United States is large and highly fragmented. The industry consists of approximately 13,000 pawn stores owned primarily by independent operators who own one to three locations, and we consider the industry relatively mature. We are the second largest operator of pawn stores in the United States, with 495 locations at September 30, 2013. The three largest pawn store operators account for approximately 10% of the total estimated pawn stores in the United States.

The pawn industry in Mexico is also fragmented, but less so than in the United States. The industry consists of approximately 5,000 pawn stores owned by independent operators and chains, including some not-for-profit organizations. The pawn industry, particularly full-line stores offering general merchandise and jewelry loans and resale, remains in more of an expansion stage in Mexico than in the United States. The market for gold-only pawn stores is mature. We exited the gold-only pawn store format in Mexico during fiscal 2013.

The unsecured payroll lending industry in Mexico is less developed than other Latin American countries. Payroll lending in Mexico is generally marketed to public sector employees, who on average earn more and rotate less frequently than their private sector peers. Additionally, government entities tend to be more stable and on average have more employees than private companies. It is estimated that less than 15% of the market potential is being serviced. Grupo Finmart is the third largest vertically integrated payroll lender in Mexico with 54 branch offices located in 23 of the 32 states in the country.

The specialty financial services industry in the United States is mature and is larger and more concentrated than the pawn industry. The industry consists of a number of online lenders and approximately 20,000 locations that are either mono-line stores offering only short-term consumer loans or businesses offering short-term consumer loans in addition to other products and services, such as check cashing stores, automobile title loan stores, pawn stores and stores offering reloadable debit cards. The ten largest short-term consumer loan companies, including us, operate approximately 45% of the total number of physical locations. Recently, several national and regional banks have begun offering cash advance products with similar characteristics and rate structures to our short-term consumer loans.

The specialty financial services industry in Canada consists of approximately 1,500 locations that are either single-line stores offering only short-term consumer loans or businesses offering short-term consumer loans in addition to other products and services, such as check cashing stores, pawn stores and stores offering reloadable debit cards or bank accounts. The Canadian short-term consumer loan industry is highly concentrated, with the three largest companies operating approximately 75% of the total number of locations.

Strategic Investments

Albemarle & Bond — At September 30, 2013, we held almost 30% of the outstanding shares of Albemarle & Bond Holdings PLC, a publicly traded company headquartered in Reading, United Kingdom. At December 31, 2012, the latest date at which Albemarle & Bond has publicly reported results, Albemarle & Bond operated 233 locations in the United Kingdom that offer pawn loans, payday loans, installment loans, check cashing and retail jewelry.

Albemarle & Bond has not yet released its financial statements as of June 30, 2013; therefore, income reported for our fiscal year ended September 30, 2013 is based on management's best estimate of Albemarle & Bond's fiscal 2013 results. For its six months ended December 31, 2012 (their most recently published interim financial results), Albemarle & Bond's gross revenues decreased 6% to £58.9 million ($93.8 million), its net income decreased 31% to approximately £6.1 million ($9.8 million), and its diluted earnings per share decreased 31% to £0.1109 ($0.1791). Albemarle & Bond's stock is traded on the Alternative Investment Market of the London Stock Exchange. We are its largest single shareholder and currently hold two of the nine seats on Albemarle & Bond’s board of directors. We account for our investment in Albemarle & Bond under the equity method. In

Table of Contents

fiscal 2013, we estimated our full-year interest in Albemarle & Bond's income to be $2.3 million and we received dividends of $3.3 million.

On April 19, 2013, Albemarle & Bond announced that it expected profits for their full fiscal year (ending June 30, 2013) to be materially below market expectations, citing reduction in gold buying profit and pressures on its pawn loan business due to the challenging gold environment and increased competition. In addition, Albemarle & Bond's Board of Directors announced that their CEO would step down earlier than planned. In early October 2013, Albemarle & Bond announced that discussions to underwrite an equity funding had failed and they were in ongoing discussions with their banks to negotiate covenants. The market price of Albemarle & Bond’s stock declined as a result of this information. Due to these events, we evaluated the economic and strategic benefits of continuing to hold this investment. Based on the review as of October 18, 2013, we determined that the fair value of this investment was less than its carrying value as of September 30, 2013 and that this impairment was other than temporary. As a result, we recognized an other than temporary impairment of $42.5 million ($28.7 million, net of taxes). This amount is included in impairment of investments in our consolidated statements of operations. As of September 30, 2013, we estimated the fair value of our investment in Albemarle & Bond to be approximately $9.4 million, which equaled our post impairment book value.

Cash Converters International — At September 30, 2013, we owned approximately 33% of the total ordinary shares of Cash Converters International Limited, a publicly traded company headquartered in Perth, Australia. We acquired the shares between November 2009 and November 2012 for approximately $68.8 million. Pursuant to a shareholders agreement, we hold two of the five seats on Cash Converters’ board of directors. Cash Converters franchises and operates a worldwide network of approximately 700 specialty financial services and retail stores that provide pawn loans, short-term unsecured loans and other consumer finance products, and buy and sell second-hand goods. Cash Converters has significant store concentrations in Australia and the United Kingdom. In the short-term, we expect Cash Converters will continue buying back franchised locations and converting them into company operated stores as well as increasing its portfolio of short-term consumer loans in Australia and the U.K.

The Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011 was passed by the Australian Parliament in August 2012. This new law, which went into effect on July 1, 2013, imposes certain limitations and restrictions on short-term consumer loans in Australia, including interest limitations and restrictions on extensions and refinancings. These limitations and restrictions, however, are more favorable to the industry than previous proposals, and the passage of these rules should stabilize the Australian regulatory environment related to short-term consumer loans for the foreseeable future.

For its fiscal year ended June 30, 2013, Cash Converters’ gross revenue improved 16% to AUS $272.7 million (U.S. $280.1 million), net income improved 12% to AUS $32.9 million (U.S. $33.8 million) and diluted earnings per share increased 4% to AUS $0.0792 (U.S. $0.0813). For the year, Cash Converters declared dividends of AUS $0.04 (U.S. $0.0411) per share. We account for our investment in Cash Converters under the equity method. In fiscal 2013, our interest in Cash Converters’ income was $9.6 million and we received dividends of $5.1 million. Based on the closing price and exchange rates on September 30, 2013, the market value of our investment in Cash Converters was approximately $165.7 million compared to its book value of $87.6 million.

Regulation

Our operations are subject to extensive regulation under various federal, state and local laws and regulations, and we believe that we conduct our business in material compliance with all of these rules. The following is a general description of significant regulations affecting our business. For a geographic breakdown of our operating locations, see “Part I — Item 2 — Properties.”

Pawn and Retail Regulations

Our pawn stores are regulated by the states in which they are located and, in some cases, by individual municipalities or other local authorities. The applicable statutes, ordinances and regulations vary from location to location and typically impose licensing requirements for pawn stores or individual pawn store employees. Licensing requirements typically relate to financial responsibility and character, and may establish restrictions on where pawn stores can operate. Additional rules regulate various aspects of the day-to-day pawn operations, including the pawn service charges that a pawn store may charge, the maximum amount of a pawn loan, the minimum or maximum term of a pawn loan, the content and format of the pawn ticket and the length of time after a loan default that a pawn store must hold a pawned item before it can be offered for sale. Failure to observe applicable regulations could result in a revocation or suspension of pawn licenses, the imposition of fines or requirements to refund service charges and fees, and other civil or criminal penalties. We must also comply with various federal requirements regarding the disclosure of the annual percentage rate, finance charge, amount financed, total of payments and payment schedule related to each pawn loan transaction. Additional federal regulations applicable to our pawn lending business are described in "Other Federal Regulations" below.

Table of Contents

Most of our pawn stores, voluntarily or pursuant to applicable laws, provide periodic (generally daily) reports to local law enforcement agencies. These reports provide local law enforcement with information about the items received from customers (whether through pawn or purchase), including a detailed description of the goods involved and the name and address of the customer. If we accept as collateral or purchase merchandise from a customer and it is determined that our customer was not the rightful owner, the merchandise is subject to recovery by the rightful owner. Historically, we have not experienced a material number of claims of this nature.

Some of our pawn stores in the U.S. handle firearms and each of those stores maintains a federal firearms license as required by federal law. The federal Gun Control Act of 1968 and regulations issued by the Bureau of Alcohol, Tobacco, and Firearms also require each pawn store dealing in firearms to maintain a permanent written record of all receipts and dispositions of firearms. In addition, we must comply with the Brady Handgun Violence Prevention Act, which requires us to conduct a background check before releasing, selling or otherwise disposing of firearms.

Mexico regulates various aspects of the pawn industry at the federal, state and local level. Regulations issued by the federal consumer protection agency, Procuraduría Federal del Consumidor (PROFECO), govern the form of pawn loan contracts and consumer disclosures, but the regulations do not impose interest rate or service charge limitations on pawn loans. Pawn stores, like other businesses in Mexico, are also subject to a variety of regulations in such areas as tax compliance, customs, consumer protection and employment.

In Canada, and in Virginia and Pennsylvania in the U.S., we operate stores that buy and sell secondhand merchandise, as opposed to offering pawn loans. These stores are regulated by local municipalities or other local authorities. The applicable ordinances vary from location to location and include licensing for secondhand dealing or precious metal purchasing, law enforcement reporting requirements, and the imposition of holding periods before a purchased item can be offered for resale. Failure to observe these regulations could result in a revocation or suspension of licenses, the imposition of fines, and other civil or criminal penalties. Our Canadian buy/sell stores also offer short-term consumer loans.

Short-Term Consumer Loan Regulations

Each state in which we offer short-term consumer loan products has specific laws and regulations dealing with the conduct of this business. These laws and regulations vary in scope, but generally require licensing of locations, establish loan terms, provide for consumer protections and disclosures and permit periodic regulatory examinations. In the case of single-payment loans, most applicable laws and regulations limit the amount of fees that may be charged, establish maximum loan amounts and duration, and restrict the customer's ability to renew or extend the loan. Some states require reporting of customers' loan activities to a state-wide database, and prohibit the making of loans to customers who have loans outstanding with other lenders. Some municipalities in which we operate also impose various rules and regulations, primarily related to zoning and licensing requirements, but in some cases, related to loan terms (such as maximum loan amounts, maximum number of renewals or extensions and mandatory principal paydowns). Failure to observe applicable legal requirements could result in a loss of license, the imposition of fines or customer refunds, and other civil or criminal penalties.

We must also comply with various federal requirements (including the Truth in Lending Act and Regulation Z) regarding the disclosure of annual percentage rate, finance charge, amount financed, total of payments and payment schedule related to each loan transaction. With respect to our debt collection activities, we are required to comply with the provisions governing "creditors" under the federal Fair Debt Collection Practices Act and similar state laws regulating debt collection practices. Additional federal regulations applicable to our short-term consumer loan business are described in "Other Federal Regulations" below.

In Texas, we do not make loans to customers, but rather offer fee-based credit services, including assistance in arranging loans with independent third-party lenders. As required by state law, we are registered as a Credit Services Organization ("CSO") in order to provide such services and, pursuant to state laws effective January 1, 2012, are licensed as a Credit Access Business ("CAB"). The applicable CSO law requires us to provide each customer with an upfront disclosure statement describing, among other things, the services to be provided and the fees to be charged and, upon entering into a transaction, with a written contract fully describing the services provided. The law prohibits us from receiving compensation solely for referring a customer to a lender and also provides for other disclosure requirements, cancellation rights for customers and prohibitions on fraudulent or deceptive conduct. The law governing CABs requires us to provide conspicuous notices regarding fees and certain other disclosures and requires us to report certain information regarding customer transactions to the Texas Office of the Consumer Credit Commissioner. Violations of these laws could subject us to criminal and civil liability. The independent lenders are not required to be licensed and are not regulated by any state agency so long as the interest rate charged on the loan does not exceed 10% per annum. The lenders are also permitted to charge late fees and insufficient funds fees. The lenders are subject to the federal regulations described below with regard to their lending activities. Certain cities in Texas, specifically,

Table of Contents

Austin, Dallas and San Antonio, have enacted municipal regulation of CAB products and the payday loans and auto title loans to which they provide access. The City of Houston recently announced that it will consider adopting similar regulations.

Legislators and regulators frequently scrutinize the legislative and regulatory environment for short-term lending, often proposing additional legislative and regulatory restrictions ranging from additional disclosure requirements to limits on rates and fees. In some cases, rate and fee limits would effectively prohibit certain short-term lending products, such as payday loans, because it would no longer be economically feasible for most lenders to offer such products.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010, established the Consumer Financial Protection Bureau (the “CFPB”), which exercises supervisory and examination powers over companies that offer payday loans. The CFPB also may exercise regulatory authority over other products and services that we offer. The CFPB recently issued "Payday Loans and Deposit Advance Products — A White Paper of Initial Data Findings" and concluded in part with respect to payday loans:

The CFPB recognizes its responsibility to implement Federal consumer financial laws to ensure that "markets for consumer financial products and services are fair, transparent and competitive." The potential consumer harm and the data gathered to date are persuasive that further attention is warranted to protect consumers. Based upon the facts uncovered through our ongoing work in this area, the CFPB expects to use its authorities to provide such protections.

At this time it is not possible to accurately predict what affect the CFPB will have on our business.

There can be no assurance that legislative or regulatory efforts to eliminate or restrict the availability of certain short-term loan products, including payday loans and auto title loans, will not be successful, despite significant customer demand. To the extent such efforts are successful, our short-term consumer loan business could be adversely affected. See “Part I — Item 1A — Risk Factors.”

Other Federal Regulations

All of our lending activities, both pawn loans and short-term consumer loans, are subject to other state and federal statutes and regulations, including the following:

- We are subject to the federal Gramm-Leach-Bliley Act and its underlying regulations, as well as various state laws and regulations relating to privacy and data security. Under these regulations, we are required to disclose to our customers our policies and practices relating to the protection and sharing of customers’ nonpublic personal information. These regulations also require us to ensure that our systems are designed to protect the confidentiality of customers’ nonpublic personal information, and many of these regulations dictate certain actions that we must take to notify customers if their personal information is disclosed in an unauthorized manner. We are subject to the Fair Credit Reporting Act, which was enacted, in part, to address privacy concerns associated with the sharing of consumers’ financial information and credit history contained in consumer credit reports and limits our ability to share certain consumer report information. We are subject to the Federal Fair and Accurate Credit Transactions Act, which amended the Fair Credit Reporting Act, and requires us to adopt written guidance and procedures for detecting, preventing and mitigating identity theft, and to adopt various policies and procedures (including employee training) that address and aid in detecting and responding to suspicious activity or identify theft “red flags.”
- The federal Equal Credit Opportunity Act prohibits discrimination against any credit applicant on the basis of any protected category such as race, color, religion, national origin, sex, marital status or age (provided the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Protection Act. Under the Equal Credit Opportunity Act and the Fair Credit Reporting Act, if we deny an application for credit, we are required to provide the applicant with a Notice of Adverse Action, informing the applicant of (a) the action taken regarding the credit application, (b) a statement of the prohibition on discrimination, (c) the name and address of both the creditor and the federal agency that monitors compliance, (d) the applicant’s right to learn the specific reasons for the denial, (e) whether the credit decision was based on in whole or in part on information obtained from the credit report, (f) a consumer's right to a free copy of the credit report from the reporting agency, (g) the consumer's right to dispute inaccurate information with the reporting agency and (h) whether our credit decision was based in whole or in part on information obtained from an affiliate or from an outside source other than a customer reporting agency and

the right to know the nature of such information.

Table of Contents

- Under the USA PATRIOT Act, we must maintain an anti-money laundering compliance program that includes the development of internal policies, procedures and controls; the designation of a compliance officer; an ongoing employee training program; and an independent audit function to test the program.
- We are also subject to the Bank Secrecy Act and its underlying regulations, which require us to report and maintain records of certain high-dollar transactions. In addition, federal laws and regulations prohibit us from doing business with terrorists and require us to report certain suspicious transactions to the Financial Crimes Enforcement Network of the Treasury Department ("FinCen"). Generally, a transaction is considered to be suspicious if we know, suspect or have reason to suspect that the transaction (a) involves funds derived from illegal activity or is intended to hide or disguise such funds, (b) is designed to evade the requirements of the Bank Secrecy Act or (c) appears to serve no legitimate business or lawful purpose. Certain of our subsidiaries are registered with FinCen as money services businesses by virtue of the check cashing or money transmission services they provide.
- Federal law limits the annual percentage rate that may be charged on loans made to active duty military personnel and their immediate families at 36%. This 36% annual percentage rate cap applies to a variety of loan products, including consumer loans, though it does not apply to pawn loans. We do not make consumer loans to active duty military personnel or their immediate families because it is not economically feasible for us to do so at these rates.
- We are subject to the Electronic Funds Transfer Act and its underlying regulations, which govern our ability to credit our customers' bank accounts electronically with loan proceeds and to accept electronic payments from our customers by debiting our customers' bank accounts through various electronic card payment networks, such as VISA® and MasterCard®, and other clearing house associations, such as NACHA, the Electronic Payments Association.

Available Information

We maintain an Internet website at www.ezcorp.com. All of our reports filed with the Securities and Exchange Commission (the "SEC"), including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and Section 16 filings, are accessible, free of charge, through the Investor Relations section of our website as soon as reasonably practicable after electronic filing. The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. Information on our website is not incorporated by reference into this report.

ITEM 1A. RISK FACTORS

There are many risks and uncertainties that may affect the operations, performance, development and results of our business. Many of these risks are beyond our control. The following is a description of the important risk factors that may affect our business. If any one or more of these risks actually occur, our business, financial condition or results of operations would likely suffer. Additional risks and uncertainties not currently known to us or that we currently consider to be immaterial may also materially adversely affect our business, financial condition or results of operations.

Changes in laws and regulations affecting our financial services and products could have a material adverse effect on our operations and financial performance.

Our financial products and services are subject to extensive regulation under various federal, state, local and international laws and regulations. There have been, and continue to be, legislative and regulatory efforts to regulate, prohibit or severely restrict some of the types of short-term financial services and products we offer, particularly payday loans and auto title loans.

Adverse legislation could be enacted in any country, state or municipality in which we operate. If such legislation is enacted in any particular jurisdiction, we generally evaluate our business in the context of the new legislation and determine whether we can continue to operate in that jurisdiction with new or modified products or whether it is feasible to enhance our business with additional product offerings. In any case, if we are unable to continue to operate profitably under the new law, we may decide to close or consolidate stores, resulting in decreased revenues, earnings and assets.

For example, in 2011 and 2012, the Cities of Austin, Dallas and San Antonio, Texas adopted municipal ordinances imposing restrictions on certain financial services products we can offer as a credit services organization or credit access business in those cities. Specifically, the ordinances require municipal registrations, limit the amount borrowers can borrow and require principal paydowns on refinancing or with each installment payment. These limitations and restrictions make the products less attractive to our customers, thus lessening demand, and severely impair the financial viability of our financial services business in those cities. We recently closed 20 financial services stores in Dallas, primarily due to the onerous regulatory requirements of the municipal ordinance. See “Item 1 — Business — Discontinued Operations.” The City of Houston recently announced that it will consider adopting a similar ordinance.

In addition, any financial services business that we undertake directly in international jurisdictions, as well as the financial services businesses conducted by our strategic affiliates, are subject to a variety of regulation by international governmental authorities. Adverse legislation or regulations could be enacted in any of such international jurisdictions, with the result that the financial services business in that jurisdiction becomes less profitable or unprofitable. For example, the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011 was passed by the Australian Parliament in August 2012. This new law, which went into effect on July 1, 2013, imposes certain limitations and restrictions on short-term consumer loans in Australia, including interest limitations and restrictions on extensions and refinancings. See ‘‘Part I—Business—Strategic Investments.’’ Further, the Financial Conduct Authority, which on April 1, 2014, will assume primary regulatory authority over short-term consumer lending in the U.K., recently released guidance that focuses on the affordability of the credit extended (i.e., the customer’s ability to repay), the use of continuous payment authority to collect repayments and sustained use short-term credit products. This guidance, when it becomes effective regulation, along with other regulations that may be issued in the future, could have an adverse impact on our online lending business in the U.K.

Many of the legislative and regulatory efforts that are adverse to the short-term consumer loan industry are the result of the negative characterization of the industry by some consumer advocacy groups and some media reports that ignore the credit risk and high transaction costs of serving our customers. We can give no assurance that there will not be further negative characterizations of our industry or that legislative or regulatory efforts to eliminate or restrict the availability of certain short-term loan products, including payday loans and auto title loans, will not be successful despite significant customer demand for such products. Such efforts, if successful, could have a material adverse effect on our operations or financial performance.

A significant or sudden decrease in gold values or the volume of gold transactions may have a material impact on our earnings and financial position.

Gold jewelry comprises a significant portion of the collateral security for our pawn loans and our inventory, and gold scrapping accounts for a significant portion of our revenues and gross profit. Pawn service charges, sales proceeds and our ability to liquidate excess jewelry inventory at an acceptable margin are dependent upon gold values and the volume of gold transactions. A decline in the availability of gold or our customers’ willingness or ability to sell us gold or use gold as collateral for pawn loans could significantly impact our business. During fiscal 2012 and fiscal 2013, we experienced a significant softening of gold prices and volumes, which had a significant negative impact on our profitability. The impact on our financial position and results of operations of a continued decrease in gold values or volumes or a change in customer behavior cannot be reasonably estimated because the market and customer response to changes in gold values is not known; however, a significant decline in gold values or gold volumes could result in decreases in sales, sales margins and pawn service charge revenues.

The Consumer Financial Protection Bureau has begun exercising its supervisory role over short-term, small-dollar lenders, which could result in a material adverse effect on our operations and financial performance.

As noted under ‘‘Item 1 — Business — Regulation — Short-Term Consumer Loan Regulations,’’ the Dodd-Frank Wall Street Reform and Consumer Protection Act established the Consumer Financial Protection Bureau (the ‘‘CFPB’’), which has the power to, among other things, regulate companies that offer or supply payday loans and other products and services that we offer. The CFPB now exercises its supervisory and regulatory authority over non-depository companies providing consumer financial services products and services.

Under its supervisory and examination powers, the CFPB has authority to inspect short-term lenders’ books and records and lending practices, including marketing, underwriting, loan application and processing and collections. The CFPB has published its Short-Term, Small-Dollar Lending Examination Procedures, outlining the guidelines that CFPB examiners will use in examining short-term lenders. The CFPB has begun to conduct examinations of payday loan companies to assess companies’ compliance with federal consumer financial services laws, obtain information on the activities and procedures of short-term lenders and detect risks to consumers. Should the CFPB determine that a financial service provider is in violation of federal law, it has broad authority to initiate administrative actions or litigation, in which it may seek cease and desist orders for the provider’s activities, rescission of loan contracts and

administrative fines and penalties.
The CFPB also has rule-making authority over short-term lenders. While it does not have authority to regulate fees, it conceivably could adopt rules that could impair the viability or financial performance of products and services. On April 24, 2013, the CFPB issued a report following an in-depth review of short-term small dollar loans, including payday loans. While the CFPB acknowledges the clear demand for small dollar credit products, it does express concern regarding the risk of sustained use of these products by some consumers. The CFPB reiterated its authority to adopt rules identifying unfair, deceptive or abusive practices in connection with the offering of consumer financial products and services and stated that it expects to use its authority to provide such protections. It is not possible to accurately predict what affect the CFPB will have

Table of Contents

on our business. The CFPB, through its supervisory or enforcement role or through its rule-making authority, could take actions that would have a material adverse effect on our operations and financial performance.

A significant portion of our business is concentrated in Texas.

As of September 30, 2013, over half of our financial services stores and almost half of our domestic pawn stores were located in Texas, and those stores account for a significant portion of our revenues and profitability. With the exception of activity at the municipal level that has negatively impacted (or may negatively impact) our financial services business, the legislative, regulatory and general business environment in Texas has been relatively favorable for our business activities. We have been successful in growing and expanding our businesses in areas outside Texas for the past several years, and we expect that our business in other areas will continue to grow faster than our business in Texas.

A negative legislative or regulatory change in Texas could have a material adverse effect on our overall operations and financial performance. We offer short-term consumer loans in Texas through our credit services organization program in both storefronts and online. If new adverse legislation is enacted in Texas, it could require us to alter or discontinue some or all of our consumer loan business in Texas. During the most recent regular legislative session (which ended in May 2013), the Texas Senate passed a bill that, had it been enacted into law, would have adversely affected our consumer loan business in Texas. The bill included caps on fees, limitations on the amounts that can be loaned, limitations on the number of refinancings, cooling off periods and other restrictions. That bill failed to gain sufficient support in the Texas House of Representatives and was not enacted into law. There can be no assurance that similar legislation will not be considered, or possibly enacted, during future legislative sessions. Even if no legislation is enacted at the state level, various municipalities may still consider and enact ordinances that restrict short-term consumer loans (as Dallas, Austin, San Antonio and several smaller cities have already done, and Houston is proposing to do).

A significant change in foreign currency exchange rates could have a material adverse impact on our earnings and financial position.

We have foreign operations in Mexico, Canada and the United Kingdom and equity investments in the United Kingdom and Australia. Our assets and investments in, and earnings and dividends from, each of these must be translated to U.S. dollars from their respective functional currencies. A significant weakening of any of these foreign currencies could result in lower assets and earnings in U.S. dollars, resulting in a material adverse impact on our financial position, results of operations and cash flows.

Prolonged periods of economic recession and unemployment could adversely affect our lending and retail businesses.

All of our businesses, like other businesses, are subject to fluctuations based on varying economic conditions. Economic conditions and general consumer confidence affect the demand for our retail products and the ability and willingness of our customers to utilize our loan products and services. Our consumer loan products and services require the customer to have a verifiable recurring source of income. Consequently, we may experience reduced demand for our consumer loan products during prolonged periods of high unemployment. Weakened economic conditions may also result in an increase in loan defaults and loan losses. Even in the current economic environment, we have been able to efficiently manage our bad debt through our underwriting and collection efforts. There can be no assurance that we will be able to sustain our current bad debt rates or that we will not experience increasing difficulty in collecting defaulted loans.

A significant portion of our short-term consumer loan revenues and profitability is dependent upon the ability and willingness of unaffiliated lenders to make loans to our customers.

In Texas, where over half of our financial services stores are located, we do not make consumer loans to customers, but assist customers in arranging loans with unaffiliated lenders. We also have a similar arrangement for our online lending business in Ohio. Our credit services organization or credit access business could be adversely affected if (a) we were to lose our current relationships with unaffiliated lenders and were unable to establish a relationship with another unaffiliated lender who was willing and able to make short-term loans to our Texas customers or (b) the unaffiliated lenders are unable to obtain capital or other sources of funding at appropriate rates.

Achievement of our growth objectives is dependent upon our ability to open and acquire new stores.

Our expansion strategy includes opening de novo store locations and acquiring existing stores. The success of our de novo store strategy is contingent upon numerous factors that cannot be predicted or controlled, such as the availability of acceptable locations with a desirable customer base, the negotiation of acceptable lease terms, the ability to obtain required government permits and licenses and the existence of a suitable competitive environment. In addition, our acquisition strategy is dependent upon the availability of attractive acquisition candidates. The achievement of our growth objectives is also subject to our ability

Table of Contents

to attract, train and retain qualified team members. Failure to achieve our expansion goals would adversely affect our prospects and future results of operations.

Changes in the business, regulatory or political climate in Mexico could adversely affect our operations in those countries, which could adversely affect our growth plans.

Our growth plans include significant expansion in Mexico. Changes in the business, regulatory or political climate in Mexico, or significant fluctuations in currency exchange rates, could affect our ability to expand or continue our operations there, which could have a material adverse impact on our prospects, results of operations and cash flows.

Fluctuations in our sales, pawn loan balances, sales margins, pawn redemption rates and loan default and collection rates could have a material adverse impact on our operating results.

We regularly experience fluctuations in a variety of operating metrics. Changes in any of these metrics, as might be caused by changes in the economic environment, competitive pressures, changes in customers' tastes and preferences or a significant decrease in gold prices could materially and adversely affect our profitability and ability to achieve our planned results of operations.

Changes in our liquidity and capital requirements or in banks' abilities or willingness to lend to us could limit our ability to achieve our plans.

We require continued access to capital. A significant reduction in cash flows from operations or the availability of credit could materially and adversely affect our ability to achieve our planned growth and operating results. We currently have a $200 million revolving credit facility with a syndicate of banks. If one of those banks is unable to provide funding in accordance with its commitment, our available credit could be reduced. Our current credit facility is scheduled to terminate in May 2015. Our ability to obtain a new credit facility or alternative financing will depend upon market conditions and our financial condition at the time. If we are unable to obtain a new credit facility or other alternative financing on terms that are acceptable to us, our ability to achieve our growth objectives, and our financial condition and results of operations, may be adversely affected.

Changes in competition from various sources could have a material adverse impact on our ability to achieve our plans.

We encounter significant competition from other pawn stores, cash advance companies, credit service organizations, credit access businesses, online lenders, consumer finance companies and other forms of financial institutions and other retailers, many of which have significantly greater financial resources than we do. Significant increases in the number or size of competitors or other changes in competitive influences could adversely affect our operations through a decrease in the number or quality of loan products and services we are able to provide or our ability to liquidate forfeited collateral at acceptable margins.

One person beneficially owns all of our voting stock and controls the outcome of all matters requiring a vote of stockholders, which may influence the value of our publicly traded non-voting stock.

Phillip E. Cohen is the beneficial owner of all of our Class B Voting Common Stock. As a result of his equity ownership stake, Mr. Cohen controls the outcome of all issues requiring a vote of stockholders and has the ability to control our policies and operations. All of our publicly traded stock is non-voting stock. Consequently, stockholders other than Mr. Cohen have no vote with respect to the election of directors or any other matter requiring a vote of stockholders except as required by law. This lack of voting rights may adversely affect the market value of our publicly traded Class A Non-Voting Common Stock.

In addition, we have regularly entered into, and may continue to enter into, advisory services agreements with Madison Park, LLC, a financial advisory firm wholly owned by Mr. Cohen. See "Part III — Item 13 — Certain Relationships and Related Transactions, and Director Independence — Related Party Transactions — Agreement with Madison Park."

Infrastructure failures and breaches in data security could harm our business.

We depend on our information technology infrastructure to achieve our business objectives. If a problem, such as a computer virus, intentional disruption by a third party, natural disaster, telecommunications system failure or lost connectivity impairs our infrastructure, we may be unable to process transactions or otherwise carry on our business. An infrastructure disruption could damage our reputation and cause us to lose customers and revenue, result in the unintentional disclosure of company or customer information and require us to incur significant expense to eliminate these problems and address related data security concerns.

18

Table of Contents

Our online short-term consumer lending business is subject to additional risks.

In addition to being subject to the various federal, state and local regulations that are applicable to short-term consumer lending generally, our online short-term consumer loan business (both in the U.S. and the U.K.) is subject to other regulations and risks. For example, we will be dependent on third parties, referred to as lead providers, to provide us with prospective new customers. Generally, lead providers operate separate websites to attract prospective customers and then sell those ‘‘leads’’ to online lenders. As a result, the success of our online consumer lending business depends substantially on the willingness and ability of lead providers to send us customer leads at prices acceptable to us. The loss or a reduction in leads from lead providers, or the failure of our lead providers to maintain quality and consistency in their programs or services, could reduce our customer prospects and could have a material adverse effect on the success of this line of business. Furthermore, the lead providers’ failure to comply with applicable laws or regulations, or any changes in laws or regulations applicable to lead providers, could have an adverse effect on our online consumer lending business. Federal legislation was introduced in the U.S. in July 2012 that, if enacted in its current form, would prohibit the use of lead providers or generators to secure consumer business. If such legislation were to be enacted, it would significantly impact the manner in which the online lending business is conducted, and could significantly negatively affect the success and profitability of our online lending business.

We may be subject to litigation proceedings that could harm our business.

Currently and from time to time, we are defendants in various legal and regulatory actions. While we cannot determine the ultimate outcome of any current actions, we believe their resolution will not have a material adverse effect on our financial condition, results of operations or liquidity. However, litigation is subject to inherent uncertainties and unfavorable rulings could occur. An unfavorable ruling could include monetary damages or an injunction prohibiting us from conducting our business as we currently do. If we were to receive an unfavorable ruling in a matter, our business and results of operations could be materially harmed.

We invest in companies for strategic reasons and may not realize a return on our investments.

We currently have significant investments in Albemarle & Bond Holdings PLC and Cash Converters International Limited, both of which are publicly traded companies based outside the United States. We have made these investments, and may in the future make additional investments in these or other companies, to further our strategic objectives. The success of these strategic investments is dependent on a variety of factors, including the business performance of the companies in which we invest and the market’s assessment of that performance. If the business performance of any of these companies suffers, then the value of our investment may decline. If we determine that an other-than-temporary decline in the fair value exists for one of our equity investments, we will be required to write down that investment to its fair value and recognize the related write-down as an investment loss. Based on our review of Albemarle & Bond and its business as of September 30, 2013, we wrote down our investment and recognized an investment loss for the fourth quarter of fiscal 2013. See “Item 1 — Business — Strategic Investments — Albemarle & Bond.” Furthermore, there can be no assurance that we will be able to dispose of some or all of the investment on favorable terms, should we decide to do so in the future. Any realized investment loss would adversely affect our results of operations.

We may incur property, casualty or other losses not covered by insurance.

We maintain a program of insurance coverage for various types of property, casualty and other risks. The types and amounts of insurance that we obtain vary from time to time, depending on availability, cost and our decisions with respect to risk retention. The policies are subject to deductibles and exclusions that result in our retention of a level of risk on a self-insurance basis. Losses not covered by insurance could be substantial and may increase our expenses, which could harm our results of operations and financial condition.

Our acquisitions, investments and other transactions could disrupt our ongoing business and harm our results of operations.

In pursuing our business strategy, we routinely conduct discussions, evaluate opportunities and enter into agreements regarding possible acquisitions, investments and other transactions. These transactions may involve significant challenges and risks, including risks that we may not realize the expected return on an acquisition or investment, that we may not be able to retain key personnel of an acquired business, or that we may experience difficulty in integrating acquired businesses into our business systems and processes. If we do enter into agreements with respect to acquisitions, investments or other transactions, we may fail to complete them due to inability to obtain required regulatory or other approvals or other factors. Furthermore, acquisitions, investments and other transactions require substantial management resources and have the potential to divert our attention from our existing business. These factors could harm our business and results of operations.

Table of Contents

We could be subject to changes in tax rates, the adoption of new tax laws in the U.S. or other countries, or exposure to additional tax liabilities.

We are subject to taxes in the U.S. and several foreign jurisdictions. Current economic and political conditions make tax rates in any of these jurisdictions subject to significant change. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities or changes in tax laws or their interpretation.

Events beyond our control could result in business interruption or other adverse effects on our operations and growth.

Our business or operations could be subject to interruption or damage due to inclement weather, natural disaster, power loss, acts of violence, terrorist attacks, war or similar events. Such events could impair our customers' access to our business, impact our ability to expand or continue our operations or otherwise have an adverse effect on our financial condition.

A decrease in demand for our products and specialty financial services and our failure to adapt to such decrease could result in a loss of revenue and could have a material adverse effect on us.

Although our products and services are a staple of our customer base, the demand for a particular product or service may decrease due to a variety of factors, such as regulatory restrictions that reduce customer access to particular products, the availability of competing products or changes in customers' financial conditions. Should we fail to adapt to a significant change in our customers' demand for, or access to, our products, our revenues could decrease significantly. Even if we make adaptations or introduce new products to fulfill customer demand, customers may resist or may reject products whose adaptations make them less attractive or less available. In any event, the effect of any product change on the results of our business may not be fully ascertainable until the change has been in effect for some time. In particular, we have changed, and will continue to change, some of our consumer loan operations and the products we offer. Any of these events could result in a loss of revenue and could have a material adverse effect on our business, prospectus, results of operations and financial condition.

Our Mexican payroll withholding business is highly dependent on the relationships that we build and sustain with state and local governments and labor unions.

Grupo Finmart and its brokers promote our payroll loan products through public-sector employers in governmental agencies across Mexico. If we are not able to maintain relationships with these entities or increase our distribution network through new relationships with other federal, state and local governments or labor unions, our ability to originate new payroll loans could be diminished, which would reduce the size of our payroll withholding lending loan portfolio. In addition, despite contractual arrangements which provide that the payroll counterparty will continue to deduct payments even if our relationship with that entity is terminated, the credit risk of our existing payroll loan portfolio could increase because payroll deduction payments on existing payroll loans could be disrupted, whether due to our severing a relationship with a broker or otherwise.

Goodwill comprises a significant portion of our total assets. We assess goodwill for impairment at least annually, which could result in a material, non-cash write-down and could have a material adverse effect on our results of operations and financial conditions.

The carrying value of our goodwill was $429 million, or approximately 32% of our total assets, as of September 30, 2013, over $79 million of which is attributable to our two online lending businesses. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") ASC 350-20-35, Goodwill - Subsequent Measurement, we test goodwill and intangible assets with an indefinite useful life for potential impairment annually, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in the business climate, a change in strategic direction, legal factors, operating performance indicators, a change in the competitive environment, the sale or disposition of a significant portion of a reporting unit, or future economic factors such as unfavorable changes in the estimated future discounted cash flows of our reporting units. Our annual goodwill impairment test is performed in the fourth quarter utilizing the income approach. This approach uses future cash flows and estimated terminal values for each of our reporting units (discounted using a market participant perspective) to determine the fair value of each reporting unit, which is then compared to the carrying value of the reporting unit to determine if there is an impairment. The income approach includes assumptions about revenue growth rates, operating margins and terminal growth rates discounted by an estimated weighted-average cost of capital derived from other publicly-traded companies that are similar but not identical from an operational and economic standpoint. We completed our annual assessment of goodwill and indefinite lived intangible assets as of September 30, 2013 and determined that no material impairment existed at that date.

Table of Contents

If our estimates of allowance for loan losses are not adequate to absorb losses, our results of operations and financial condition may be negatively affected.

We maintain an allowance for loan losses for estimated probable losses on company-funded loans and loans in default. See "Part II — Item 7 — Management's Discussion and Analysis of Financial Conditions and Results of Operations — Critical Accounting Policies and Estimates" for factors considered by management in estimating the allowance for loan losses. We also maintain a reserve for loan losses for estimated probable losses on loans funded by our credit services organization ("CSO") partners, but for which we are responsible. As September 30, 2013, our aggregate reserve and allowance for losses on loans not in default (including loans funded by our CSO partners) was $8.3 million. This reserve, however, is an estimate, and if actual losses are greater than our reserve and allowance, our results of operations and financial condition could be adversely affected. The amount of reserves and allowances is based based on our current assessment of and expectations concerning various factors affecting the quality of our loan portfolio. These factors include, among other things, our borrowers' financial condition, repayment abilities and repayment intentions.

Judicial decisions, CFPB rule-making or amendments to the Federal Arbitration Act could render the arbitration agreements we use illegal or unenforceable.

We include arbitration provisions in our consumer loan agreements. These provisions are designed to allow us to resolve any customer disputes through individual arbitration rather than in court and explicitly provide that all arbitrations will be conducted on an individual and not on a class basis. Thus, our arbitration agreements, if enforced, have the effect of shielding us from class action liability. Our arbitration agreements do not generally have any impact on regulatory enforcement proceedings.

We take the position that the arbitration provisions in our consumer loan agreements, including class action waivers, are valid and enforceable. However, the enforceability of arbitration provisions is often challenged in court. If those challenges are successful, our arbitration and class action waiver provisions could be unenforceable, which could subject us to additional litigation, including class action litigation.

In addition, the U.S. Congress has considered legislation that would generally limit or prohibit mandatory arbitration agreements in consumer contracts and has enacted legislation with such a prohibition with respect to certain mortgage loan agreements and certain consumer loan agreements to members of the military on active duty and their dependents. Further, the Dodd-Frank Act directs the CFPB to study consumer arbitration and report to the U.S. Congress, and it authorized the CFPB to adopt rules limiting or prohibiting consumer arbitration, consistent with the results of its study. Any such rule would apply to arbitration agreements entered into more than six months after the final rule becomes effective (and not to prior arbitration agreements).

Any judicial decision, legislation or other rules or regulations that impair our ability to enter into and enforce consumer arbitration agreements and class action waivers could significantly increase our exposure to class action litigation as well as litigation in plaintiff-friendly jurisdictions. Such litigation would be costly and could have a material adverse effect on our business, results of operations and financial condition.

We may be exposed to liabilities under applicable anti-corruption laws, and any determination that we violated these laws could have a material adverse effect on our business.

We are subject to various anti-corruption laws that prohibit improper payments or offers of payments to foreign governments and their officials for the purpose of obtaining or retaining business. We have business in countries and regions that are less developed and are generally recognized as potentially more corrupt business environments. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees or agents that could be in violation of various anti-corruption laws, including the Foreign Corrupt Practices Act (the "FCPA"). We have implemented safeguards and policies to discourage these practices by our employees and agents. However, our existing safeguards and any future improvements may prove to be less than effective, and our employees or agents may engage in conduct for which we might be held responsible. If employees violate our policies or we fail to maintain adequate record-keeping and internal accounting practices to accurately record our transactions, we may be subject to regulatory sanctions. Violations of the FCPA or other anti-corruption laws may result in severe criminal or civil sanctions and penalties, and we may be subject to other liabilities that could have a material adverse effect on our business, results of operations and financial condition.

We face other risks discussed under "Item 7A — Quantitative and Qualitative Disclosures about Market Risk."

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

Table of Contents

ITEM 2. PROPERTIES

Our typical pawn store is a freestanding building or part of a retail strip center with contiguous parking. Store interiors are designed to resemble small retail operations and attractively display merchandise by category. Distinctive exterior design and attractive in-store signage provide an appealing atmosphere to customers. The typical pawn store has approximately 1,800 square feet of retail space and approximately 3,200 square feet dedicated to collateral storage. Financial services stores are designed to resemble a bank interior. The typical financial services store is approximately 1,000 to 1,500 square feet and is located in a retail strip center. Some of our financial services stores adjoin a pawn location and occupy approximately 300 to 500 square feet, with a different entrance, signage, décor and staffing. From the customers' perspective, these are viewed as a separate business, but they are covered by the same lease agreement. We maintain property and general liability insurance for each of our stores. Our stores are open six or seven days a week.

We lease substantially all of our locations, and generally lease facilities for a term of three to ten years with one or more renewal options. Our existing leases expire on dates ranging between October 2013 and April 2028, with a small number of leases on month-to-month terms. All leases provide for specified periodic rental payments at market rates. Most leases require us to maintain the property and pay the cost of insurance and taxes. We believe the termination of any one of our leases would not have a material adverse effect on our operations. Our strategy generally is to lease rather than own space for our stores unless we find what we believe is a superior location at an attractive price.

Below is a summary of changes in the number of store locations during fiscal 2013, 2012 and 2011:

	Fiscal Year Ended September 30,		
	2013	2012	2011
Store count at beginning of fiscal year	1,262	1,111	1,006
New stores opened	157	71	82
Acquired stores	38	96	40
Stores closed or consolidated	(8)	(16)	(17)
Discontinued operations	(107)	—	—
Store count at end of fiscal year*	1,342	1,262	1,111

* Fiscal 2012 and 2011 include 102 and 94 stores that were closed as part of discontinued operations during fiscal 2013.

In 2013, we opened 14 pawn and 69 financial services stores in the U.S and one buy/sell and financial services store in Canada. We also acquired 12 U.S. pawn locations during fiscal 2013. In Latin America, we opened 66 Empeño Fácil pawn stores and seven Grupo Finmart financial services locations in Mexico. During fiscal 2013, we gained 20 buy/sell locations in Mexico in connection with our acquisition of TUYO. Grupo Finmart gained six locations from an acquisition.

On an ongoing basis, we may close or consolidate under-performing store locations. In fiscal 2013, we closed or consolidated two financial services stores in the U.S., one financial services store in Canada, four Grupo Finmart / Crediamigo locations and one TUYO location in Mexico. These closings are in addition to our third quarter discontinued operations plan.

During the third quarter of fiscal 2013, we implemented a plan to close 107 legacy stores in a variety of locations. These stores were generally older, smaller stores that did not fit our future growth profile. We will continue to execute our growth plan by opening stores that are in-line with our growth strategy, broadening our online selling and lending channels, and adding numerous new products across the portfolio of companies in order to better serve our customers in the formats they desire and with the products and services they want.

The store closings related to discontinued operations included:

- 57 stores in Mexico, 52 of which were small, jewelry-only asset group formats. We continue to operate 239 full-service ‘‘store-within-a-store,’’ or SWS, locations under the Empeño Fácil brand.
- 29 stores in Canada, where we are in the process of transitioning to an integrated buy/sell and financial services model under the Cash Converters brand. The affected asset group consists of stores that were not optimal for that model because of location or size. We will continue to operate 46 full-service buy/sell and financial services center stores under the Cash Converters and CASHMAX brands in Canada and the United States.

Table of Contents

• 20 financial services stores in Dallas, Texas and the State of Florida, where we exited both locations primarily due to onerous regulatory requirements. We will continue to operate 489 financial services stores in the United States. In addition, one jewelry-only concept store was closed, which was our only jewelry-only store in the United States.

Of our 489 U.S. financial services stores, 207 adjoin a pawn store and are covered by the same lease agreement. The lease agreements at approximately 95% of the remaining 282 free-standing U.S. financial services stores contain provisions that limit our exposure for additional rent at these stores to only a few months if laws are enacted that have a significant negative effect on our operations at these stores. If such laws were passed, the space currently utilized by stores adjoining pawn stores could be re-incorporated into the pawn operations.

The following table presents the number of store locations by state or province as of September 30, 2013:

	Pawn/Retail Locations	Financial Services Locations	Total Locations
United States:			
Texas	200	290	490
Florida	102	—	102
Colorado	38	26	64
Wisconsin	3	37	40
Oklahoma	21	10	31
Nevada	16	13	29
Illinois	24	—	24
Utah	9	14	23
Iowa	11	10	21
Idaho	—	20	20
Georgia	10	7	17
Indiana	17	—	17
Alabama	7	9	16
Hawaii	—	14	14
Missouri	—	13	13
Arizona	12	—	12
Kansas	—	12	12
Tennessee	7	4	11
South Dakota	—	10	10
Minnesota	9	—	9
Virginia (1)	5	—	5
Louisiana	3	—	3
Mississippi	3	—	3
New York	2	—	2
Pennsylvania (1)	2	—	2
Arkansas	1	—	1
Total United States Locations	502	489	991
Mexico:			
Estado de Mexico	52	5	57
Distrito Federal	48	6	54
Veracruz	31	1	32
Jalisco	15	1	16
Guanajuato	15	—	15
Nuevo León	12	1	13
Puebla	11	—	11

Guerrero	9	1	10
Chiapas	7	2	9
Tabasco	7	2	9
Tamaulipas	6	3	9
Coahuila	4	4	8
Campeche	4	3	7
Michoacan	7	—	7
Hidalgo	6	—	6
Queretaro	6	—	6
Quintana Roo	4	2	6
Baja California	—	5	5
Aguascalientes	4	—	4
Oaxaca	3	1	4
Sinaloa	—	4	4
Michoacán	—	3	3
Morelia	3	—	3

Table of Contents

Sonora	—	3	3
Tlaxcala	2	1	3
Chihuahua	—	2	2
Durango	—	1	1
Morelos	—	1	1
Nayarit	—	1	1
San Luis Potosí	1	—	1
Yucatán	1	—	1
Zacatecas	—	1	1
Total Mexico Locations	258	54	312
Canada:			
Ontario (2)	—	39	39
Total Canada Locations	—	39	39
Total Company	760	582	1,342

(1) Buy/sell locations
(2) The Canada locations exclude 8 stores that are franchised by the company to third parties.

In addition to our store locations, we lease corporate office space in Austin, Texas (78,800 square feet), Miami, Florida (14,200 square feet), Dallas, Texas (5,900 square feet), Querétaro, Mexico (10,635 square feet), Mexico City (11,324 square feet), Ontario, Canada (4,200 square feet) and Ipswich, United Kingdom (4,700 square feet). Grupo Finmart leases corporate office space in Mexico City (10,800 square feet).

The following table presents store data by segment as of September 30, 2013:

	Company-owned Stores				
	U.S. & Canada	Latin America	Other International	Consolidated	Franchises
Pawn/retail stores	502	258	—	760	—
Financial services stores adjoining U.S. pawn stores	207	—	—	207	—
Financial services stores — free standing	321	54	—	375	8
Total stores in operation	1,030	312	—	1,342	8

ITEM 3. LEGAL PROCEEDINGS

Currently and from time to time, we are defendants in various legal and regulatory actions. While we cannot determine the ultimate outcome of these actions, we believe their resolution will not have a material adverse effect on our financial condition, results of operations or liquidity. However, we cannot give any assurance as to their ultimate outcome.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Table of Contents

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our Class A Non-voting Common Stock ("Class A Common Stock") is traded on the NASDAQ Stock Market under the symbol "EZPW." As of October 31, 2013, there were 89 stockholders of record of our Class A Common Stock. There is no trading market for our Class B Voting Common Stock ("Class B Common Stock"), which was held by one stockholder as of October 31, 2013.

The high and low per share sales price for our Class A Common Stock for the past two fiscal years, as reported by the NASDAQ Stock Market, were as follows:

	High	Low
Fiscal 2013		
Fourth quarter ended September 30, 2013	$19.44	$15.57
Third quarter ended June 30, 2013	21.35	16.65
Second quarter ended March 31, 2013	24.06	20.01
First quarter ended December 31, 2012	23.45	16.57
Fiscal 2012		
Fourth quarter ended September 30, 2012	$25.43	$21.39
Third quarter ended June 30, 2012	33.38	21.91
Second quarter ended March 31, 2012	33.00	25.33
First quarter ended December 31, 2011	31.04	25.30

On September 30, 2013, the closing sales price of our Class A Common Stock, as reported by the NASDAQ Stock Market, was $16.87 per share.

We have not declared or paid any dividends during the past two fiscal years, and currently do not anticipate paying any cash dividends in the immediate future. Under the terms of our credit agreement, which expires May 10, 2015, payment of dividends is restricted. Should we pay dividends in the future, our certificate of incorporation provides that cash dividends on common stock, when declared, must be declared and paid at the same per share amounts on both classes of stock. Any future determination to pay cash dividends will be at the discretion of our Board of Directors.

Table of Contents

Stock Performance Graph

The following table compares cumulative total stockholder returns for our Class A Common Stock for the last five fiscal years, with the cumulative total return on the NASDAQ Composite Index (ticker symbol: IXIC) and the NASDAQ Other Financial Index (ticker symbol: IXFN) over the same period. The graph shows the value, at the end of each of the last five fiscal years, of $100 invested in our Class A Common Stock or the indices on September 30, 2008. The graph depicts the change in the value of our Class A Common Stock relative to the indices at the end of each fiscal year and not for any interim period. Historical stock price performance is not necessarily indicative of future stock price performance.

Table of Contents

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial information should be read in conjunction with, and is qualified in its entirety by, the accompanying consolidated financial statements and related notes.

	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
	(in thousands, except per share and store figures)				
Operating Data:					
Total revenues	$1,010,307	$975,123	$852,798	$725,168	$592,928
Net revenues	640,684	614,401	526,303	443,255	356,632
Income from continuing operations, net of tax	61,735	155,110	123,717	98,643	67,101
Net (loss) income from discontinued operations, net of tax	(23,310)	(4,533)	(1,558)	(1,349)	1,371
Net income	38,425	150,577	122,159	97,294	68,472
Net income from continuing operations attributable to redeemable noncontrolling interest	4,348	6,869	—	—	—
Net income attributable to EZCORP, Inc.	$34,077	$143,708	$122,159	$97,294	$68,472
Diluted earnings (loss) per share attributable to EZCORP, Inc.:					
Continuing operations	$1.06	$2.90	$2.46	$1.99	$1.39
Discontinued operations	(0.43)	(0.09)	(0.03)	(0.03)	0.03
Diluted earnings per share	$0.63	$2.81	$2.43	$1.96	$1.42
Weighted average shares outstanding:					
Diluted	53,737	51,133	50,369	49,576	48,076
Stores at end of period*	1,342	1,262	1,111	1,006	910

* Fiscal 2012, 2011, 2010 and 2009 include 102, 94, 72, and 19 include 102 and 94 stores that were closed as part of discontinued operations during fiscal 2013.

	September 30,				
	2013	2012	2011	2010	2009
	(in thousands)				
Balance Sheet Data:					
Pawn loans	$156,637	$157,648	$145,318	$121,201	$101,684
Consumer loans, net	64,515	34,152	14,611	13,920	10,020
Inventory, net	145,200	109,214	90,373	71,502	64,001
Working capital	395,177	373,557	291,968	232,713	228,796
Total assets	1,345,290	1,218,007	756,450	606,412	492,517
Non-current consumer loans, net	69,991	61,997	—	—	—
Long-term debt	215,939	198,836	17,500	25,000	35,000
Redeemable noncontrolling interest	55,393	53,681	—	—	—
Stockholders’ equity	914,526	834,828	664,248	519,428	415,685

Table of Contents

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion in this section contains forward-looking statements that are based on our current expectations. Actual results could differ materially from those expressed or implied by the forward-looking statements due to a number of risks, uncertainties and other factors, including those identified in "Part I — Item 1A — Risk Factors." See also "Cautionary Statement Regarding Risks and Uncertainties That May Affect Future Results" below.

The following table presents summary consolidated financial data for our fiscal 2013, 2012 and 2011.

Summary Financial Data

	Fiscal Year Ended September 30,		
	2013	2012	2011
	(in thousands)		
Revenues:			
Merchandise sales	$368,766	$333,064	$281,716
Jewelry scrapping sales	131,702	202,481	204,858
Pawn service charges	251,354	233,538	199,746
Consumer loan fees and interest	248,304	200,681	164,895
Other revenues	10,181	5,359	1,583
Total revenues	1,010,307	975,123	852,798
Merchandise cost of goods sold	218,617	190,637	161,834
Jewelry scrapping cost of goods sold	96,133	130,715	127,870
Consumer loan bad debt	54,873	39,370	36,791
Net revenues	$640,684	$614,401	$526,303
Income from continuing operations, net of tax	61,735	155,110	123,717
Loss from discontinued operations, net of tax	(23,310)	(4,533)	(1,558)
Net income	$38,425	$150,577	$122,159
Net income from continuing operations attributable to redeemable noncontrolling interest	4,348	6,869	—
Net income attributable to EZCORP, Inc.	$34,077	$143,708	$122,159

Overview

We are a worldwide leader in delivering instant cash solutions to our customers through a wide variety of channels, products, services and markets. We offer our customers multiple ways to access instant cash through approximately 1,350 locations and branches across the United States, Mexico, Canada and the United Kingdom. We offer these products through our four primary channels: in-store, online, worksite and mobile platforms.

We fulfill the growing global consumer demand for immediate access to cash, financial services and affordable pre-owned merchandise. We offer a variety of instant cash solutions, including collateralized, non-recourse loans, commonly known as pawn loans, and a variety of short-term consumer loans, including single- and multiple-payment unsecured loans and single- and multiple-payment auto title loans. In some U.S. locations (primarily in Texas), we do not offer loan products, but rather offer credit services to help customers obtain loans from independent third-party lenders.

During the second quarter of fiscal 2012, we entered into the unsecured lending market in Mexico with the acquisition of a 60% interest in Prestaciones Finmart, S.A.P.I. de C.V., SOFOM, E.N.R. ("Grupo Finmart"), a leading payroll withholding lender headquartered in Mexico City. As of September 30, 2013, Grupo Finmart had approximately 70 payroll withholding master agreements with Mexican employers, primarily federal, state and local governments and agencies, and provided consumer loans to the agencies' employees. We also own a 51% interest in Renueva Commercial S.A.P.I. de C.V. ("TUYO"), a company headquartered in Mexico City that owns and operates buy/sell stores in Mexico City and the surrounding metropolitan area. In addition, during the third quarter of fiscal 2012, we acquired 72% of Ariste Holding Limited and its affiliates ("Cash Genie"), which offers short-term consumer loans online in the United Kingdom. During fiscal 2013, we acquired the remaining

Table of Contents

outstanding interests in Cash Genie, and at September 30, 2013, own 100% of Cash Genie's ordinary shares. During fiscal 2013, we also acquired a U.S. online lending business from Go Cash, LLC and certain of its affiliates.

At September 30, 2013, we operated a total of 1,342 locations, consisting of 495 U.S. pawn stores (operating primarily as EZPAWN or Value Pawn & Jewelry), seven U.S. buy/sell stores (operating as Cash Converters), 239 pawn stores in Mexico (operating as Empeño Fácil), 489 U.S. financial services stores (operating primarily as EZMONEY), 39 buy/sell and financial services stores in Canada (operating as Cash Converters or CASHMAX), 19 buy/sell stores in Mexico (operating as TUYO) and 54 financial services branches in Mexico (operating as Crediamigo or Adex). We own approximately 30% of Albemarle & Bond Holdings, PLC, one of the United Kingdom's largest pawnbroking businesses with approximately 230 stores, and approximately 33% of Cash Converters International Limited, which is based in Australia and franchises and operates a worldwide network of over 700 locations that provide financial services and buy and sell second-hand goods. We also own the Cash Converters master franchise rights in Canada and are the franchisor of eight stores there.

Our business consists of three reportable segments: The U.S. & Canada segment, which includes all business activities in the United States and Canada; the Latin America segment, which includes our Empeño Fácil pawn operations and Grupo Finmart financial services operations in Mexico; and the Other International segment, which includes the Cash Genie online business in the U.K. and our equity interests in the net income of Albemarle & Bond and Cash Converters International.

The following tables present stores by segment:

	Fiscal Year Ended September 30, 2013				
	Company-owned Stores				
	U.S. & Canada	Latin America	Other International	Consolidated	Franchises
Stores in operation:					
Beginning of period	987	275	—	1,262	10
De novo	84	73	—	157	—
Acquired	12	26	—	38	—
Sold, combined, or closed	(3)	(5)	—	(8)	(2)
Discontinued operations	(50)	(57)	—	(107)	—
End of period	1,030	312	—	1,342	8

	Fiscal Year Ended September 30, 2012				
	Company-owned Stores				
	U.S. & Canada	Latin America	Other International	Consolidated	Franchises
Stores in operation:					
Beginning of period	933	178	—	1,111	13
De novo	17	54	—	71	—
Acquired	51	45	—	96	—
Sold, combined, or closed	(14)	(2)	—	(16)	(3)
End of period	987	275	—	1,262	10
Discontinued operations	45	57	—	102	—
Stores in continuing operations	942	218	—	1,160	10

Table of Contents

	Fiscal Year Ended September 30, 2011				
	Company-owned Stores				
	U.S. & Canada	Latin America	Other International	Consolidated	Franchises
Stores in operation:					
Beginning of period	891	115	—	1,006	—
De novo	25	57	—	82	1
Acquired	34	6	—	40	13
Sold, combined, or closed	(17)	—	—	(17)	(1)
End of period	933	178	—	1,111	13
Discontinued operations	41	53	—	94	—
Stores in continuing operations:	892	125	—	1,017	13

During the third quarter of fiscal 2013, we implemented a plan to close 107 legacy stores (102 and 94 of which were in operation at September 30, 2012 and 2011, respectively) in a variety of locations. These stores are generally older, smaller stores that do not fit our future growth profile.

Store closures as discontinued operations include:

57 stores in Mexico, 52 of which are small, jewelry-only asset group formats. We will continue to operate our full-service SWS stores under the Empeño Fácil brand, and expect to continue our storefront growth in Mexico.

29 stores in Canada, where we are in the process of transitioning to an integrated buy/sell and financial services model under the Cash Converters brand. The affected asset group consists of stores that are not optimal for that model because of location or size. We will continue to operate full-service buy/sell and financial services center stores under the Cash Converters brand in Canada and the United States.

20 financial services stores in Dallas, Texas and the State of Florida, where we are exiting both locations primarily due to onerous regulatory requirements. In addition, one jewelry-only concept store will be closed, which was our only jewelry-only store in the United States.

Due to discontinued operations, we incurred charges for lease termination costs, asset and inventory write-down to net realizable liquidation value, uncollectible receivables, and employee severance costs. We recognized $22.2 million of pre-tax charges related to discontinued operations during fiscal 2013. The following table summarizes these costs, which have been recorded as part of loss from discontinued operations, net of tax in our fiscal 2013 consolidated statement of operations:

	Fiscal Year Ended September 30, 2013 (in thousands)
Lease termination costs	$8,608
Employee severance	896
Inventory write-down to liquidation value	7,081
Fixed asset write-down to liquidation value	5,605
Total termination costs related to the reorganization	$22,190

Table of Contents

The table below summarizes the operating income (losses) from discontinued operations by operating segment:

	Fiscal Year Ended September 30,		
	2013	2012	2011
	(in thousands)		
U.S. & Canada			
Net revenues	$4,308	$6,183	$5,495
Operations expense	10,090	10,031	5,891
Operating loss from discontinued operations before taxes	(5,782)	(3,848)	(396)
Total termination costs related to the reorganization	13,049	—	—
Loss from discontinued operations before taxes	(18,831)	(3,848)	(396)
Income (benefit) tax provision	(1,392)	77	404
Loss from discontinued operations, net of tax	$(17,439)	$(3,925)	$(800)
Latin America			
Net revenues	$5,215	$3,645	$3,138
Operations expense	4,461	4,560	4,220
Operating income (loss) from discontinued operations before taxes	754	(915)	(1,082)
Total termination costs related to the reorganization	9,141	—	—
Loss from discontinued operations before taxes	(8,387)	(915)	(1,082)
Income tax benefit	(2,516)	(307)	(324)
Loss from discontinued operations, net of tax	$(5,871)	$(608)	$(758)
Consolidated			
Net revenues	$9,523	$9,828	$8,633
Operations expense	14,551	14,591	10,111
Operating loss from discontinued operations before taxes	(5,028)	(4,763)	(1,478)
Total termination costs related to the reorganization	22,190	—	—
Loss from discontinued operations before taxes	(27,218)	(4,763)	(1,478)
Income (benefit) tax provision	(3,908)	(230)	80
Loss from discontinued operations, net of tax	$(23,310)	$(4,533)	$(1,558)

Pawn and Retail Activities

We earn pawn service charge revenues on our pawn lending. While allowable service charges vary by state and loan size, a majority of our U.S. pawn loans earn 20% per month. Our average U.S. pawn loan amount typically ranges between $130 and $135, but varies depending on the valuation of each item pawned. The total U.S. loan term ranges between 60 and 120 days, consisting of the primary term and grace period. In Mexico, pawn service charges range from 14% to 21% per month, including applicable taxes, with the majority of loans earning 21%. The total Mexico pawn loan term is 40 days, consisting of the primary term and grace period. Individual loans are made in Mexican pesos and vary depending on the valuation of each item pawned, but typically average U.S. $65.

In our pawn stores, buy/sell stores in Pennsylvania and Virginia and certain financial services stores in Canada, we acquire inventory for retail sales through pawn loan forfeitures, purchases of customers' second hand merchandise or purchases of new or refurbished merchandise from third party vendors. The gross profit on sales of inventory depends primarily on our assessment of the loan or purchase value at the time the property is either accepted as loan collateral or purchased. Margins achieved on sale of inventory are a function of the assessment of value at the time the pawn loan was originated or, in the case of purchased merchandise, the purchase price.

We record a valuation allowance for obsolete or slow-moving inventory based on the type and age of merchandise. We generally establish a higher allowance percentage on general merchandise, as it is more susceptible to obsolescence, and

31

Table of Contents

establish a lower allowance percentage on jewelry, as it generally has greater inherent commodity value. At September 30, 2013, our total allowance was 2.8% of gross inventory, compared to 4.9% at September 30, 2012. Changes in the valuation allowance are charged to merchandise cost of goods sold.

Consumer Loan Activities

At September 30, 2013, 288 of our U.S. financial services stores and two of our U.S. pawn stores in Texas offered credit services to customers seeking consumer loans from unaffiliated lenders. We do not participate in any of the loans made by the lenders, but earn a fee for helping customers obtain credit and for enhancing customers' creditworthiness by providing letters of credit to the unaffiliated lenders. Customers may obtain different types of consumer loans from the unaffiliated lenders. For credit services in connection with arranging a single-payment loan (average loan amount of about $500), our fee is approximately 15% - 22% of the loan amount. For credit services in connection with arranging an unsecured multiple-payment loan (average loan amount of about $2,300), our fee is 10% of the initial loan amount with each semi-monthly or bi-weekly installment payment. Low dollar installment loan principal amounts range from $100 to $1,500, but average about $600. With each semi-monthly or bi-weekly installment payment, we earn a fee of 13% to 14% of the initial loan amount. For credit services in connection with arranging single-payment auto title loans (average loan amount of about $1,000), the fee is up to 30% of the loan amount. In fiscal 2012, we began assisting customers in obtaining longer-term multiple-payment auto title loans from unaffiliated lenders. Multiple-payment auto title loans typically carry terms of two to five months with up to ten equal installments. Multiple-payment auto title loan principal amounts range from $150 to $10,000, but average about $1,100; and we earn a fee of 50% to 140% of the initial loan amount. At September 30, 2013, single-payment loans comprised 80% of the balance of consumer loans brokered through our credit services, and multiple-payment loans comprised the remaining 20%.

Outside of Texas, we earn loan fee revenue on our consumer loans. In two U.S. pawn stores, 106 U.S. financial services stores and 39 Canadian financial services stores, we offer single-payment unsecured consumer loans. The average single-payment loan amount is approximately $500 and the term is generally less than 30 days, averaging about 18 days. We typically charge a fee of 15% to 22% of the loan amount. In 122 of our U.S. financial services stores, we offer multiple-payment unsecured consumer loans. These loans carry a term of four to seven months, with a series of equal installment payments, including principal amortization, due monthly, semi-monthly or on the customer's paydays. Total interest and fees on these loans vary in accordance with state law and loan terms, but over the entire loan term, total approximately 45% to 130% of the original principal amount of the loan. Multiple-payment loan principal amounts range from $100 to $3,000, but average approximately $550.

At September 30, 2013, 426 of our U.S. financial services stores and two of our U.S. pawn stores offered auto title loans or, in Texas, credit services to assist customers in obtaining auto title loans from unaffiliated lenders. Auto title loans are 30-day loans secured by the titles to customers' automobiles. Loan principal amounts range from $100 to $10,000, but average about $1,000. We earn a fee of 10% to 30% of auto title loan amounts. In Texas, we assist customers in obtaining multiple-payment auto title loans from unaffiliated lenders. These loans typically carry terms of five months with up to ten equal installments. Principal amounts range from $150 to $10,000, but average about $1,100; and we earn a fee of 50% to 140% of the initial loan amount.

At September 30, 2013, our U.S. online lending business operated in six states. In Louisiana, Missouri, South Dakota and Hawaii, we offer single-payment loans with an average principal amount of $400 and terms generally less than 30 days. Total interest and fees vary in accordance with state law and loan terms, but over the entire loan term, total approximately 15% to 45% of the original principal amount of the loan. Our online lending business in Texas and Ohio operates under a CSO model similar to that described above. The average principal amount for online loans in Texas and Ohio is about $460. We also offer single- and multiple-payment loans online in the U.K.

In Mexico, Grupo Finmart offers multiple-payment consumer loans with typical annual yields of approximately 58% and collects interest and principal through payroll deductions. The average loan is approximately $1,170 with a term of 31 months.

Acquisitions

On November 20, 2012, we entered into a definitive agreement with Go Cash, LLC and certain of its affiliates ("Go Cash") to acquire substantially all the assets of Go Cash's online lending business. This acquisition of assets was completed on December 20, 2012. The total purchase price is performance-based and will be determined over a period of four years following the closing. A minimum of $50.8 million will be paid. Also, on November 1, 2012, we acquired a 51% interest in Renueva Comercial S.A. de C.V., a company headquartered in Mexico City and doing business under the name “TUYO,” for approximately $1.1 million. As of September 30, 2013, TUYO owned and operated 19 buy/sell stores in Mexico City and the surrounding metropolitan area. In addition, on April 26, 2013, Grupo Finmart, our 60% owned subsidiary, purchased 100% of the outstanding shares of Fondo ACH, S.A. de C.V., a specialty consumer finance company. The total purchase price is performance-based and will be determined over a period of four years. A minimum of $3.5 million will be paid. Futhermore, on June 30, 2013, Grupo Finmart, purchased a consumer loan portfolio for total consideration of approximately $1.3 million.

The total purchase price is performance-based and will be determined over the life of the loan portfolio. Finally, the fiscal year ended September 30, 2013, includes the December 2012 acquisition of 12 pawn locations in Arizona, which was a new state of operation for us. The results of all acquired stores and businesses have been consolidated with our results since their acquisition.

In fiscal 2012, we acquired 28 pawn stores in the San Antonio metropolitan area, Florida, Minnesota and Georgia; 8 buy/sell stores in Virginia, Pennsylvania and Canada; and 15 financial services stores in Hawaii and Texas. The aggregate consideration for these stores was approximately $76.9 million, net of cash acquired. During fiscal 2012, we also acquired a 60% interest in Grupo Finmart, a specialty consumer finance company headquartered in Mexico City, for total consideration of $60.1 million, net of cash acquired; and a 72% interest in Ariste Holding Limited and its affiliates, which provides online loans in the U.K under the name "Cash Genie," for total consideration of $32.4 million, comprised of 0.2 million shares of EZCORP stock valued at $6.4 million and $26.0 million of cash, net of cash acquired. During fiscal 2013, we acquired the remaining 28% of Cash Genie for total consideration of $11.0 million.

Other

The results for the fiscal year ended September 30, 2013 include pre-tax impairment charges of $42.5 million related to Albermarle & Bond and $2.1 million related to available for sale securities. The current year income tax expense reflects a $12.3 million tax benefit related to these charges.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted ("GAAP") in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates and judgments, including those related to revenue recognition, inventory, loan loss allowances, long-lived and intangible assets, income taxes, contingencies and litigation. We base our estimates on historical experience, observable trends and various other assumptions that we believe to be reasonable under the circumstances. We use this information to make judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates under different assumptions or conditions. We believe the following critical accounting policies and estimates could have a significant impact on our results of operations. You should refer to Note 1 to our consolidated financial statements included in "Part II — Item 8 — Financial Statements and Supplemental Data" for a more complete review of other accounting policies and estimates used in the preparation of our consolidated financial statements.

Consolidation

The consolidated financial statements include the accounts of EZCORP, Inc. and our controlled subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation. We own 60% of the outstanding equity interests in Prestaciones Finmart, S.A. de C.V., SOFOM, E.N.R. ("Grupo Finmart") and 51% Renueva Comercial S.A. de C.V. ("TUYO") and, therefore, include their results in our consolidated financial statements. We account for our investments in Albemarle & Bond Holdings, PLC and Cash Converters International Limited using the equity method.

Pawn Loan and Sales Revenue Recognition

We record pawn service charges using the interest method for all pawn loans we believe to be collectible. We base our estimate of collectible loans on several factors, including recent redemption rates, historical trends in redemption rates and the amount of loans due in the following two months. Unexpected variations in any of these factors could change our estimate of collectible loans, affecting our earnings and financial condition. If a pawn loan is not repaid, we value the forfeited collateral (inventory) at the lower of cost (pawn loan principal) or market value of the property. We record sales revenue and the related cost when this inventory is sold, or when we receive the final payment on a layaway sale. Sales tax collected on the sale of inventory is excluded from the amount recognized as sales and instead recorded as a liability in "Accounts payable and other accrued expenses" on our balance sheets until remitted to the appropriate governmental authorities.

Consumer Loans

We provide a variety of short-term consumer loans including single-payment and multiple-payment unsecured loans and single-payment and multiple-payment auto title loans. In Texas, we provide fee-based credit services to customers seeking loans. In Mexico, Grupo Finmart enters into agreements with employers that permit it to market consumer loans to employees. Payments

Table of Contents

are withheld by the employers through payroll deductions and remitted to Grupo Finmart. For each of our loan products we estimate the fees we expect to be uncollectible.

Revenue Recognition

Unsecured Consumer Loan Credit Service Fees — We earn credit service fees when we assist customers in obtaining unsecured loans from unaffiliated lenders. We initially defer recognition of the fees we expect to collect, net of direct expenses, and recognize that deferred net amount over the life of the related loans. We reserve the percentage of credit service fees we expect not to collect. Accrued fees related to defaulted loans reduce credit service fee revenue upon loan default and increase credit service fee revenue upon collection. Unsecured loan credit service fee revenue is included in “Consumer loan fees and interest” on our consolidated statements of operations.

Unsecured Consumer Loan Revenue — We accrue fees and interest in accordance with state and provincial laws on the percentage of unsecured loans (single-payment and multiple-payment) we have made that we believe to be collectible. Accrued fees related to defaulted loans reduce fee revenue upon loan default and increase fee revenue upon collection. Unsecured loan revenue is included in “Consumer loan fees and interest” on our consolidated statements of operations.

Long-term Unsecured Consumer Loan Revenue — Grupo Finmart customers obtain installment loans with a series of payments due over as long as a four-year period. We recognize consumer loan interest related to loans we originate based on the percentage of consumer loans made that we believe to be collectible. We recognize interest revenue ratably over the life of the related loans. We reserve the percentage of interest we expect not to collect. Accrued interest related to defaulted loans reduce consumer loan revenue upon loan default and increase consumer loan fee revenue upon collection. Long-term unsecured consumer loan revenue is included in “Consumer loan fees and interest” on our consolidated statements of operations.

Auto Title Loan Credit Service Fee Revenue — We earn auto title credit service fees when we assist customers in obtaining auto title loans from unaffiliated lenders. We recognize the fee revenue ratably over the life of the loan, and reserve the percentage of fees we expect not to collect. Auto title loan credit service fee revenue is included in “Consumer loan fees and interest” on our consolidated statements of operations.

Auto Title Loan Revenue — We accrue fees in accordance with state laws on the percentage of auto title loans we have made that we believe to be collectible. We recognize the fee revenue ratably over the life of the loan. Auto title loan revenue is included in “Consumer loan fees and interest” on our consolidated statements of operations.

Bad Debt and Allowance For Losses

Unsecured Consumer Loan Credit Service Bad Debt — We issue letters of credit to enhance the creditworthiness of our customers seeking unsecured loans from unaffiliated lenders. The letters of credit assure the lenders that if borrowers default on the loans, we will pay the lenders, upon demand, the principal and accrued interest owed to the lenders by the borrowers plus any insufficient funds fees. Although amounts paid under letters of credit may be collected later, we charge those amounts to consumer loan bad debt upon default. We record recoveries under the letters of credit as a reduction of bad debt at the time of collection. After attempting collection of bad debts internally, we occasionally sell them to an unaffiliated company as another method of recovery. We record the proceeds from such sales as a reduction of bad debt at the time of the sale. Unsecured consumer loan credit service bad debt is included in "Consumer loan bad debt" on our consolidated statements of operations.

The majority of our credit service customers obtain short-term unsecured loans with a single maturity date. These short-term loans, with terms averaging about 16 days, are considered defaulted if they have not been repaid or renewed by the maturity date. Other credit service customers obtain multiple-payment loans with a series of payments due over as much as a seven-month period. If one payment of multiple-payment loan is delinquent, that one payment is considered defaulted. If more than one payment is delinquent at any time, the entire loan is considered defaulted.

Allowance for Losses on Unsecured Consumer Loan Credit Services — We provide an allowance for losses we expect to incur under letters of credit for brokered unsecured loans that have not yet matured. The allowance is based on recent loan default experience adjusted for seasonal variations. It includes all amounts we expect to pay to the unaffiliated lenders upon loan default, including loan principal, accrued interest, insufficient funds fees, net of the amounts we expect to collect from borrowers (collectively, “Expected LOC Losses”). Changes in the allowance are charged to consumer loan bad debt on our consolidated statements of operations. We include the balance of Expected LOC Losses in “Accounts payable and other accrued expenses” on our consolidated balance sheets. Based on the expected loss and collection percentages, we also provide an allowance for the unsecured loan credit service fees we expect not to collect, and charge changes in this

Table of Contents

allowance to consumer loan fee revenue, which is included in "Consumer loan fees and interest" on our consolidated statements of operations.

Unsecured Consumer Loan Bad Debt — In general, we consider a single-payment loan defaulted if it has not been repaid or renewed by the maturity date. If one payment of a multiple-payment loan is delinquent, that one payment is considered defaulted. If more than one payment is delinquent at any time, the entire loan is considered defaulted. Although defaulted loans may be collected later, we charge the loan principal to consumer loan bad debt upon default, leaving only active loans in the reported balance. We record collections of principal as a reduction of consumer loan bad debt when collected. After attempting collection of bad debts internally, we occasionally sell them to an unaffiliated company as another method of recovery and record the proceeds from such sales as a reduction of bad debt at the time of sale. Unsecured consumer loan bad debt is included in "Consumer loan bad debt" on our consolidated statements of operations.

Consumer loans made by EZCORP Online are considered delinquent if they are not repaid or renewed by the maturity date. We do not accrue additional revenues on delinquent loans. All outstanding principal balances and related fee receivables greater than 60 days past due are considered defaulted. Upon default, we charge consumer loan principal to consumer loan bad debt and reverse accrued unsecured consumer loan fee revenue.

Unsecured Consumer Loan Allowance for Losses — We provide an allowance for losses on unsecured loans that have not yet matured and related fees receivable, based on recent loan default experience adjusted for seasonal variations. We charge any changes in the principal valuation allowance to "Consumer loan bad debt" on our consolidated statements of operations. We record changes in the fee receivable valuation allowance to "Consumer loan fees and interest" on our consolidated statements of operations.

Long-Term Unsecured Consumer Loan Bad Debt — Consumer loans made by Grupo Finmart are considered in current status as long as the customer is employed and Grupo Finmart receives payments via payroll withholdings. Loans made to customers no longer employed are considered current if payments are made by the due date. If one payment of a loan is delinquent, that one payment is considered defaulted. If two or more payments are delinquent at any time, the entire loan is considered defaulted. Although defaulted loans may be collected later, Grupo Finmart charges the loan principal to consumer loan bad debt upon default, leaving only active loans in the reported balance. Collections of principal are recorded as a reduction of consumer loan bad debt when collected. Long-term unsecured consumer loan bad debt is included in "Consumer loan bad debt" on our consolidated statements of operations.

Long-Term Unsecured Consumer Loan Allowance for Losses — Grupo Finmart provides an allowance for losses on consumer loans that have not yet matured and related fees receivable based on recent loan default experience. Changes in the principal valuation allowance are charged to "Consumer loan bad debt" and changes in the interest receivable valuation allowance are charged to "Consumer loan fees and interest" on our consolidated statements of operations.

Auto Title Loan Credit Services Bad Debt and Allowance for Losses — We issue letters of credit to enhance the creditworthiness of our customers seeking auto title loans from unaffiliated lenders. The letters of credit assure the lenders that if borrowers default on the loans, we will pay the lenders, upon demand, all amounts owed to the lenders by the borrowers, including loan principal, accrued interest, insufficient funds fees. Through a charge to auto title loan bad debt, we provide an allowance for losses we expect to incur under letters of credit for brokered auto title loans, and record actual charge-offs against this allowance. The allowance includes all amounts we expect to pay to the unaffiliated lenders upon loan default, including principal, accrued interest, net of the amounts we expect to collect from borrowers or through the sale of repossessed vehicles. We include the allowance for expected losses in “Accounts payable and other accrued expenses” on our consolidated balance sheets.

Auto Title Loan Bad Debt and Allowance for Losses — Based on historical collection experience, the age of past-due loans and amounts we expect to receive through the sale of repossessed vehicles, we provide an allowance for losses on auto title loans and related fees receivable. We charge any increases in the principal valuation allowance to consumer loan bad debt and charge uncollectable loans against this allowance. We record changes in the fee receivable valuation allowance to "Consumer loan fees and interest" on our consolidated statements of operations.

Inventory and Cost of Goods Sold

If a pawn loan is not redeemed, we record the forfeited collateral at cost (the principal amount of the pawn loan) in "Inventory, net" on our consolidated balance sheets. We do not record loan loss allowances or charge-offs on the principal portion of pawn loans, as they are fully collateralized.

In order to state inventory at the lower of cost (specific identification) or market value, we record an allowance for excess, obsolete or slow moving inventory based on the type and age of merchandise. We include in "Merchandise cost of goods sold"

Table of Contents

in our consolidated statements of operations the historical cost of inventory sold, inventory shrinkage and any change in the allowance for inventory shrinkage and valuation. We also include the cost of operating our central jewelry processing unit, as it relates directly to sales of precious metals to refiners.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets having indefinite lives are not subject to amortization. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") ASC 350-20-35, Goodwill - Subsequent Measurement, we test goodwill and intangible assets with an indefinite useful life for potential impairment annually, or more frequently when there are events or circumstances that indicate a potential impairment. We perform our impairment analysis utilizing the income approach. This approach uses future cash flows and estimated terminal values for each of our reporting units (discounted using a market participant perspective) to determine the fair value of each reporting unit, which is then compared to the carrying value of the reporting unit to determine if there is an impairment. The income approach includes assumptions about revenue growth rates, operating margins and terminal growth rates discounted by an estimated weighted-average cost of capital derived from other publicly-traded companies that are similar but not identical from an operational and economic standpoint. We completed our annual assessment of goodwill and indefinite lived intangible assets as of September 30, 2013 and determined that no material impairment existed at that date.

Valuation of Tangible Long-Lived Assets

We assess the impairment of tangible long-lived assets whenever events or changes in circumstances indicate that the net recorded amount may not be recoverable. The following factors could trigger an impairment review: significant underperformance relative to historical or projected future cash flows, significant changes in the manner of use of the assets or the strategy for the overall business, significant negative industry trends or legislative changes prohibiting us from offering our loan products. An impairment loss is recognized if the future undiscounted cash flows associated with the asset and the estimated fair value of the asset are less than the asset's carrying value.

Acquisitions

We adopted FASB ASC 805-10-65 (Business Combinations — Revised) on October 1, 2009, and have applied it prospectively to all business acquisitions completed since that date. In accordance with FASB ASC 805-10-65, we allocate the total acquisition price to the fair value of assets and liabilities acquired and immediately expense transaction costs that would have been included in the purchase price allocation under previous accounting standards.

Foreign Currency Translation

Our equity investments in Albemarle & Bond and Cash Converters International are translated from British pounds and Australian dollars, respectively, into U.S. dollars at the exchange rates as of the investees’ balance sheet date of June 30. The related interest in the investees’ net income is translated at the average exchange rates for each six-month period reported by the investees. The functional currency of Empeño Fácil, our wholly owned subsidiary, Grupo Finmart, our 60% owned subsidiary, and TUYO, our 51% owned subsidiary, is the Mexican peso. The functional currency of our wholly owned foreign subsidiary in Canada is the Canadian dollar, and the functional currency of Cash Genie, our wholly owned subsidiary in the U.K., is the British Pound. Our foreign subsidiaries' balance sheet accounts are translated from their respective functional currencies into U.S. dollars at the exchange rate at the end of each quarter, and their earnings are translated into U.S. dollars at the average exchange rate each quarter. We present resulting translation adjustments as a separate component of stockholders’ equity. Foreign currency transaction gains and losses have not been significant, and are reported as “Other” (income) or expense in our statements of operations.

Income Taxes

We account for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value of assets and liabilities and their tax basis and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the related temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized when the rate change is enacted.

Management believes that it is more likely than not that forecasted income, including income that may be generated as a result of certain tax planning strategies, together with future reversals of existing taxable temporary differences, will be sufficient to fully recover the deferred tax assets. In the event that we determine all or part of the net deferred tax assets are not realizable in

Table of Contents

the future, we will make an adjustment to the valuation allowance that would be charged to earnings in the period such determination is made.

Stock Compensation

We account for stock compensation in accordance with the fair value recognition provisions of FASB ASC 718-10-25 (Compensation — Stock Compensation). The fair value of restricted shares is measured as the closing market price of our stock on the date of grant, which is amortized over the vesting period for each grant. When we grant options, our policy is to estimate the grant-date fair value of the options using the Black-Scholes-Merton option-pricing model and amortize that fair value to compensation expense on a ratable basis over the options' vesting periods.

Recently Issued Accounting Pronouncements

See Note 1 to our consolidated financial statements included in "Part II — Item 8 — Financial Statements and Supplementary Data" for a discussion of recent accounting pronouncements.

Results of Operations

Fiscal 2013 Compared to Fiscal 2012

The following discussion compares our results of operations for the year ended September 30, 2013 to the year ended September 30, 2012. It should be read with the accompanying consolidated financial statements and related notes.

In fiscal 2013, consolidated total revenues increased 4%, or $35.2 million, to $1.0 billion, compared to the prior year. Same store total revenues decreased $70.6 million, or 7%, and new and acquired stores contributed $105.8 million. Income from continuing operations before taxes decreased 60% to $91.3 million from $226.4 million in the prior year. Loss from discontinued operations, net of tax increased $18.8 million to $23.3 million due to termination costs. Excluding termination costs, pre-tax loss from discontinued operations increased $0.3 million to $5.0 million. Net income attributable to noncontrolling interest decreased $2.5 million, or 37%. Net income attributable to EZCORP decreased $109.6 million, or 76%, to $34.1 million.

Table of Contents

U.S. & Canada

The following table presents selected financial data from continuing operations for the U.S. & Canada segment:

	Fiscal Year Ended September 30, 2013	2012
	(dollars in thousands)	
Revenues:		
Merchandise sales	$310,521	$291,497
Jewelry scrapping sales	123,162	191,905
Pawn service charges	221,775	210,601
Consumer loan fees and interest	174,726	163,896
Other revenues	5,113	3,759
Total revenues	835,297	861,658
Merchandise cost of goods sold	183,147	168,133
Jewelry scrapping cost of goods sold	88,637	122,604
Consumer loan bad debt	43,095	35,398
Net revenues	520,418	535,523
Segment expenses (income):		
Operations	336,421	292,371
Depreciation	15,919	13,058
Amortization	2,043	521
Loss (gain) on sale or disposal of assets	284	(261)
Interest expense (income), net	16	(3)
Other income	(3)	(647)
Segment contribution	$165,738	$230,484
Other data:		
Gross margin on merchandise sales	41.0%	42.3%
Gross margin on jewelry scrapping sales	28.0%	36.1%
Gross margin on total sales	37.3%	39.9%
Average pawn loan balance per pawn store at period end	$285	$295
Average yield on pawn loan portfolio (a)	161%	160%
Pawn loan redemption rate	83%	82%
Consumer loan bad debt as a percentage of consumer loan fees	25%	22%

(a) Average yield on pawn loan portfolio is calculated as pawn service charge revenues for the period divided by the average pawn loan balance during the period.

The U.S. & Canada segment total revenues decreased $26.4 million, or 3%, from the prior year to $835.3 million. Same store total revenues decreased $79.7 million, or 9%, and new and acquired stores net of closed stores contributed $53.3 million. The overall decrease in total revenues was mostly due to a $68.7 million decrease in jewelry scrapping sales. Excluding jewelry scrapping sales, total revenues increased $42.4 million, or 6%. The increase consisted of a $19.0 million increase in merchandise sales, an $11.2 million increase in pawn service charges and a $12.2 million increase in loan fees and other revenues. In fiscal 2013, we acquired 12 pawn stores in the U.S. for $23.1 and Go Cash, a U.S. online lender, for $50.8 million. As part of these acquisitions, we began operations in the state of Arizona and online operations in six states, bringing the total number of states in which we operate to 27 at September 30, 2013. In fiscal 2013, we opened 84 de novo locations bringing our total number of stores in the U.S. & Canada segment to 1,030.

Fiscal 2013 pawn service charge revenue increased 5%, or $11.2 million, from the prior year to $221.8 million. Same store pawn service charges increased $3.8 million, or 2%, with new and acquired stores net of closed stores contributing $7.4 million. The same store improvement was due to a slight increase in the average yield. The yield improved primarily due

38

Table of Contents

to a higher loan redemption rate as we continued to focus on loan values and better qualifying customers to determine those that prefer to sell their merchandise rather than use it as collateral for a loan.

Fiscal 2013 merchandise sales gross profit increased $4.0 million, or 3%, from the prior year to $127.4 million. This was due to a $3.3 million increase in same store sales and a $15.7 million increase in sales from new and acquired stores net of closed stores, partially offset by a slight decrease in gross margins. The decrease in gross margins was due to a shift in sales mix from jewelry to general merchandise.

Gross profit on jewelry scrapping sales decreased $34.8 million, or 50%, from the prior year to $34.5 million. Jewelry scrapping revenues decreased $68.7 million, or 36%, due to a 4% decrease in proceeds realized per gram of gold jewelry scrapped, coupled with a 35% decrease in gold volume. Same store jewelry scrapping sales decreased $80.3 million, or 42%, and new and acquired stores contributed $11.6 million. Jewelry scrapping sales include the sale of approximately $11.3 million of loose diamonds removed from scrap jewelry in fiscal 2013 and $10.8 million in the prior year. As a result of the decrease in volume, scrap cost of goods decreased $34.0 million.

Total segment expenses increased to $354.7 million (42% of revenues) in fiscal 2013 from $305.0 million (35% of revenues) in the prior year. Operations expense increased 15%, or $44.1 million, due to higher operating costs at new and acquired stores, increased labor, benefits and additional investments made in infrastructure to support our growth. Depreciation and amortization increased 32%, or $4.4 million, from the prior year to $18.0 million, mainly due to assets placed in service at new and acquired stores.

In fiscal 2013, U.S. & Canada delivered segment contribution of $165.7 million, a $64.7 million, or 28% decrease compared to prior year. For fiscal 2013, the U.S. & Canada segment's contribution represents 106% of consolidated segment contribution compared to 82% in the prior year. The U.S & Canada segment has experienced significant challenges related to jewelry merchandise sales and gold scrap sales; however, other elements of the business have continued to show strength, offsetting to a large extent the challenges in the gold and jewelry market.

Latin America

The following table presents selected financial data from continuing operations for the Latin America segment after translation to U.S. dollars from its functional currency of the Mexican peso:

	Fiscal Year Ended September 30,	
	2013	2012
	(dollars in thousands)	
Revenues:		
Merchandise sales	$58,245	$41,567
Jewelry scrapping sales	8,540	10,576
Pawn service charges	29,579	22,937
Consumer loan fees and interest	50,461	26,901
Other revenues	3,197	1,292
Total revenues	150,022	103,273
Merchandise cost of goods sold	35,470	22,504
Jewelry scrapping cost of goods sold	7,496	8,111
Consumer loan bad debt (benefit) expense	(113)	309
Net revenues	107,169	72,349
Segment expenses (income):		
Operations	62,496	37,259
Depreciation	5,222	3,319
Amortization	1,711	1,370
Loss on sale or disposal of assets	17	12
Interest expense (income), net	11,279	(4,507)
Other income	(218)	(5)
Segment contribution	$26,662	$34,901
Other data:		
Gross margin on merchandise sales	39.1%	45.9%
Gross margin on jewelry scrapping sales	12.2%	23.3%
Gross margin on total sales	35.7%	41.3%
Average pawn loan balance per pawn store at period end	$57	$81
Average yield on pawn loan portfolio (a)	191%	198%
Pawn loan redemption rate	75%	76%
Consumer loan bad debt expense as a percentage of consumer loan fees and interest	—%	1%

(a) Average yield on pawn loan portfolio is calculated as pawn service charge revenues for the period divided by the average pawn loan balance during the period.

The average exchange rate used to translate Latin America's results from Mexican pesos to U.S. dollars was 12.7 to 1, 5% lower than the prior year's rate of 13.3 to 1. In fiscal 2013, we opened 73 de novo stores, and on November 1, 2012, we acquired a 51% interest in Renueva Comercial S.A. de C.V., a company headquartered in Mexico City and doing business under the name "TUYO." TUYO owns and operates 19 buy/sell stores in Mexico City and the surrounding metropolitan area. At September 30, 2013, the Latin America segment consisted of 312 stores operating under the brands Crediamigo, Adex, Empeño Fácil, and TUYO.

The Latin America segment's total revenues increased $46.7 million, or 45%, in fiscal 2013 to $150.0 million. Same store total revenues increased $11.0 million, or 11%, and new and acquired stores contributed $35.7 million. The overall increase in total revenues was due to the $23.6 million increase in Grupo Finmart consumer loan fees, $16.7 million increase in merchandise sales, a $6.6 million increase in pawn service charges and a $1.9 million increase in other revenues, partially offset by a $2.0 million decrease in jewelry scrapping sales.

Table of Contents

The Latin America segment's pawn service charge revenues increased $6.6 million, or 29%, in fiscal 2013 to $29.6 million. Same store pawn service charges increased $2.3 million, or 10%, and new and acquired stores contributed $4.3 million. The total increase was due to a 12% increase in the average pawn loan balance during the period, partially offset by a 7.0 percentage point decrease in the pawn yield. The yield decrease was primarily due to a slight decrease in the loan redemption rate and a shift in the loan balance to general merchandise.

Merchandise sales gross profit increased $3.7 million, or 19%, from the prior year to $22.8 million. The increase was due to a $4.0 million, or 10%, same store sales increase and a $12.6 million increase in sales from new and acquired stores, partially offset by a 6.8 percentage point decrease in gross margins to 39.1%. The decrease in margins was due to a decrease in jewelry sales.

Gross profit on jewelry scrapping sales decreased $1.4 million, or 58%, from the prior year to $1.0 million. Jewelry scrapping revenues decreased $2.0 million, or 19%, in fiscal 2013, to $8.5 million. The decrease was due to an 11% decrease in proceeds realized per gram of gold jewelry scrapped coupled with a 13% decrease in gold volume processed. Same store jewelry scrapping sales decreased $3.7 million, or 35%, and new and acquired stores contributed $1.7 million. Scrap cost of goods decreased $0.6 million, or 8%, due to the decrease in volume.

Consumer loan fees and interest increased $23.6 million, or 88%, to $50.5 million. The increase is due to a full year inclusion of Grupo Finmart as opposed to eight months in fiscal 2012, coupled with a 46% increase in the average loan balance during the period. The increase in the loan balance is due higher penetration on existing contracts with government entities, coupled with the addition of new contracts in fiscal 2013.

Total segment expenses increased to $80.5 million (54% of revenues) in fiscal 2013 from $37.4 million (36% of revenues) in the prior year. The increase was due to a 68%, or $25.2 million, increase in operations expenses due to higher operating costs resulting from the addition of 66 Empeño Fácil stores since the prior period, the acquisition of TUYO and the full year inclusion of Grupo Finmart's administrative expenses. Depreciation and amortization increased $2.2 million from the prior year to $6.9 million, mainly due to depreciation of assets placed in service at new stores and amortization of acquisition related intangible assets. The $15.8 million increase in interest expense was due to a prior year $4.5 million reduction to interest expense due to the accelerated amortization of debt premium associated with Grupo Finmart's refinanced debt. The weighted average rate on Grupo Finmart's third party debt remained flat at 11% on outstanding debt of $105.5 million at September 30, 2013.

In fiscal 2012, purchase accounting pre-tax income impact during the year totaled $9.3 million, of which $5.6 million was attributable to EZCORP, Inc. with the majority of the adjustment coming from the accelerated amortization of debt premium associated with the refinanced debt at Grupo Finmart.

In fiscal 2013, the $34.8 million greater net revenues were offset by the $43.1 million in segment expenses, resulting in an $8.2 million decrease in contribution for the Latin America segment. Excluding the $9.3 million of purchase accounting pre-tax income in fiscal 2012, segment contribution increased $1.1 million, or 4%. For fiscal 2013, Latin America's segment contribution represents 17% of consolidated segment contribution compared to 12% in the prior fiscal year.

Table of Contents

Other International

The following table presents selected financial data from continuing operations for the Other International segment:

	Fiscal Year Ended September 30, 2013	2012
	(dollars in thousands)	
Revenues:		
Consumer loan fees and interest	$23,117	$9,884
Other revenues	1,871	308
Total revenues	24,988	10,192
Consumer loan bad debt	11,891	3,663
Net revenues	13,097	6,529
Segment expenses (income):		
Operations	15,308	6,718
Depreciation	364	177
Amortization	98	46
Loss on sale or disposal of assets	—	223
Interest income, net	(2)	(1)
Equity in net income of unconsolidated affiliates	(11,878)	(17,400)
Impairment expense	44,598	—
Other income	153	(559)
Segment contribution	$(35,544)	$17,325
Other data:		
Consumer loan bad debt as a percentage of consumer loan fees	51%	37%

In fiscal 2013, we acquired the remaining 28% of Cash Genie, our online lending business in the U.K. At September 30, 2013, we owned 100% of the ordinary shares of Cash Genie.

In fiscal 2013, Cash Genie's consumer loan fees were $23.1 million, with bad debt as a percentage of fees of 51%. The segment's $1.9 million in other revenues represent fees from a consulting agreement with Albemarle & Bond. Under the terms of the agreement we were engaged to assess, identify and implement improvements in their gold and diamond supply chains and labor optimization.

Operations expense increased $8.6 million to $15.3 million. The increase was due to higher payroll expenses and professional fees associated with a full year ownership of Cash Genie in fiscal 2013.

Our equity in the net income of unconsolidated affiliates decreased $5.5 million, or 32%, from the prior year to $11.9 million. The decrease is due to a prior period adjustment of Cash Converter's earnings, and a significant decrease in Albemarle & Bond's results.

In fiscal 2013, we recorded a $44.6 million impairment of investments. This amount comprised our $42.5 million impairment of Albermarle & Bond and a $2.1 million impairment of our investment in available for sale securities.

In fiscal 2013, the $6.6 million increase in net revenues was offset by the $59.4 million increase in segment expenses, resulting in a $52.9 million decrease in contribution for the Other International segment. Excluding impairment expenses, contribution from the Other International segment decreased $8.3 million to $9.1 million.

Table of Contents

Other Items

The following table reconciles our consolidated segment contribution discussed above to net income attributable to EZCORP, Inc., including items that affect our consolidated financial results but are not allocated among segments:

	Fiscal Year Ended September 30,	
	2013	2012
	(dollars in thousands)	
Segment contribution	$156,856	$282,710
Corporate items:		
Administrative	52,474	47,912
Depreciation	6,822	5,457
Amortization	1,381	19
Gain on sale or disposal of assets	1,133	(1)
Interest expense, net	3,873	2,961
Other income	(137)	—
Income from continuing operations before income taxes	91,310	226,362
Income tax expense	29,575	71,252
Income from continuing operations, net of tax	61,735	155,110
Loss from discontinued operations, net of tax	(23,310)	(4,533)
Net income	38,425	150,577
Net income from continuing operations attributable to redeemable noncontrolling interest	4,348	6,869
Net income attributable to EZCORP, Inc.	$34,077	$143,708

Total corporate items increased $9.2 million to $65.5 million. The increase was due to a $4.6 million increase in administrative expenses, a $2.7 million increase in depreciation and amortization and a $0.9 million increase in interest expense. The increase in administrative expenses, depreciation and amortization was primarily associated with supporting accelerated growth of the de novo and international operations. In fiscal 2013, interest expense increased 31% due to greater utilization of our revolver and depreciation expense increased 25% due to assets placed in service as we continue to invest in the infrastructure to support our growth.

Consolidated income from continuing operations before income taxes decreased $135.1 million, or 60%, to $91.3 million due to the $64.7 million, $8.2 million and $52.9 million decreases in contribution from the U.S. & Canada, Latin America and Other International segments, respectively, and a $9.2 million increase in corporate expenses.

In fiscal 2013, income tax expense decreased $41.7 million, or 58%, to $29.6 million. The fiscal 2013 effective tax rate is 32%, compared to 32% in the prior year.

After an $18.8 million increase in loss from discontinued operations and a $2.5 million decrease in net income attributable to the noncontrolling interests, net income attributable to EZCORP, Inc. decreased $109.6 million, or 76%, to $34.1 million in fiscal 2013.

Fiscal 2012 Compared to Fiscal 2011

The following discussion compares our results of operations for the year ended September 30, 2012 to the year ended September 30, 2011. It should be read with the accompanying consolidated financial statements and related notes.

In fiscal 2012, consolidated total revenues increased 14%, or $122.3 million, to $975.1 million, compared to the prior year. Same store total revenues decreased $15.7 million, or 2%, and new and acquired stores contributed $138.0 million. Excluding the one-time $10.9 million charge related to the retirement of our former Chief Executive Officer, income from continuing operations before taxes increased 13% to $226.4 million from $201.2 million in the prior year. Loss from discontinued operations increased $3.0 million to $4.5 million. Including the charge related to the retirement of our former Chief Executive Officer and after the increase in income tax expense and the $6.9 million of net income attributable to noncontrolling interest, net income attributable to EZCORP, Inc. increased $21.5 million, or 18%.

Table of Contents

U.S. & Canada

The following table presents selected financial data from continuing operations for the U.S. & Canada segment:

	Fiscal Year Ended September 30,	
	2012	2011
	(dollars in thousands)	
Revenues:		
Merchandise sales	$291,497	$256,694
Jewelry scrapping sales	191,905	195,920
Pawn service charges	210,601	184,204
Consumer loan fees and interest	163,896	164,895
Other revenues	3,759	1,484
Total revenues	861,658	803,197
Merchandise cost of goods sold	168,133	147,297
Jewelry scrapping cost of goods sold	122,604	121,051
Consumer loan bad debt	35,398	36,791
Net revenues	535,523	498,058
Segment expenses (income):		
Operations	292,371	260,340
Depreciation	13,058	10,858
Amortization	521	452
(Gain) loss on sale or disposal of assets	(261)	281
Interest (income) expense, net	(3)	30
Other income	(647)	(3)
Segment contribution	$230,484	$226,100
Other data:		
Gross margin on merchandise sales	42.3%	42.6%
Gross margin on jewelry scrapping sales	36.1%	38.2%
Gross margin on total sales	39.9%	40.7%
Average pawn loan balance per pawn store at period end	$295	$311
Average yield on pawn loan portfolio (a)	160%	158%
Pawn loan redemption rate	82%	81%
Consumer loan bad debt as a percentage of consumer loan fees	22%	22%

(a) Average yield on pawn loan portfolio is calculated as pawn service charge revenues for the period divided by the average pawn loan balance during the period.

The U.S. & Canada segment total revenues increased $58.5 million, or 7%, from the prior year to $861.7 million. Same store total revenues decreased $21.9 million, or 3%, and new and acquired stores net of closed stores contributed $80.4 million. The overall increase in total revenues consisted of a $30.8 million increase in merchandise and jewelry scrapping sales, a $26.4 million increase in pawn service charges and a $1.3 million increase in loan fees and other revenues. In fiscal 2012, we acquired 28 U.S. pawn stores, seven U.S. buy/sell stores, 15 financial services stores in the U.S. and one buy/sell store in Canada for an aggregate of $78.2 million. As part of these acquisitions, we began operations in the states of Pennsylvania, Virginia, Hawaii and Minnesota, bringing the total number of states in which we operate at September 30, 2012 to 24.

Fiscal 2012 pawn service charge revenue increased 14%, or $26.4 million, from the prior year to $210.6 million. Same store pawn service charges increased $12.2 million, or 7%, with new and acquired stores net of closed stores contributing $14.2 million. The same store improvement was due to a higher average same store pawn loan balance coupled with higher yield. The yield improved primarily due to a slightly higher loan redemption rate as we continued to focus on loan values and better qualifying customers to determine those that prefer to sell their merchandise rather than use it as collateral for a loan.

44

Table of Contents

Fiscal 2012 merchandise sales gross profit increased $14.0 million, or 13%, from the prior year to $123.4 million. This was due to a $34.9 million increase in sales from new and acquired stores net of closed stores, partially offset by a $0.1 million decrease in same store sales and a 0.3 percentage point decrease in gross margins. The decrease in gross margins was due to a shift in sales mix from jewelry to general merchandise.

Gross profit on jewelry scrapping sales decreased $5.6 million, or 7%, from the prior year to $69.3 million. Jewelry scrapping revenues decreased $4.0 million, or 2%, due to a 16% increase in proceeds realized per gram of gold jewelry scrapped, offset by a 19% decrease in gold volume. Same store jewelry scrapping sales decreased $26.2 million, or 13%, and new and acquired stores contributed $22.2 million. Jewelry scrapping sales include the sale of approximately $10.8 million of loose diamonds removed from scrap jewelry in fiscal 2012 and $8.1 million in the prior year. As a result of the higher average cost per gram of jewelry scrapped, scrap cost of goods increased $1.6 million.

Total segment expenses increased to $305.0 million (35% of revenues) in fiscal 2012 from $272.0 million (34% of revenues) in the prior year. Operations expense increased 12%, or $32.0 million, due to higher operating costs at new and acquired stores, increased labor, benefits and additional investments made in infrastructure to support our growth. Depreciation and amortization increased 20%, or $2.3 million, from the prior year to $13.6 million, mainly due to assets placed in service at new and acquired stores.

In fiscal 2012, U.S. & Canada delivered segment contribution of $230.5 million, a $4.4 million increase compared to the prior year. For fiscal 2012, the U.S. & Canada segment's contribution represents 82% of consolidated segment contribution compared to 92% in the prior year. While the U.S. & Canada segment has experienced some challenges related to jewelry merchandise sales and gold scrap sales, other elements of the business have continued to show strength, offsetting to a large extent, the challenges in the gold and jewelry market.

Table of Contents

Latin America

The following table presents selected financial data from continuing operations for the Latin America segment after translation to U.S. dollars from its functional currency of the Mexican peso:

	Fiscal Year Ended September 30, 2012	2011
	(dollars in thousands)	
Revenues:		
Merchandise sales	$41,567	$25,022
Jewelry scrapping sales	10,576	8,938
Pawn service charges	22,937	15,542
Consumer loan fees and interest	26,901	—
Other revenues	1,292	99
Total revenues	103,273	49,601
Merchandise cost of goods sold	22,504	14,537
Jewelry scrapping cost of goods sold	8,111	6,819
Consumer loan bad debt	309	—
Net revenues	72,349	28,245
Segment expenses (income):		
Operations	37,259	21,260
Depreciation	3,319	2,066
Amortization	1,370	382
Loss on sale or disposal of assets	12	12
Interest (income) expense, net	(4,507)	4
Other (income) expense	(5)	7
Segment contribution	$34,901	$4,514
Other data:		
Gross margin on merchandise sales	45.9%	41.9%
Gross margin on jewelry scrapping sales	23.3%	23.7%
Gross margin on total sales	41.3%	37.1%
Average pawn loan balance per pawn store at period end	$81	$65
Average yield on pawn loan portfolio (a)	198%	196%
Pawn loan redemption rate	76%	73%
Consumer loan bad debt as a percentage of consumer loan fees	1%	N/A

(a) Average yield on pawn loan portfolio is calculated as pawn service charge revenues for the period divided by the average pawn loan balance during the period.

The average exchange rate used to translate Latin America's results from Mexican pesos to U.S. dollars was 13.3 to 1 pesos to the dollar, 9% higher than the prior year's rate of 12.1 to 1. In fiscal 2012, we opened 52 de novo pawn stores, and on January 30, 2012, we acquired a 60% interest in Grupo Finmart, a specialty consumer finance company headquartered in Mexico City with 45 loan servicing locations throughout the county. Grupo Finmart is included in our fiscal 2012 results for eight months of the twelve-month period.

The Latin America segment's total revenues increased $53.7 million, or 108%, in fiscal 2012 to $103.3 million. Same store total revenues increased $6.1 million, or 12%, and new and acquired stores contributed $47.5 million. The overall increase in total revenues was mostly due to the $26.9 million in Grupo Finmart consumer loan fees, $18.2 million increase in merchandise and jewelry scrapping sales, a $7.4 million increase in pawn service charges and a $1.2 million increase in other revenues.

Table of Contents

The Latin America segment's pawn service charge revenues increased $7.4 million, or 48%, in fiscal 2012 to $22.9 million. Same store pawn service charges increased $2.0 million, or 13%, and new and acquired stores contributed $5.4 million. The total increase was due to a 56% increase in the outstanding pawn loan balance coupled with a 2 percentage point increase in the pawn yield. The yield increased primarily due to a 3 percentage point increase in the loan redemption rate as we continued to focus on loan values.

Merchandise gross profit increased $8.6 million, or 82%, from the prior year to $19.1 million. The increase was due to a $5.3 million, or 21%, same store sales increase and a $11.2 million increase in sales from new and acquired stores coupled with a 4.0 percentage point increase in gross margins to 46%.

Gross profit on jewelry scrapping sales increased $0.3 million, or 16%, from the prior year to $2.5 million. Jewelry scrapping revenues increased $1.6 million, or 18%, in fiscal 2012 to $10.6 million. The 10% increase in proceeds realized per gram of gold jewelry scrapped was partially offset by the 22% decrease in gold volume processed. Same store jewelry scrapping sales decreased $1.5 million, or 16%, and new and acquired stores contributed $3.1 million. Scrap cost of goods increased $1.3 million, or 19%, due to the 10% increase in cost per gram.

Total segment expenses increased to $37.4 million (36% of revenues) in fiscal 2012 from $23.7 million (48% of revenues) in the prior year. The dollar increase was due to a 75.3%, or $16.0 million, increase in operations expenses due to higher operating costs resulting from the addition of 51 Empeño Fácil stores since the prior period, other acquisition costs and Grupo Finmart administrative expenses. Depreciation and amortization increased $2.2 million from the prior year to $4.7 million, mainly due to depreciation of assets placed in service at new stores and amortization of acquisition related intangible assets. The increase in total expense was partially offset by a $4.5 million reduction in interest expense due to the accelerated amortization of debt premium associated with Grupo Finmart's refinanced debt. The weighted average rate on Grupo Finmart's third party debt was 11% at September 30, 2012 compared to 19% at the time of acquisition.

Within the segment, purchase accounting pre-tax income impact during the year totaled $9.3 million, of which $5.6 million was attributable to EZCORP, Inc. with the majority of the adjustment coming from the accelerated amortization of debt premium associated with the refinanced debt at Grupo Finmart.

In fiscal 2012, the $44.1 million greater net revenues were partially offset by the $13.7 million increase in segment expenses, resulting in a $30.4 million increase in contribution for the Latin America segment. Contribution margin increased 24.7 percentage points to 34%. For fiscal 2012, Latin America's segment contribution represents 12% of consolidated segment contribution compared to 2% a year ago. This 10 percentage point increase makes Latin America our fastest growing segment.

Table of Contents

Other International

The following table presents selected financial data from continuing operations for the Other International segment:

	Fiscal Year Ended September 30, 2012	2011
	(dollars in thousands)	
Revenues:		
Consumer loan fees and interest	$9,884	$—
Other revenues	308	—
Total revenues	10,192	—
Consumer loan bad debt	3,663	—
Net revenues	6,529	—
Segment expenses (income):		
Operations	6,718	795
Depreciation	177	—
Amortization	46	—
Loss on sale or disposal of assets	223	—
Interest income, net	(1)	—
Equity in net income of unconsolidated affiliates	(17,400)	(16,237)
Other income	(559)	(168)
Segment contribution	$17,325	$15,610
Other data:		
Consumer loan bad debt as a percentage of consumer loan fees	37%	N/A

In the first quarter of fiscal 2012, we began offering consumer loans online in the U.K. On April 14, 2012, we acquired a 72% interest in Cash Genie, an online lending business in the U.K., and consolidated it with our existing U.K. operations. In fiscal 2012, consumer loan fees were $9.9 million, with bad debt as a percentage of fees at 37%. Our equity in the net income of unconsolidated affiliates increased $1.2 million, or 7%, from the prior year to $17.4 million. The increase is due to strong performance by Cash Converters International and a slight increase by Albermarle & Bond.

In fiscal 2012, the $6.5 million net revenues, the $1.2 million increase in our equity in the net income of unconsolidated affiliates and $0.4 million increase in other income were mostly offset by a $6.4 million increase in other segment expenses, resulting in a $1.7 million increase in contribution for the Other International segment. Operations expenses include $6.1 million of Cash Genie expenses. For fiscal 2012, segment contribution from the Other International segment stayed relatively constant at 6% of consolidated segment contribution.

Table of Contents

Other Items

The following table reconciles our consolidated segment contribution discussed above to net income attributable to EZCORP, Inc., including items that affect our consolidated financial results but are not allocated among segments:

	Fiscal Year Ended September 30,	
	2012	2011
	(dollars in thousands)	
Segment contribution	$282,710	$246,224
Corporate expenses:		
Administrative	47,912	50,584
Depreciation	5,457	3,832
Amortization	19	—
Gain on sale or disposal of assets	(1)	—
Interest expense, net	2,961	1,619
Income from continuing operations before income taxes	226,362	190,189
Income tax expense	71,252	66,472
Income from continuing operations, net of tax	155,110	123,717
Loss from discontinued operations, net of tax	(4,533)	(1,558)
Net income	150,577	122,159
Net income from continuing operations attributable to redeemable noncontrolling interest	6,869	—
Net income attributable to EZCORP, Inc.	$143,708	$122,159

Total corporate expenses increased $0.3 million to $56.3 million as the $1.6 million increase in depreciation expense and $1.3 million increase in interest expense, were mostly offset by a $2.7 million decrease in administrative expense. The decrease in administrative expense is primarily due to a pre-tax charge of $10.9 million related to the retirement of our former Chief Executive officer in fiscal 2011. This charge included a $3.4 million attributable to a cash payment and $7.5 million attributable to the accelerated vesting of restricted stock. Excluding this charge, administrative expenses increased $8.2 million, or 21%, which was primarily associated with supporting accelerated growth of the de novo and international operations. In fiscal 2012, interest expense increased 83% due to greater utilization of our revolver and depreciation expense increased 42% due to assets placed in service as we continue to invest in the infrastructure to support our growth.

Consolidated income from continued operations before taxes increased $36.2 million, or 19%, to $226.4 million mostly due to a $4.4 million, $30.4 million and $1.7 million increase in contribution from the U.S. & Canada, Latin America and Other International segments, respectively, partially offset by a $0.3 million increase in corporate expenses.

In fiscal 2012, income tax expense increased $4.8 million, or 7%, to $71.3 million. The fiscal 2012 effective tax rate is 32%, compared to 35% in the prior year. The decrease is primarily due to a larger portion of income being derived from countries outside the United States, as well as the recognition of state net operating losses.

After a $3.0 million increase in loss from discontinued operations and $6.9 million of net income attributable to the noncontrolling interests, net income attributable to EZCORP, Inc. increased $21.5 million, or 18%, to $143.7 million in fiscal 2012.

Liquidity and Capital Resources

In fiscal 2013, our operating cash flow from operations decreased 10% from the prior year to $126.5 million. The decrease in our consolidated net income was somewhat offset by an increase in several non-cash items, including our Albemarle & Bond investment impairment, an increase in our consumer loan loss provision, an increase in year-end accrued expenses, and an increase in our dividends received from unconsolidated affiliates.

In the prior year, our $140.9 million of cash flow from operations consisted of (i) net income plus several non-cash items, aggregating to $170.7 million, and $5.6 million in cash dividends from our unconsolidated affiliates, net of (ii) $35.4 million of normal, recurring changes in operating assets and liabilities. The primary differences in cash flow from operations between

49

Table of Contents

fiscal 2013 and the prior year are the termination costs due to discontinued operations, impairment charges on investments and amortization of debt premium and consumer loan discount.

In fiscal 2013, we increased our loans made over last year by 15% to $923.1 million and loan repayments received also increased 15% year-over-year. The $160.4 million of net cash used in investing activities during fiscal 2013 was funded by cash flow from operations, cash on hand and borrowings on our line of credit facility. We invested $14.8 million in cash to acquire 12 pawn locations in Arizona, a 51% interest in TUYO, and 100% of the outstanding shares of Fondo ACH, S.A. de C.V. Other significant investing activities in the period were $11.0 million used for investments in unconsolidated affiliates and $47.2 million in additions of property and equipment. In addition, $87.9 million of loans made in excess of customer loan repayments and the recovery of principal through the sale of forfeited pawn loan collateral contributed to the net cash used in investing activities for the period.

Total debt outstanding increased 12% over last year to $247.3 million. Of this amount, $141.8 million was recourse to EZCORP and the remaining debt was non-recourse and attributable to our payroll withholding lending business in Mexico (Grupo Finmart).

The net effect of these and other smaller cash flows was a $12.2 million decrease in cash on hand, providing a $36.3 million ending cash balance. Of the aforementioned ending cash balance, approximately 60%, or $21.7 million, is held by foreign subsidiaries and is not available to fund domestic operations, as we intend to permanently reinvest earnings from foreign operations.

Below is a summary of our cash needs to meet future aggregate contractual obligations:

	Payments due by Period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in thousands)				
Long-term debt obligations	$148,661	$21	$148,601	$39	$—
Interest on long-term debt obligations	7,443	4,245	3,195	3	—
Operating lease obligations	257,346	58,908	94,766	51,564	52,108
Capital lease obligations	1,005	613	392	—	—
Total	$414,455	$63,787	$246,954	$51,606	$52,108

In addition to the contractual obligations in the table above, we are obligated under letters of credit issued to unaffiliated lenders as part of our credit service operations. At September 30, 2013, our maximum exposure for losses on letters of credit, if all brokered loans defaulted and none was collected, was $33.4 million. Of that total, $9.9 million was secured by titles to customers' automobiles. These amounts include principal, interest and insufficient funds fees.

In addition to the operating lease obligations in the table above, we are responsible for the maintenance, property taxes and insurance at most of our locations. In the fiscal year ended September 30, 2013, these collectively amounted to $22.5 million.

The operating lease obligations in the table above include expected rent for all our store locations through the end of their current lease terms. Of our 489 U.S. financial services stores, 207 adjoin a pawn store and are covered by the same lease agreement. The lease agreements at approximately 95% of the remaining 282 free-standing U.S. financial services stores contain provisions that limit our exposure for additional rent at these stores to only a few months if laws are enacted that have a significant negative effect on our operations at these stores. If such laws were passed, the space currently utilized by stores adjoining pawn stores could be re-incorporated into the pawn operations.

On May 10, 2011, we entered into a new senior secured credit agreement with a syndicate of five banks, replacing our previous credit agreement. Among other things, the new credit agreement provides for a four-year $175 million revolving credit facility that we may, under the terms of the agreement, request to be increased to a total of $225 million. Upon entering the new credit agreement, we repaid and retired our $17.5 million outstanding debt. On May 31, 2013, we amended the senior secured credit agreement to increase our revolving credit facility from $175 million to $200 million. The new credit facility increases our available credit and provides greater flexibility to make investments and acquisitions both domestically and internationally. No other terms of our senior secured credit agreement were modified. Terms of the credit agreement require, among other things, that we meet certain financial covenants. We were in compliance with all covenants at September 30, 2013 and expect to remain in compliance based on our expected future performance. At September 30, 2013, we had borrowed $140.9 million and issued a $1.8 million letter of credit, leaving $57.3 million available on our revolving credit facility.

At September 30, 2013, Grupo Finmart's third party debt (nonrecourse to EZCORP) was $105.5 million, with a weighted average interest rate of 11%. Since the acquisition of Grupo Finmart in January 2012, Grupo Finmart's debt has decreased $4.2 million, and its weighted average interest rate has decreased 8.0 percentage points, due to debt refinancing. This refinancing effort was a key assumption in our investment analysis and will result in significantly reduced interest expenses going forward. In July 2012 Grupo Finmart transferred certain consumer loans to a bankruptcy remote trust in a securitization transaction. The securitization borrowing facility has a maximum capacity of approximately $115.2 million. At September 30, 2013 $32.0 million was outstanding under the securitization borrowing facility. We expect Grupo Finmart to continue its use of the borrowing facility and utilize proceeds to fund loan originations, operations and contractual obligations.

We anticipate that cash flow from operations, cash on hand and availability under our revolving credit facility will be adequate to fund our contractual obligations, planned store growth, capital expenditures and working capital requirements during the coming year.

At the beginning of the current fiscal year, we had an effective “shelf” Registration Statement on Form S-4 covering an aggregate of 2.0 million shares of our Class A Common Stock that we may offer from time to time in connection with future acquisitions of businesses, assets or securities, with 1.2 million shares remaining for issuance. During the current year, we issued all the remaining shares in connection with the acquisition of 12 pawn stores in Arizona, and as of September 30, 2013, have no remaining shares covered by the registration statement. We terminated the registration statement in October 2013.

On February 3, 2012, we filed a “shelf” registration statement on Form S-3 registering the offer and sale of an indeterminate amount of a variety of securities, including debt securities (and related guarantees), equity securities, warrants to purchase debt or equity securities, stock purchase contracts and stock purchase units. The proceeds of any offering and sale under that registration statement were to be used for general corporate purposes, including debt reduction or refinancing, acquisitions, capital expenditures and working capital. Unless otherwise indicated in connection with a particular offering of debt securities, each of our domestic subsidiaries was to have fully and unconditionally guaranteed on a joint and several basis our payment obligations under such debt securities. As of September 30, 2013, we had not issued any securities under this registration statement. We terminated the registration statement in October 2013.

Off-Balance Sheet Arrangements

We issue letters of credit (“LOCs”) to enhance the creditworthiness of our credit service customers seeking signature loans and auto title loans from unaffiliated lenders. The LOCs assure the lenders that if borrowers default on the loans, we will pay the lenders, upon demand, the principal and accrued interest owed them by the borrowers plus any insufficient funds fee. We do not record on our balance sheet the loans related to our credit services as the loans are made by unaffiliated lenders. We do not consolidate the unaffiliated lenders’ results with our results as we do not have any ownership interest in the lenders, do not exercise control over them and do not otherwise meet the criteria for consolidation as prescribed by FASB ASC 810-10-25 regarding variable interest entities.

We include an allowance for Expected LOC Losses in “Accounts payable and other accrued expenses” on our balance sheet. At September 30, 2013, the allowance for Expected LOC Losses was $2.2 million. At that date, our maximum exposure for losses on letters of credit, if all brokered loans defaulted and none was collected, was $28.8 million. This amount includes principal, interest and insufficient funds fees.

We have no other off-balance sheet arrangements.

Seasonality

Historically, pawn service charges are highest in our fourth fiscal quarter (July through September) due to a higher average loan balance during the summer lending season. Merchandise sales are highest in the first and second fiscal quarters (October through March) due to the holiday season, jewelry sales surrounding Valentine’s Day and the impact of tax refunds in the United States. Jewelry scrapping sales are heavily influenced by the timing of decisions to scrap excess jewelry inventory. Jewelry scrapping sales generally are greatest during our fourth fiscal quarter (July through September). This results from relatively low jewelry merchandise sales in that quarter and the higher loan balance, leading to a higher dollar amount of loan forfeitures in the summer lending season providing more inventory available

for sale.
Consumer loan fees are generally highest in our fourth and first fiscal quarters (July through December) due to a higher need for cash during the holiday season. Consumer loan bad debt, both in dollar terms and as a percentage of related fees, is highest in the fourth fiscal quarter and lowest in the second fiscal quarter due primarily to the impact of tax refunds in the U.S.
The payroll withholding lending business is less impacted by seasonality, with the exception of the summer months when new loan originations tend to moderate.
The net effect of these factors is that net revenues and net income typically are strongest in the fourth fiscal quarter and weakest in the third fiscal quarter.

Table of Contents

Cautionary Statement Regarding Risks and Uncertainties That May Affect Future Results

This Annual Report on Form 10-K, including Management's Discussion and Analysis of Financial Condition and Results of Operations, includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend that all forward-looking statements be subject to the safe harbors created by these laws. All statements, other than statements of historical facts, regarding our strategy, future operations, financial position, future revenues, projected costs, prospects, plans and objectives are forward-looking statements. The words "may," "can," "should," "could," "will," "would," "predict," "anticipate," "believe," "e "expect," "intend," "plan," "project" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Such statements are only predictions of the outcome and timing of future events based on our current expectations and currently available information. Actual results could differ materially from those expressed in the forward-looking statements due to a number of risks and uncertainties, many of which are beyond our control. Accordingly, you should not regard any forward-looking statement as a representation that the expected results will be achieved. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this report. Such risks and uncertainties include, among other things:

- Changes in laws and regulations, including regulation of our financial services business by the Consumer Financial Protection Bureau;
- Changes in gold prices or volumes;
- Concentration of business in Texas;
- Changes in foreign currency exchange rates;
- General economic conditions;
- Changes in our relationships with unaffiliated lenders;
- Our ability to continue growing our store count through acquisitions and de novo openings;
- Changes in the business, regulatory or political climate in Mexico;
- Changes in pawn redemption rates, loan default and collection rates or other important operating metrics;
- Changes in liquidity, capital requirements or access to debt and capital markets;
- Changes in the competitive landscape;
- Our controlled ownership structure;
- Potential infrastructure failures or data security breaches;
- Risks associated with our online lending business;
- Potential litigation;
- Failure to achieve adequate return on our strategic investments;
- Potential uninsured property, casualty or other losses;
- Potential disruptive effect of acquisitions, investments and new businesses;
- Changes in U.S. or international tax laws;
- Events beyond our control;
- Failure to adapt to any decrease in demand for our products and services;
- Financial statement impact of potential impairment of goodwill;
- Inadequacy of loan loss allowances;
- Judicial decisions or changes in law that render our arbitration agreements unenforceable; and

Table of Contents

• Potential exposure under anti-corruption laws.
For a discussion of these important risk factors, see "Part I — Item 1A — Risk Factors."
In addition, we cannot predict all of the risks and uncertainties that could cause our actual results to differ from those expressed in the forward-looking statements. You should not place undue reliance on our forward-looking statements. Although forward-looking statements reflect our good faith beliefs, forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Accordingly, you should not regard any forward-looking statements as a representation that the expected results will be achieved.
We specifically disclaim any responsibility to publicly update any information contained in a forward-looking statement except as required by law. All forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary statement.
ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
Market Risk Disclosures
We are exposed to market risk related to interest rates, gold values and changes in foreign currency exchange rates.
Our earnings are affected by changes in interest rates as our debt has a variable rate. If interest rates average 50 basis points more than our current rate in the fiscal year ending September 30, 2014, our interest expense during the year would increase by approximately $1.3 million. This amount is determined by considering the impact of the hypothetical interest rate change on our variable-rate debt at September 30, 2013.
Our earnings and financial position are affected by changes in gold values and the resulting impact on pawn lending, jewelry sales and jewelry cost of goods sold. The proceeds of scrap sales and our ability to sell jewelry inventory at an acceptable margin depend on gold values. The impact on our financial position and results of operations of a hypothetical change in gold values cannot be reasonably estimated. In the first quarter of fiscal 2012, we began using derivative financial instruments, in order to manage our commodity price risk associated with the forecasted sales of gold scrap. These derivatives are not designated as hedges as they do not meet the hedge accounting requirements of the Derivatives and Hedging topic of the FASB codification, and changes in their fair value are recorded directly in earnings.
Our earnings and financial position are affected by foreign exchange rate fluctuations related to our equity investments and our foreign operations. Albemarle & Bond and Cash Genie's functional currency is the British pound, Cash Converters International’s functional currency is the Australian dollar, Empeño Fácil’s and Grupo Finmart’s functional currency is the Mexican peso and our Canada operations’ functional currency is the Canadian dollar. The impact on our results of operations and financial position of hypothetical changes in foreign currency exchange rates cannot be reasonably estimated due to the interrelationship of operating results and exchange rates.
The translation adjustment from Albemarle & Bond representing the weakening in the British pound during the year ended June 30, 2013 (included in our September 30, 2013 results on a three-month lag) was reclassified to income as part of the impairment of our investment in Albemarle & Bond. The translation adjustment from Cash Genie, representing the weakening in the British pound, was a $0.1 million decrease to stockholders' equity. On September 30, 2013, the British pound weakened to £1.00 to $1.6136 U.S. from $1.6164 at September 30, 2012.
The translation adjustment from Cash Converters International representing the weakening in the Australian dollar from our investment dates to June 30, 2013 (included in our September 30, 2013 results on a three-month lag) was an $2.1 million decrease to stockholders’ equity. On September 30, 2013, the Australian dollar weakened to $1.00 Australian dollar to $0.9312 U.S. from $1.0377 at September 30, 2012.
The translation adjustment from Latin America representing the weakening of the Mexican peso during the year ended September 30, 2013 was a $6.8 million decrease to stockholders’ equity. We have currently assumed permanent reinvestment of earnings and capital in Mexico. Accumulated translation gains or losses related to any future repatriation of earnings or capital would impact our earnings in the period of repatriation. On September 30, 2013, the peso further weakened to $1.00 Mexican peso to $0.07605 U.S. from $0.0778 at September 30, 2012.
The translation adjustment from our Canadian operations representing the weakening of the Canadian dollar during the year ended September 30, 2013 was a $0.7 million decrease to stockholders’ equity. On September 30, 2013, the

Canadian dollar weakened to $1.00 Canadian dollar to $0.9698 U.S. from $1.0164 at September 30, 2012.

Table of Contents

We cannot predict the future valuation of foreign currencies or how further movements in exchange rates could affect our future earnings or financial position.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
EZCORP, Inc.
Austin, Texas

We have audited the accompanying consolidated balance sheet of EZCORP, Inc. and subsidiaries (the "Company") as of September 30, 2013, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the year ended September 30, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of EZCORP, Inc. and subsidiaries as of September 30, 2013, and the results of their operations and their cash flows for the year ended September 30, 2013, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 30, 2013, based on the criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 26, 2013 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
Austin, Texas
November 26, 2013

Table of Contents

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
EZCORP, Inc.
Austin, Texas

We have audited the accompanying consolidated balance sheets of EZCORP, Inc. (the Company) as of September 30, 2012 and the related consolidated statements of operations and comprehensive income, stockholders’ equity, and cash flows for each of the two years in the period ended September 30, 2012. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of EZCORP, Inc. at September 30, 2012, and the results of its operations and its cash flows for each of the two years in the period ended September 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP
Dallas, Texas
November 20, 2012, except for Notes 1, 2, 4, 6, 7, 12, 14, 18, and 19, which are as of October 3, 2013

Table of Contents

EZCORP, Inc.
CONSOLIDATED BALANCE SHEETS

	September 30,	
	2013	2012
	(in thousands)	
Assets:		
Current assets:		
Cash and cash equivalents	$36,317	$48,477
Restricted cash	3,312	1,145
Pawn loans	156,637	157,648
Consumer loans, net	64,515	34,152
Pawn service charges receivable, net	30,362	29,401
Consumer loan fees and interest receivable, net	36,588	30,416
Inventory, net	145,200	109,214
Deferred tax asset	13,825	14,984
Income tax receivable	16,105	10,511
Prepaid expenses and other assets	34,217	45,451
Total current assets	537,078	481,399
Investments in unconsolidated affiliates	97,085	126,066
Property and equipment, net	116,281	108,131
Restricted cash, non-current	2,156	4,337
Goodwill	428,508	374,663
Intangible assets, net	61,872	45,185
Non-current consumer loans, net	69,991	61,997
Deferred tax asset	8,214	—
Other assets, net	24,105	16,229
Total assets (1)	$1,345,290	$1,218,007
Liabilities and stockholders’ equity:		
Current liabilities:		
Current maturities of long-term debt	$30,436	$21,085
Current capital lease obligations	533	594
Accounts payable and other accrued expenses	79,967	64,104
Other current liabilities	22,337	14,821
Customer layaway deposits	8,628	7,238
Total current liabilities	141,901	107,842
Long-term debt, less current maturities	215,939	198,836
Long-term capital lease obligations	391	995
Deferred tax liability	—	7,922
Deferred gains and other long-term liabilities	17,140	13,903
Total liabilities (2)	375,371	329,498
Commitments and contingencies		
Temporary equity:		
Redeemable noncontrolling interest	55,393	53,681
Stockholders’ equity:		
Class A Non-voting Common Stock, par value $.01 per share; 56 million shares authorized; issued and outstanding: 51,269,434 at September 30, 2013; 48,255,536 at September 30, 2012	513	482
Class B Voting Common Stock, convertible, par value $.01 per share; 3 million shares authorized; issued and outstanding: 2,970,171	30	30

Additional paid-in capital	320,777	268,626
Retained earnings	599,880	565,803
Accumulated other comprehensive loss	(6,674)	(113)
EZCORP, Inc. stockholders' equity	914,526	834,828
Total liabilities and stockholders' equity	$1,345,290	$1,218,007

Assets and Liabilities of Grupo Finmart Securitization Trust

(1) Our consolidated assets as of September 30, 2013 and September 30, 2012 include the following assets of Grupo Finmart's securitization trust that can only be used to settle its liabilities: Restricted cash, non-current, $2.2 million as of September 30, 2013 and $4.3 million as of September 30, 2012; Consumer loans, net, $33.9 million as of September 30, 2013 and $33.6 million as of September 30, 2012; Consumer loan fees receivable, net, $7.3 million as of September 30, 2013 and $7.7 million as of September 30, 2012; Intangible assets, net, $2.1 million as of September 30, 2013 and $2.6 million as of September 30, 2012; and total assets, $45.5 million as of September 30, 2013 and $48.2 million as of September 30, 2012.

(2) Our consolidated liabilities as of September 30, 2013 and September 30, 2012 include $32.0 million and $32.7 million, respectively, of long-term debt for which the creditors of Grupo Finmart's securitization trust do not have recourse to EZCORP, Inc.

See accompanying notes to consolidated financial statements.

EZCORP, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended September 30,		
	2013	2012	2011
	(in thousands, except per share amounts)		
Revenues:			
Merchandise sales	$368,766	$333,064	$281,716
Jewelry scrapping sales	131,702	202,481	204,858
Pawn service charges	251,354	233,538	199,746
Consumer loan fees and interest	248,304	200,681	164,895
Other revenues	10,181	5,359	1,583
Total revenues	1,010,307	975,123	852,798
Merchandise cost of goods sold	218,617	190,637	161,834
Jewelry scrapping cost of goods sold	96,133	130,715	127,870
Consumer loan bad debt	54,873	39,370	36,791
Net revenues	640,684	614,401	526,303
Operating expenses:			
Operations	414,225	336,348	282,395
Administrative	52,474	47,912	50,584
Depreciation	28,327	22,011	16,756
Amortization	5,233	1,956	834
Loss (gain) on sale or disposal of assets	1,434	(27)	293
Total operating expenses	501,693	408,200	350,862
Operating income	138,991	206,201	175,441
Interest expense (income)	15,166	(1,550)	1,653
Equity in net income of unconsolidated affiliates	(11,878)	(17,400)	(16,237)
Impairment of investments	44,598	—	—
Other income	(205)	(1,211)	(164)
Income from continuing operations before income taxes	91,310	226,362	190,189
Income tax expense	29,575	71,252	66,472
Income from continuing operations, net of tax	61,735	155,110	123,717
Loss from discontinued operations, net of tax	(23,310)	(4,533)	(1,558)
Net income	38,425	150,577	122,159
Net income from continuing operations attributable to redeemable noncontrolling interest	4,348	6,869	—
Net income attributable to EZCORP, Inc.	$34,077	$143,708	$122,159
Basic earnings (loss) per share attributable to EZCORP, Inc.:			
Continuing operations	$1.07	$2.91	$2.48
Discontinued operations	(0.43)	(0.09)	(0.03)
Basic earnings per share	$0.64	$2.82	$2.45
Diluted earnings (loss) per share attributable to EZCORP, Inc.:			
Continuing operations	$1.06	$2.90	$2.46
Discontinued operations	(0.43)	(0.09)	(0.03)
Diluted earnings per share	$0.63	$2.81	$2.43
Weighted average shares outstanding:			
Basic	53,657	50,877	49,917

Diluted	53,737	51,133	50,369
Net income from continuing operations attributable to EZCORP, Inc.	$57,387	$148,241	$123,717
Loss from discontinued operations attributable to EZCORP, Inc.	(23,310)	(4,533)	(1,558)
Net income attributable to EZCORP, Inc.	$34,077	$143,708	$122,159

See accompanying notes to consolidated financial statements.

59

Table of Contents

EZCORP, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Fiscal Year Ended September 30,		
	2013	2012	2011
		(in thousands)	
Net income	$38,425	$150,577	$122,159
Other comprehensive income (loss):			
Foreign currency translation (loss) gain	(11,614)	(7)	10,393
Foreign currency translation reclassification adjustment realized upon impairment	221	—	—
Effective portion of cash flow hedge	(148)	—	—
Net change in unrealized investment (loss) gain:			
Unrealized holding (loss) gain arising during period	(1,721)	(735)	930
Reclassification adjustment for loss on available-for-sale securities included in net income	992	—	—
Income tax benefit (expense)	3,633	2,330	(5,694)
Other comprehensive (loss) income, net of tax	(8,637)	1,588	5,629
Comprehensive income	$29,788	$152,165	$127,788
Attributable to redeemable noncontrolling interest:			
Net income	$4,348	$6,869	$—
Foreign currency translation (loss) gain	(2,017)	955	—
Effective portion of cash flow hedge	(59)	—	—
Comprehensive income attributable to redeemable noncontrolling interest	2,272	7,824	—
Comprehensive income attributable to EZCORP, Inc.	$27,516	$144,341	$127,788

See accompanying notes to consolidated financial statements.

Table of Contents

EZCORP, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended September 30,		
	2013	2012	2011
	(In thousands)		
Operating Activities:			
Net income	$38,425	$150,577	$122,159
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	34,918	25,268	18,344
Amortization of debt premium and consumer loan discount	(248)	(15,091)	—
Consumer loan loss provision	30,740	17,833	15,087
Deferred income (benefit) taxes	(14,854)	2,761	13,663
Other adjustments	3,713	—	—
Loss (gain) on sale or disposal of assets	7,043	(1)	309
Stock compensation	7,314	6,714	13,208
Income from investments in unconsolidated affiliates	(11,878)	(17,400)	(16,237)
Impairment of investments	44,598	—	—
Changes in operating assets and liabilities, net of business acquisitions:			
Service charges and fees receivable, net	(7,143)	(5,359)	(2,998)
Inventory, net	(9,722)	(4,017)	(6,815)
Prepaid expenses, other current assets, and other assets, net	(10,281)	(12,322)	(12,445)
Accounts payable and accrued expenses	16,766	4,347	5,411
Customer layaway deposits	1,416	218	(95)
Deferred gains and other long-term liabilities	(8,898)	(8,782)	(412)
Excess tax benefit from stock compensation	(293)	(1,602)	(3,230)
Income taxes receivable/payable	(5,775)	(7,787)	44
Dividends from unconsolidated affiliates	10,632	5,560	7,274
Net cash provided by operating activities	126,473	140,917	153,267
Investing Activities:			
Loans made	(923,103)	(802,896)	(649,249)
Loans repaid	597,528	520,193	404,392
Recovery of pawn loan principal through sale of forfeited collateral	237,717	240,381	205,662
Additions to property and equipment	(46,698)	(45,796)	(34,122)
Acquisitions, net of cash acquired	(14,810)	(128,647)	(67,920)
Investments in unconsolidated affiliates	(11,018)	—	—
Net cash used in investing activities	(160,384)	(216,765)	(141,237)
Financing Activities:			
Proceeds from exercise of stock options	45	649	397
Excess tax benefit from stock compensation	293	1,602	3,230
Debt issuance costs	(1,283)	(3,225)	(2,397)
Taxes paid related to net share settlement of equity awards	(3,640)	(1,184)	(7,484)
Payout of deferred and contingent consideration	(13,277)	—	—
Purchase of subsidiary shares from noncontrolling interest	(627)	—	—
Contributions from noncontrolling interest	5,839		
Change in restricted cash	(110)	(5,482)	—
Proceeds from revolving line of credit	510,680	792,927	164,500
Payments on revolving line of credit	(470,000)	(679,986)	(147,000)
Proceeds from bank borrowings	(15,432)	2,461	—

Payments on bank borrowings and capital lease obligations	9,725	(8,496)	(25,004)
Net cash provided by (used in) financing activities	22,213	99,266	(13,758)
Effect of exchange rate changes on cash and cash equivalents	(462)	1,090	(157)
Net (decrease) increase in cash and cash equivalents	(12,160)	24,508	(1,885)
Cash and cash equivalents at beginning of period	48,477	23,969	25,854
Cash and cash equivalents at end of period	$36,317	$48,477	$23,969
Cash paid during the period for:			
Interest	$12,553	$2,480	$1,147
Income taxes	47,108	83,010	55,124
Non-cash Investing and Financing Activities:			
Pawn loans forfeited and transferred to inventory	$261,837	$248,090	$215,188
Issuance of common stock due to acquisitions	38,705	17,984	7,304
Deferred consideration	25,872	938	—
Contingent consideration	248	23,432	—
Accrued additions to property and equipment	492	—	—
Issuance of common stock due to purchase of subsidiary shares from noncontrolling interest	10,404	—	—
Purchase of shares from noncontrolling interest	(788)	—	—
Issuance of common stock to 401(k) plan	556	459	377

See accompanying notes to consolidated financial statements.

Table of Contents

EZCORP, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Par Value	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	EZCORP, Inc. Stockholders' Equity
	(in thousands)					
Balances at September 30, 2010	49,226	$493	$225,374	$299,936	$ (6,375)	$ 519,428
Issuance of Common Stock to 401(k) plan	12	—	377	—	—	377
Stock compensation	—	—	13,208	—	—	13,208
Stock options exercised	62	1	396	—	—	397
Issuance of Common Stock due to acquisitions	209	2	7,302	—	—	7,304
Release of restricted stock, net of net share settlement	690	—	—	—	—	—
Excess tax benefit from stock compensation	—	5	3,225	—	—	3,230
Taxes paid related to net share settlement of equity awards	—	—	(7,484)	—	—	(7,484)
Unrealized gain on available-for-sale securities	—	—	—	—	605	605
Foreign currency translation adjustment	—	—	—	—	5,024	5,024
Net income attributable to EZCORP, Inc.	—	—	—	122,159	—	122,159
Balances at September 30, 2011	50,199	$501	$242,398	$422,095	$ (746)	$ 664,248
Issuance of Common Stock to 401(k) plan	19	—	459	—	—	459
Stock compensation	—	—	6,714	—	—	6,714
Stock options exercised	201	2	647	—	—	649
Issuance of Common Stock due to acquisitions	635	6	17,992	—	—	17,998
Release of restricted stock, net of net share settlement	172	1	—	—	—	1
Excess tax benefit from stock compensation	—	2	1,600	—	—	1,602
Taxes paid related to net share settlement of equity awards	—	—	(1,184)	—	—	(1,184)
Unrealized loss on available-for-sale securities	—	—	—	—	(478)	(478)
Foreign currency translation adjustment	—	—	—	—	1,111	1,111
Net income attributable to EZCORP, Inc.	—	—	—	143,708	—	143,708
Balances at September 30, 2012	51,226	$512	$268,626	$565,803	$ (113)	$ 834,828
Issuance of Common Stock to 401(k) plan	30	1	556	—	—	557
Stock compensation	—	—	7,314	—	—	7,314

Stock options exercised	18	—	45	—	—	45
Issuance of common stock due to acquisitions	1,965	20	38,685	—	—	38,705
Issuance of common stock due to purchase of subsidiary shares from noncontrolling interest	592	6	10,398	—	—	10,404
Purchase of subsidiary shares from noncontrolling interest	—	—	(1,500)	—	85	(1,415)
Release of restricted stock, net of net share settlement	409	4	—	—	—	4
Excess tax benefit from stock compensation	—	—	293	—	—	293
Taxes paid related to net share settlement of equity awards	—	—	(3,640)	—	—	(3,640)
Effective portion of cash flow hedge	—	—	—	—	(89)	(89)
Unrealized loss on available-for-sale securities	—	—	—	—	(1,119)	(1,119)
Reclassification adjustment for loss on available-for-sale securities included in net income	—	—	—	—	992	992
Foreign currency translation adjustment	—	—	—	—	(6,651)	(6,651)
Foreign currency translation reclassification adjustment realized upon impairment	—	—	—	—	221	221
Net income attributable to EZCORP, Inc.	—	—	—	34,077	—	34,077
Balances at September 30, 2013	54,240	$543	$320,777	$599,880	$ (6,674)	$914,526

See accompanying notes to consolidated financial statements.

62

Table of Contents

EZCORP, Inc.
Notes to Consolidated Financial Statements
NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Organization
We are a leading provider of specialty consumer financial services. We provide collateralized, non-recourse loans, commonly known as pawn loans, and a variety of short-term consumer loans including single-payment and multiple-payment unsecured loans and single-payment and multiple-payment auto title loans, or fee-based credit services to customers seeking loans.
At September 30, 2013, we operated a total of 1,342 locations, consisting of 495 U.S. pawn stores (operating as EZPAWN or Value Pawn), seven U.S. buy/sell stores (operating as Cash Converters), 239 pawn stores in Mexico (operating as Empeño Fácil), 489 U.S. financial services stores (operating primarily as EZMONEY), 24 financial services stores in Canada (operating as CASHMAX), 15 buy/sell and financial services stores in Canada (operating as Cash Converters), 19 TUYO buy/sell stores in Mexico, and 54 Grupo Finmart locations in Mexico. We are the franchisor for eight franchised stores in Canada pursuant to our acquisition of the Cash Converters master franchise in that country. In addition, we offer consumer loans online in the U.S. and the U.K. operating primarily as EZMONEY.com and CashGenie.com, respectively. We also own approximately 30% of Albemarle & Bond Holdings PLC ("Albemarle & Bond"), one of the U.K.'s largest pawnbroking businesses with over 230 stores, and approximately 33% of Cash Converters International Limited ("Cash Converters International"), which franchises and operates a worldwide network of over 700 financial services and second-hand retail stores.
Consolidation
The consolidated financial statements include the accounts of EZCORP, Inc. ("EZCORP") and its consolidated subsidiaries. All inter-company accounts and transactions have been eliminated in consolidation. As of September 30, 2013, we own 60% of the outstanding equity interests in Prestaciones Finmart, S.A. de C.V., SOFOM, E.N.R. ("Grupo Finmart") doing business under the brands "Crediamigo" and "Adex" and 51% of Renueva Comercial S.A. de C.V. ("TUYO"), and therefore, include their results in our consolidated financial statements. We account for our investments in Albemarle & Bond and Cash Converters International using the equity method. Certain prior period balances have been reclassified to conform to the current presentation.

Prior Year Cash Flow Statement Correction of Error

Subsequent to the issuance of the financial statements for the year ended September 30, 2012, management identified an error in the cash flow statement for the year ended September 30, 2012. The Company incorrectly presented a $15.1 million gain on refinancing resulting from the write-off of a debt premium on refinancing as a cash outflow from financing activities. The amount should have been shown as a non-cash reduction in operating activities to reconcile net income to cash flow from operating activities. The following reflects the effects of the correction on the statement of cash flows for the year ended September 30, 2012:

	As Previously Reported	As Restated
	(in thousands)	
Net cash provided by operating activities	$156,008	$140,917
Net cash provided by financing activities	84,175	99,266

Pawn Loan and Sales Revenue Recognition
We record pawn service charges using the interest method for all pawn loans we believe to be collectible. We base our estimate of collectible loans on several factors, including recent redemption rates, historical trends in redemption rates and the amount of loans due in the following two months. Unexpected variations in any of these factors could change our estimate of collectible loans, affecting our earnings and financial condition. If a pawn loan is not repaid, we value the forfeited collateral (inventory) at the lower of cost (pawn loan principal) or market value of the property. We record sales revenue and the related cost when this inventory is sold, or when we receive the final payment on a layaway sale. Sales tax collected on the sale of inventory is excluded from the amount recognized as sales and instead

recorded as a liability in “Accounts payable and other accrued expenses” on our balance sheets until remitted to the appropriate governmental authorities.

Table of Contents

Consumer Loans
We provide a variety of short-term consumer loans including single-payment and multiple-payment unsecured loans and single-payment and multiple-payment auto title loans. In Texas, we provide fee-based credit services to customers seeking loans. In Mexico, Grupo Finmart enters into agreements with employers that permit it to market consumer loans to employees. Payments are withheld by the employers through payroll deductions and remitted to Grupo Finmart.
Revenue Recognition
Unsecured Consumer Loan Credit Service Fees — We earn credit service fees when we assist customers in obtaining unsecured loans from unaffiliated lenders. We initially defer recognition of the fees we expect to collect, net of direct expenses, and recognize that deferred net amount over the life of the related loans. We reserve the percentage of credit service fees we expect not to collect. Accrued fees related to defaulted loans reduce credit service fee revenue upon loan default and increase credit service fee revenue upon collection. Unsecured loan credit service fee revenue is included in “Consumer loan fees and interest” on our consolidated statements of operations.
Unsecured Consumer Loan Revenue — We accrue fees and interest in accordance with state and provincial laws on the percentage of unsecured loans (single-payment and multiple-payment) we have made that we believe to be collectible. Accrued fees related to defaulted loans reduce fee revenue upon loan default and increase fee revenue upon collection. Unsecured loan revenue is included in “Consumer loan fees and interest” on our consolidated statements of operations.
Long-term Unsecured Consumer Loan Revenue — Grupo Finmart customers obtain installment loans with a series of payments due over as long as a four-year period. We recognize consumer loan interest related to loans we originate based on the percentage of consumer loans made that we believe to be collectible. We recognize interest revenue ratably over the life of the related loans. We reserve the percentage of interest we expect not to collect. Accrued interest related to defaulted loans reduce consumer loan revenue upon loan default and increase consumer loan fee revenue upon collection. Long-term unsecured consumer loan revenue is included in “Consumer loan fees and interest” on our consolidated statements of operations.
Auto Title Loan Credit Service Fee Revenue — We earn auto title credit service fees when we assist customers in obtaining auto title loans from unaffiliated lenders. We recognize the fee revenue ratably over the life of the loan, and reserve the percentage of fees we expect not to collect. Auto title loan credit service fee revenue is included in “Consumer loan fees and interest” on our consolidated statements of operations.
Auto Title Loan Revenue — We accrue fees in accordance with state laws on the percentage of auto title loans we have made that we believe to be collectible. We recognize the fee revenue ratably over the life of the loan. Auto title loan revenue is included in “Consumer loan fees and interest” on our consolidated statements of operations.
Bad Debt and Allowance For Losses
Unsecured Consumer Loan Credit Service Bad Debt — We issue letters of credit to enhance the creditworthiness of our customers seeking unsecured loans from unaffiliated lenders. The letters of credit assure the lenders that if borrowers default on the loans, we will pay the lenders, upon demand, the principal and accrued interest owed to the lenders by the borrowers plus any insufficient funds fees. Although amounts paid under letters of credit may be collected later, we charge those amounts to consumer loan bad debt upon default. We record recoveries under the letters of credit as a reduction of bad debt at the time of collection. After attempting collection of bad debts internally, we occasionally sell them to an unaffiliated company as another method of recovery. We record the proceeds from such sales as a reduction of bad debt at the time of the sale. Unsecured consumer loan credit service bad debt is included in "Consumer loan bad debt" on our consolidated statements of operations.
The majority of our credit service customers obtain short-term unsecured loans with a single maturity date. These short-term loans, with terms averaging about 16 days, are considered defaulted if they have not been repaid or renewed by the maturity date. Other credit service customers obtain multiple-payment loans with a series of payments due over as much as a seven-month period. If one payment of multiple-payment loan is delinquent, that one payment is considered defaulted. If more than one payment is delinquent at any time, the entire loan is considered defaulted.
Allowance for Losses on Unsecured Consumer Loan Credit Services — We provide an allowance for losses we expect to incur under letters of credit for brokered unsecured loans that have not yet matured. The allowance is based on recent loan default experience adjusted for seasonal variations. It includes all amounts we expect to pay to the

unaffiliated lenders upon loan default, including loan principal, accrued interest and insufficient funds fees, net of the amounts we expect to collect from borrowers (collectively, “Expected LOC Losses”). Changes in the allowance are charged to consumer loan

Table of Contents

bad debt on our consolidated statements of operations. We include the balance of Expected LOC Losses in “Accounts payable and other accrued expenses” on our consolidated balance sheets. Based on the expected loss and collection percentages, we also provide an allowance for the unsecured loan credit service fees we expect not to collect, and charge changes in this allowance to consumer loan fee revenue, which is included in "Consumer loan fees and interest" on our consolidated statements of operations.

Unsecured Consumer Loan Bad Debt — In general, we consider a single-payment loan defaulted if it has not been repaid or renewed by the maturity date. If one payment of a multiple-payment loan is delinquent, that one payment is considered defaulted. If more than one payment is delinquent at any time, the entire loan is considered defaulted. Although defaulted loans may be collected later, we charge the loan principal to consumer loan bad debt upon default, leaving only active loans in the reported balance. We record collections of principal as a reduction of consumer loan bad debt when collected. After attempting collection of bad debts internally, we occasionally sell them to an unaffiliated company as another method of recovery and record the proceeds from such sales as a reduction of bad debt at the time of sale. Unsecured consumer loan bad debt is included in "Consumer loan bad debt" on our consolidated statements of operations.

Consumer loans made by EZCORP Online are considered delinquent if they are not repaid or renewed by the maturity date. We do not accrue additional revenues on delinquent loans. All outstanding principal balances and related fee receivables greater than 60 days past due are considered defaulted. Upon default, we charge consumer loan principal to consumer loan bad debt and reverse accrued unsecured consumer loan fee revenue.

Unsecured Consumer Loan Allowance for Losses — We provide an allowance for losses on unsecured loans that have not yet matured and related fees receivable, based on recent loan default experience adjusted for seasonal variations. We charge any changes in the principal valuation allowance to "Consumer loan bad debt" on our consolidated statements of operations. We record changes in the fee receivable valuation allowance to "Consumer loan fees and interest" on our consolidated statements of operations.

Long-Term Unsecured Consumer Loan Bad Debt — Consumer loans made by Grupo Finmart are considered in current status as long as the customer is employed and Grupo Finmart receives payments via payroll withholdings. Loans made to customers no longer employed are considered current if payments are made by the due date. If one payment of a loan is delinquent, that one payment is considered defaulted. If two or more payments are delinquent at any time, the entire loan is considered defaulted. Although defaulted loans may be collected later, Grupo Finmart charges the loan principal to consumer loan bad debt upon default, leaving only active loans in the reported balance. Collections of principal are recorded as a reduction of consumer loan bad debt when collected. Long-term unsecured consumer loan bad debt is included in "Consumer loan bad debt" on our consolidated statements of operations.

Long-Term Unsecured Consumer Loan Allowance for Losses — Grupo Finmart provides an allowance for losses on consumer loans that have not yet matured and related fees receivable based on recent loan default experience. Changes in the principal valuation allowance are charged to "Consumer loan bad debt" and changes in the interest receivable valuation allowance are charged to "Consumer loan fees and interest" on our consolidated statements of operations.

Auto Title Loan Credit Services Bad Debt and Allowance for Losses — We issue letters of credit to enhance the creditworthiness of our customers seeking auto title loans from unaffiliated lenders. The letters of credit assure the lenders that if borrowers default on the loans, we will pay the lenders, upon demand, all amounts owed to the lenders by the borrowers plus any insufficient funds fees. Through a charge to auto title loan bad debt, we provide an allowance for losses we expect to incur under letters of credit for brokered auto title loans, and record actual charge-offs against this allowance. The allowance includes all amounts we expect to pay to the unaffiliated lenders upon loan default, including principal, accrued interest and insufficient funds fees, net of the amounts we expect to collect from borrowers or through the sale of repossessed vehicles. We include the allowance for expected losses in “Accounts payable and other accrued expenses” on our consolidated balance sheets.

Auto Title Loan Bad Debt and Allowance for Losses — Based on historical collection experience, the age of past-due loans and amounts we expect to receive through the sale of repossessed vehicles, we provide an allowance for losses on auto title loans and related fees receivable. We charge any increases in the principal valuation allowance to consumer loan bad debt and charge uncollectable loans against this allowance. We record changes in the fee receivable valuation allowance to "Consumer loan fees and interest" on our consolidated statements of operations.

Inventory and Cost of Goods Sold
If a pawn loan is not redeemed, we record the forfeited collateral at cost (the principal amount of the pawn loan) in "Inventory, net" on our consolidated balance sheets. We do not record loan loss allowances or charge-offs on the principal portion of pawn loans, as they are fully collateralized. We record our inventory using the specific identification method of accounting.

In order to state inventory at the lower of cost or market value, we record an allowance for excess, obsolete or slow moving inventory based on the type and age of merchandise. We include in "Merchandise cost of goods sold" in our consolidated statements of operations the historical cost of inventory sold, inventory shrinkage and any change in the allowance for inventory shrinkage and valuation. We also include the cost of operating our central jewelry processing unit, as it relates directly to sales of precious metals to refiners.

Cash and Cash Equivalents and Cash Concentrations

Cash and cash equivalents consist primarily of cash on deposit, highly liquid investments, or mutual funds with original contractual maturities of three months or less. We hold cash at major financial institutions that often exceed FDIC insured limits. We manage our credit risk associated with cash and cash equivalents and cash concentrations by investing in high quality instruments or funds, concentrating our cash deposits in high quality financial institutions and by periodically evaluating the credit quality of the primary financial institutions issuing investments or holding such deposits. Historically, we have not experienced any losses due to such cash concentrations. Restricted cash amounts represent amounts that can only be used to settle liabilities of Grupo Finmart's securitization trust or for interest payments on Grupo Finmart's debt. See Note 9, "Long-Term Debt and Capital Lease Obligations."

Software Development Costs

We capitalize certain costs incurred in connection with developing or obtaining software for internal use and amortize the costs by the straight-line method over the estimated useful lives of each system, typically five years.

Customer Layaways

Customer layaway deposits are recorded as deferred revenue until we collect the entire related sales price and deliver the related merchandise to the customer. Customer layaway fees are recognized when collected.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets having indefinite lives are not subject to amortization. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") ASC 350-20-35, Goodwill - Subsequent Measurement, we test goodwill and intangible assets with an indefinite useful life for potential impairment annually, or more frequently when there are events or circumstances that indicate a potential impairment. We perform our impairment analysis utilizing the income approach. This approach uses future cash flows and estimated terminal values for each of our reporting units (discounted using a market participant perspective) to determine the fair value of each reporting unit, which is then compared to the carrying value of the reporting unit to determine if there is an impairment. The income approach includes assumptions about revenue growth rates, operating margins and terminal growth rates discounted by an estimated weighted-average cost of capital derived from other publicly-traded companies that are similar but not identical from an operational and economic standpoint. We completed our annual assessment of goodwill and indefinite lived intangible assets as of September 30, 2013 and determined that no material impairment existed at that date.

Property and Equipment

We record property and equipment at cost. We depreciate these assets on a straight-line basis using estimated useful lives of 30 years for buildings and 2 to 7 years for furniture, equipment and software development costs. We depreciate leasehold improvements over the shorter of their estimated useful life (typically 10 years) or the reasonably assured lease term at the inception of the lease.

Valuation of Tangible Long-Lived Assets

We assess the impairment of tangible long-lived assets whenever events or changes in circumstances indicate that the net recorded amount may not be recoverable. The following factors could trigger an impairment review: significant underperformance relative to historical or projected future cash flows, significant changes in the manner of use of the assets or the strategy for the overall business, significant negative industry trends or legislative changes prohibiting us from offering our loan products. An impairment loss is recognized if the future undiscounted cash flows associated with the asset and the estimated fair value of the asset are less than the asset's carrying value.

Fair Value of Financial Instruments

We have elected not to measure at fair value any eligible items for which fair value measurement is optional. We determine the fair value of financial instruments by reference to various market data and other valuation techniques, as appropriate. Unless

Table of Contents

otherwise disclosed, the fair values of financial instruments approximate their recorded values, due primarily to their short-term nature. The recorded value of our outstanding debt is assumed to estimate its fair value, as it has no prepayment penalty and a floating interest rate based on market rates.

Derivative Instruments and Hedging Activities

We recognize all derivative instruments as either assets or liabilities in our consolidated balance sheets at their respective fair values. For derivatives designated in hedging relationships, changes in the fair value are either offset through earnings against the change in fair value of the hedged item attributable to the risk being hedged or recognized in accumulated other comprehensive income, to the extent the derivative is effective at offsetting the changes in cash flows being hedged until the hedged item affects earnings.

We enter into derivative contracts that we intend to designate as a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). For all hedging relationships, we formally document the hedging relationship and its risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged transaction, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method used to measure ineffectiveness. We also formally assess, both at the inception of the hedging relationship and on an ongoing basis, whether the derivatives that are used in hedging relationships are highly effective in offsetting changes in cash flows of hedged transactions. For derivative instruments that are designated and qualify as part of a cash flow hedging relationship, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

We discontinue hedge accounting prospectively when it is determined that the derivative is no longer effective in offsetting cash flows attributable to the hedged risk, the derivative expires or is sold, terminated, or exercised, the cash flow hedge is redesignated because a forecasted transaction is not probable of occurring, or management determines to remove the designation of the cash flow hedge.

In all situations in which hedge accounting is discontinued and the derivative remains outstanding, we continue to carry the derivative at its fair value on the balance sheet and recognize any subsequent changes in its fair value in earnings. When it is probable that a forecasted transaction will not occur, we discontinue hedge accounting and recognize immediately in earnings gains and losses that were accumulated in other comprehensive income related to the hedging relationship.

Acquisitions

We adopted FASB ASC 805-10-65 (Business Combinations — Revised) on October 1, 2009, and have applied it prospectively to all business acquisitions completed since that date. In accordance with FASB ASC 805-10-65, we allocate the total acquisition price to the fair value of assets and liabilities acquired and immediately expense transaction costs that would have been included in the purchase price allocation under previous accounting standards.

Foreign Currency Translation

Our equity investments in Albemarle & Bond and Cash Converters International are translated from British pounds and Australian dollars, respectively, into U.S. dollars at the exchange rates as of the investees' balance sheet date of June 30. The related interest in the investees' net income is translated at the average exchange rates for each six-month period reported by the investees. The functional currency of Empeño Fácil, our wholly owned subsidiary, Grupo Finmart, our 60% owned subsidiary, and TUYO, our 51% owned subsidiary, is the Mexican peso. The functional currency of our wholly owned foreign subsidiary in Canada is the Canadian dollar, and the functional currency of Cash Genie, our wholly owned subsidiary in the U.K., is the British Pound. Our foreign subsidiaries' balance sheet accounts are translated from their respective functional currencies into U.S. dollars at the exchange rate at the end of each quarter, and their earnings are translated into U.S. dollars at the average exchange rate each quarter. We present resulting translation adjustments as a separate component of stockholders' equity. Foreign currency transaction gains and losses have not been significant, and are reported as "Other" (income) or expense in our statements of operations.

Securitization of Consumer Loans

Our majority-owned subsidiary, Grupo Finmart, periodically transfers certain consumer loans to a bankruptcy remote trust in securitization transactions. These securitizations are accounted for as secured borrowings, and no gains or losses are recognized at the time of the transaction. Secured borrowings are transactions involving transfers of financial assets that are

Table of Contents

accounted for as financings with the assets pledged as collateral. We consolidate the assets and liabilities of the trust and disclose on our consolidated balance sheets the consolidated assets and liabilities of the trust that can only be used to settle its liabilities.

Operations Expense

Included in operations expense are costs related to operating our stores, online businesses and any direct costs of support offices. These costs include labor, other direct expenses such as utilities, supplies and banking fees, and indirect expenses such as store rent, building repairs and maintenance, advertising, store property taxes and insurance, regional and area management expenses, the costs of our bad debt collection center and allocations of certain corporate costs.

Administrative Expense

Included in administrative expense are costs related to our executive and administrative offices. This includes executive and administrative salaries, wages, stock and incentive compensation, professional fees, license fees and costs related to the operation of our administrative offices such as rent, property taxes, insurance and information technology.

Advertising

We expense advertising costs as incurred.

Income Taxes

We account for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value of assets and liabilities and their tax basis and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the related temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized when the rate change is enacted.

Management believes that it is more likely than not that forecasted income, including income that may be generated as a result of certain tax planning strategies, together with future reversals of existing taxable temporary differences, will be sufficient to fully recover the deferred tax assets. In the event that we determine all or part of the net deferred tax assets are not realizable in the future, we will make an adjustment to the valuation allowance that would be charged to earnings in the period such determination is made.

Stock Compensation

We account for stock compensation in accordance with the fair value recognition provisions of FASB ASC 718-10-25 (Compensation — Stock Compensation). The fair value of restricted shares is measured as the closing market price of our stock on the date of grant, which is amortized over the vesting period for each grant. When we grant options, our policy is to estimate the grant-date fair value of the options using the Black-Scholes-Merton option-pricing model and amortize that fair value to compensation expense on a ratable basis over the options' vesting periods.

Use of Estimates

Generally accepted accounting principles require us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates.

Recently Adopted Accounting Pronouncements

In December 2011, the FASB issued Accounting Standards Update ("ASU") 2011-11, Disclosures about Offsetting Assets and Liabilities. This update, which amends FASB ASC 210 (Balance Sheet), requires entities to disclose information about offsetting and related arrangements and the effect of those arrangements on its financial position. The amendments in ASU 2011-11 enhance disclosures required by FASB ASC 210 by requiring improved information about financial instruments and derivative instruments that are either offset in accordance with FASB ASC 210-20-45 or 815-10-45 or are subject to an enforceable master netting arrangement or similar agreement. ASU 2011-11 is effective for interim and annual periods beginning on or after January 1, 2013. Disclosures are required retrospectively for all comparative periods presented. Currently, we do not enter into any right of offset arrangements and the adoption of ASU 2011-11 did not have a material effect on our financial position, results of operations or cash flows.

In February 2013, the FASB issued ASU 2013-01, Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities. This update addresses implementation issues about the scope of ASU 2011-11. The

Table of Contents

amendments in this ASU clarify that the scope of the disclosures under U.S. GAAP is limited to derivatives, including bifurcated embedded derivatives, repurchase agreements, reverse purchase agreements, securities borrowing and securities lending transactions that are offset in accordance with FASB ASC 210-20-45 Balance Sheet—Offsetting—Other Presentation Matters, or FASB ASC 815-10-45 Derivatives and Hedging — Overall — Other Presentation Matters, or subject to a master netting arrangement or similar agreement. Entities with other types of financial assets and financial liabilities subject to a master netting arrangement or similar agreement are no longer subject to the disclosure requirements in ASU 2011-11. This update requires entities to apply the amendments for annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods and to provide the required disclosures retrospectively for all comparative periods presented. Currently, we do not enter into any right of offset arrangements and the early adoption of ASU 2013-01 did not have a material effect on our financial position, results of operations or cash flows.

Recently Issued Accounting Pronouncements

In July 2013, the FASB issued ASU 2013-11, Income Taxes (Topic 740)—Presentation of an Unrecognized Tax Benefit when a Net Operating Loss Carryforward or Tax Credit Carryforward Exists. This update provides that an entity's unrecognized tax benefit, or a portion of its unrecognized tax benefit, should be presented in its financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, with one exception. That exception states that, to the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position, or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This update applies prospectively to all entities that have unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. Retrospective application is also permitted. This update is effective for annual periods, and interim periods within those years, beginning after December 15, 2013. We do not anticipate the adoption of ASU 2013-03 will have a material effect on our financial position, results of operations or cash flows.

In March 2013, the FASB issued ASU 2013-05, Foreign Currency Matters (Topic 830) — Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (a consensus of the FASB Emerging Issues Task Force). This update applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity, or no longer holds a controlling financial interest in a subsidiary or group of assets that is a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. ASU 2013-05 is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. We do not anticipate that the adoption of ASU 2013-05 will have a material effect on our financial position, results of operations or cash flows.

In February 2013, the FASB issued ASU 2013-02, Comprehensive Income (Topic 220) — Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. This update, requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. This update requires entities to apply the amendments for periods beginning after December 15, 2012 and interim periods within those annual periods and to provide the required disclosures for all reporting periods presented. We do not anticipate the adoption of ASU 2013-03 will have a material effect on our financial position, results of operations or cash flows.

In February 2013, the FASB issued ASU 2013-04, Liabilities (Topic 405)—Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (a consensus of the FASB Emerging Issues Task Force). This update provides guidance for the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date (except for obligations addressed within existing guidance in U.S. GAAP). Examples of obligations within the scope of ASU 2013-04 include debt arrangements, other contractual obligations and settled litigation and judicial rulings. ASU 2013-04 is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. We do not anticipate that the adoption of ASU 2013-04 will have a material effect on our financial position, results of operations or cash flows.

In October 2012, the FASB issued ASU 2012-04, Technical Corrections and Improvements. This update clarifies the Codification or corrects unintended application of guidance and includes amendments identifying when the use of fair value should be linked to the definition of fair value in Topic 820, Fair Value Measurement. Amendments to the Codification without transition guidance are effective upon issuance for both public and nonpublic entities. For public entities, amendments subject

Table of Contents

to transition guidance will be effective for fiscal periods beginning after December 15, 2012. We do not anticipate that the adoption of ASU 2012-04 will have a material effect on our financial position, results of operations or cash flows.

NOTE 2: DISCONTINUED OPERATIONS

During the third quarter of fiscal 2013, we implemented a plan to close 107 legacy stores (102 and 94 of which were in operation at September 30, 2012 and 2011, respectively) in a variety of locations. These stores are generally older, smaller stores that do not fit our future growth profile.

Store closures as discontinued operations include:

57 stores in Mexico, 52 of which are small, jewelry-only asset group formats. We will continue to operate our full-service SWS stores under the Empeño Fácil brand, and expect to continue our storefront growth in Mexico.

29 stores in Canada, where we are in the process of transitioning to an integrated buy/sell and financial services model under the Cash Converters brand. The affected asset group consists of stores that are not optimal for that model because of location or size. We will continue to operate full-service buy/sell and financial services center stores under the Cash Converters brand in Canada and the United States.

20 financial services stores in Dallas, Texas and the State of Florida, where we are exiting both locations primarily due to onerous regulatory requirements. In addition, one jewelry-only concept store will be closed, which was our only jewelry-only store in the United States.

Due to discontinued operations, we incurred charges for lease termination costs, asset and inventory write-down to net realizable liquidation value, uncollectible receivables, and employee severance costs. We recognized $22.2 million of pre-tax charges related to discontinued operations during fiscal 2013. The following table summarizes these costs, which have been recorded as part of loss from discontinued operations in our fiscal 2013 consolidated statement of operations:

	Fiscal Year Ended September 30, 2013 (in thousands)
Lease termination costs	$8,608
Employee severance	896
Inventory write-down to liquidation value	7,081
Fixed asset write-down to liquidation value	5,605
Total termination costs related to the reorganization	$22,190

As of September 30, 2013, $1.6 million in cash payments had been made with regard to the recorded termination costs.

As of September 30, 2013 accrued severance and lease termination costs related to discontinued operations were $7.1 million. This amount is included in “Accounts payable and accrued liabilities” in our consolidated balance sheets and in “Loss from discontinued operations, net of tax” in the consolidated statements of operations.

Discontinued operations in fiscal 2013, 2012, and 2011 include $15.1 million, $17.3 million, and $16.5 million, respectively, of revenues and $27.2 million, $4.8 million, and $1.5 million, respectively, of pre-tax operating losses from stores being closed.

Table of Contents

The table below summarizes the operating income (losses) from discontinued operations by operating segment:

	Fiscal Year Ended September 30,		
	2013	2012	2011
	(in thousands)		
U.S. & Canada			
Net revenues	$4,308	$6,183	$5,495
Operations expense	10,090	10,031	5,891
Operating loss from discontinued operations before taxes	(5,782)	(3,848)	(396)
Total termination costs related to the reorganization	13,049	—	—
Loss from discontinued operations before taxes	(18,831)	(3,848)	(396)
Income tax (benefit) provision	(1,392)	77	404
Loss from discontinued operations, net of tax	$(17,439)	$(3,925)	$(800)
Latin America			
Net revenues	$5,215	$3,645	$3,138
Operations expense	4,461	4,560	4,220
Operating income (loss) from discontinued operations before taxes	754	(915)	(1,082)
Total termination costs related to the reorganization	9,141	—	—
Loss from discontinued operations before taxes	(8,387)	(915)	(1,082)
Income tax benefit	(2,516)	(307)	(324)
Loss from discontinued operations, net of tax	$(5,871)	$(608)	$(758)
Consolidated			
Net revenues	$9,523	$9,828	$8,633
Operations expense	14,551	14,591	10,111
Operating loss from discontinued operations before taxes	(5,028)	(4,763)	(1,478)
Total termination costs related to the reorganization	22,190	—	—
Loss from discontinued operations before taxes	(27,218)	(4,763)	(1,478)
Income tax (benefit) provision	(3,908)	(230)	80
Loss from discontinued operations, net of tax	$(23,310)	$(4,533)	$(1,558)

The following tables present stores by segment:

	Fiscal Year Ended September 30, 2013				
	Company-owned Stores				
	U.S. & Canada	Latin America	Other International	Consolidated	Franchises
Stores in operation:					
Beginning of period	987	275	—	1262	10
De novo	84	73	—	157	—
Acquired	12	26	—	38	—
Sold, combined, or closed	(3)	(5)	—	(8)	(2)
Discontinued operations	(50)	(57)	—	(107)	—
End of period	1,030	312	—	1,342	8

Table of Contents

NOTE 3: ACQUISITIONS

The following tables provide information related to the acquisitions of domestic and foreign retail and financial services locations during the years ended September 30, 2013, 2012 and 2011:

	Fiscal Year Ended September 30,				
	2013		2012		2011
	Go Cash	Other Acquisitions	Grupo Finmart	Other Acquisitions	Other Acquisitions
Number of asset purchase acquisitions	1	1	—	7	9
Number of stock purchase acquisitions	—	3	1	4	3
U.S. stores acquired	—	12	—	50	34
Foreign stores acquired	—	26	45	1	6
Total stores acquired	—	38	45	51	40

	Fiscal Year Ended September 30,				
	2013		2012		2011
	Go Cash	Other Acquisitions	Grupo Finmart	Other Acquisitions	Other Acquisitions
	(in thousands)				
Consideration:					
Cash	$—	$ 17,980	$45,001	$ 95,415	$ 69,057
Equity instruments	27,776	10,929	—	17,984	7,304
Deferred consideration	23,000	2,872	5,785	—	—
Contingent consideration	—	248	23,000	—	—
Fair value of total consideration transferred	50,776	32,029	73,786	113,399	76,361
Cash acquired	—	(3,040)	(13,641)	(2,833)	(1,138)
Total purchase price	$50,776	$ 28,989	$60,145	$ 110,566	$ 75,223

Table of Contents

	Fiscal Year Ended September 30,				
	2013		2012		2011
	Go Cash	Other Acquisitions	Grupo Finmart	Other Acquisitions	Other Acquisitions
Current assets:	(in thousands)				
Pawn loans	$—	$5,714	$—	$6,781	$8,572
Consumer loans, net	—	902	8,935	3,641	710
Service charges and fees receivable, net	23	714	18,844	1,940	1,270
Inventory, net	—	2,441	—	5,911	4,838
Deferred tax asset	—	—	—	238	461
Prepaid expenses and other assets	120	508	3,543	204	728
Total current assets	143	10,279	31,322	18,715	16,579
Property and equipment, net	268	1,078	2,326	4,061	1,051
Goodwill	39,228	17,187	99,486	99,747	56,703
Non-current consumer loans, net	—	3,011	56,120	—	—
Intangible assets	11,215	619	16,400	3,980	2,478
Other assets	124	314	7,497	294	80
Total assets	$50,978	$32,488	$213,151	$126,797	$76,891
Current liabilities:					
Accounts payable and other accrued expenses	$202	$560	$6,853	$5,496	$1,176
Customer layaway deposits	—	103	—	808	182
Current maturities of long-term debt	—	—	22,810	—	—
Other current liabilities	—	—	—	257	26
Total current liabilities	202	663	29,663	6,561	1,384
Long-term debt, less current maturities	—	—	86,872	—	—
Deferred tax liability	—	—	171	113	284
Total liabilities	202	663	116,706	6,674	1,668
Redeemable noncontrolling interest	—	2,836	36,300	9,557	—
Net assets acquired	$50,776	$28,989	$60,145	$110,566	$75,223
Goodwill deductible for tax purposes	$39,228	$—	$—	$48,445	$34,376
Indefinite-lived intangible assets acquired:					
Trade name	$—	$—	$2,200	$2,706	$—
Domain name	215	—	—	—	—
Definite-lived intangible assets acquired (1):					
Favorable lease asset	$—	$—	$—	$404	$111
Internally developed software	11,000	66	—	—	—
Non-compete agreements	—	30	300	420	769
Contractual relationship	—	523	13,900	450	—

(1) The weighted average useful life of definite-lived intangible assets acquired is five years.

Go Cash

On November 20, 2012, we entered into a definitive agreement with Go Cash, LLC and certain of its affiliates ("Go Cash") to acquire substantially all the assets of Go Cash's online lending business. This acquisition of assets was completed on December 20, 2012 and was accounted for as a business combination. No liabilities were assumed other than trade payables and accounts payable incurred prior to closing in the ordinary course of business, which were approximately $0.2 million.

The assets acquired include a proprietary software platform, including a loan management system and a lending decision science engine, that will enable geographic expansion both within the U.S. and internationally; an internal customer service and collections call center; a portion of the existing Go Cash multi-state loan portfolio; and related assets, including customer lists, customer data and customer transaction information. We hired substantially all of Go

Cash's employees, including the

73

Table of Contents
management team, an internal underwriting and customer experience analytics team, and an experienced customer service and collections call center team.
The total purchase price is performance-based and will be determined over a period of four years following the closing. A minimum of $50.8 million will be paid, of which $27.8 million was paid at closing, $6.0 million was paid on November 12, 2013 and the remaining $17.0 million will be paid in installments over the next two years. The performance consideration element will be based on the net income generated by the "Post-Closing Business Unit" (which will include all of our online consumer lending business). Within a specified period after the end of each of the first four years following the closing, we will make a contingent supplemental payment equal to the difference between (a) the adjusted net income for such year, multiplied by 6.0, and (b) all consideration payments previously paid. Each payment may be made, in our sole discretion, in cash or in the form of shares of EZCORP Class A Non-Voting Common Stock. The initial payment was made in the form of 1,400,198 shares of EZCORP Class A Non-Voting Common Stock, and the November 2013 payment was made in cash.
The contingent consideration element of the purchase price, which is the amount in excess of the guaranteed $50.8 million, has been preliminarily valued at zero as of September 30, 2013. The fiscal year ended September 30, 2013 includes $6.7 million in total revenues and $8.0 million in operating losses related to EZCORP Online.
TUYO
On November 1, 2012, we acquired a 51% interest in Renueva Comercial S.A. de C.V., a company headquartered in Mexico City and doing business under the name “TUYO”, for approximately $1.1 million. As of September 30, 2013, TUYO owned and operated 19 stores in Mexico City and the surrounding metropolitan area. In these stores, TUYO buys quality used merchandise from customers and then resells that merchandise to other customers. TUYO also sells refurbished or other merchandise acquired in bulk from wholesalers. As this acquisition was individually immaterial, we present its related information, other than information related to the redeemable noncontrolling interest, combined with other immaterial acquisitions.
Pursuant to the acquisition agreement, the sellers have a put option with respect to their remaining shares of TUYO. The sellers have the right to sell their TUYO shares to EZCORP during a specified exercise period, with specified limitations on the number of shares that may be sold within a consecutive 12-month period. Under the guidance in ASC 480-10-S99, securities that are redeemable for cash or other assets are to be classified outside of permanent equity; therefore, we have included the redeemable noncontrolling interest related to TUYO in temporary equity.
The acquisition date fair value of the TUYO redeemable noncontrolling interest was estimated by applying an income and market approach. This fair value measurement was based on significant inputs that are not observable in the market and thus represents a Level 3 measurement. Key assumptions include discount rates of 10% and 18% representing discounts for lack of control and lack of marketability respectively that market participants would consider when estimating the fair value of the noncontrolling interest. The fair market value of TUYO was determined using a multiple of future earnings. We expect the recorded values related to the noncontrolling interest at September 30, 2013 to approximate fair value.
Other - 2013
On April 26, 2013, Grupo Finmart, our 60% owned subsidiary, purchased 100% of the outstanding shares of Fondo ACH, S.A. de C.V., a specialty consumer finance company. The total purchase price is performance-based and will be determined over a period of four years. A minimum of $3.5 million will be paid, of which $2.7 million was paid at closing with the remaining due on January 2, 2017. The performance consideration element will be based on interest income generated by the acquired portfolios and new loans made through Fondo ACH's contractual relationships. The contingent consideration element of the purchase price, which is the amount in excess of the guaranteed $3.5 million, has been preliminarily valued at zero as of September 30, 2013. As this acquisition was individually immaterial, we present its related information combined with other immaterial acquisitions.
On June 30, 2013, Grupo Finmart, purchased a consumer loan portfolio for total consideration of approximately $1.3 million. The total purchase price is performance-based and will be determined over the life of the loan portfolio. As this acquisition was individually immaterial, we present its related information combined with other immaterial acquisitions.

The fiscal year ended September 30, 2013, includes the December 2012 acquisition of 12 pawn locations in Arizona, which was a new state of operation for EZCORP. As this acquisition was individually immaterial, we present its related information combined with other immaterial acquisitions.

All acquisitions were made as part of our continuing strategy to enhance and diversify our earnings over the long-term. The factors contributing to the recognition of goodwill were based on several strategic and synergistic benefits we expect to realize from the acquisitions. These benefits include our initial entry into several markets and a greater presence in others, as well as the ability to further leverage our expense structure through increased scale. The purchase price allocation of assets acquired in the most recent twelve months is preliminary as we continue to receive information regarding the acquired assets. Transaction related expenses for the years ended September 30, 2013, 2012 and 2011 of approximately $0.5 million, $2.2 million, and $0.9 million, respectively, were expensed as incurred and recorded as operations expense. These amounts exclude costs related to transactions that did not close and future acquisitions. The results of all acquisitions have been consolidated with our results since their respective closing. Pro forma results of operations have not been presented because it is impracticable to do so, as historical audited financial statements in U.S. GAAP are not readily available.

Grupo Finmart

On January 30, 2012, we acquired a 60% interest in Prestaciones Finmart, S.A. de C.V., SOFOM, E.N.R. (“Grupo Finmart" formerly known as Crediamigo), a specialty consumer finance company headquartered in Mexico City. The total consideration of $60.1 million, net of cash acquired, includes contingent consideration related to two earn out payments. If certain financial performance targets are achieved during calendar years 2012 and 2013, the sellers will receive $12.0 million dollars, each year, for a total amount of $24.0 million dollars. The purchase price above includes a fair value amount of $23.0 million attributable to the contingent consideration payments. This amount was calculated using a probability-weighted discounted cash flow approach, in which all outcomes were successful. The significant inputs used for the valuation are not observable in the market, and thus this fair value measurement represents a Level 3 measurement within the fair value hierarchy. On April 5, 2013, we made the first payment of $12.8 million, this amount includes a $0.8 million transaction loss as the payment was made in Mexican pesos.

Pursuant to the Master Transaction Agreement, the sellers have a put option with respect to their remaining shares of Grupo Finmart. Each seller has the right to sell their Grupo Finmart shares to us during the exercise period commencing on January 30, 2014 and ending on January 30, 2017 , with no more than 50% of the seller's shares being sold within a consecutive twelve-month period. Under the guidance in ASC 480-10-S99, securities that are redeemable for cash or other assets are to be classified outside of permanent equity; therefore, we have included the redeemable noncontrolling interest related to Grupo Finmart in temporary equity.

The acquisition date fair value of the redeemable noncontrolling interest in Grupo Finmart was estimated by applying an income approach and a market approach. This fair value measurement is based on significant inputs that are not observable in the market and thus represents a Level 3 measurement. Key assumptions include discount rates ranging from 10% to 18%, representing discounts for lack of control and lack of marketability that market participants would consider when estimating the fair value of the noncontrolling interest. The fair market value of Grupo Finmart was determined using a multiple of future earnings.

The years ended September 30, 2013 and 2012, include $52.4 million and $27.7 million in total revenues and $8.0 million and $10.1 million in income attributable to EZCORP, Inc. related to the Grupo Finmart acquisition respectively.

Cash Genie

On April 14, 2012, we acquired a 72% interest in Ariste Holding Limited and its affiliates, which provides online loans in the U.K under the name "Cash Genie." As this acquisition was individually immaterial, we present its related information, other than information related to the redeemable noncontrolling interest, combined basis with other immaterial acquisitions

Pursuant to the acquisition agreement, the sellers had a put option with respect to their remaining shares of Cash Genie. Each of the sellers had the right to sell his Cash Genie shares to us for cash, during the exercise period commencing on April 14, 2014 and ending on April 14, 2016, with no more than 50% of the seller's shares being sold within a consecutive 12-month period. In addition, each of the sellers had the right to sell his Cash Genie shares to us in exchange for shares of Class A Non-Voting Common Stock at any time after April 14, 2012. Under the guidance in ASC 480-10-S99, securities that are redeemable for cash or other assets are to be classified outside of permanent equity; therefore, at acquisition, we included the redeemable noncontrolling interest related to Cash Genie in temporary equity.

The acquisition date fair value of the Cash Genie redeemable noncontrolling interest was estimated by applying an income and market approach. This fair value measurement was based on significant inputs that are not observable in the market and thus represents a Level 3 measurement. Key assumptions included discount rates ranging from 10% to 18%, representing discounts for lack of control and lack of marketability that market participants would consider when estimating the fair value of the noncontrolling interest, and it was determined using a multiple of future earnings.

During fiscal 2013, the sellers exercised their put options and we increased our ownership in Cash Genie to 100% as of September 30, 2013. See Note 11, "Redeemable Noncontrolling Interest” for details.

Table of Contents

Other - 2012
The year ended September 30, 2012, includes the acquisition of 50 locations in the U.S. and one in Canada. As these acquisitions were individually immaterial, we present their related information combined basis with other immaterial acquisitions.
The amounts above for the year ended September 30, 2012 include the acquisition of a decision science model for the underwriting of consumer loans, a contractual relationship with an income tax return preparer to facilitate refund anticipation loans, an online lending business in the U.K., and 15 financial services stores in Hawaii and Texas. The 15 financial services stores in Hawaii and Texas were acquired from FS Management, 1st Money Centers, Inc. and 1429 Funding, Inc., companies owned partially by Brent Turner, the former President of our eCommerce and Card Services division and a former executive officer, for total consideration of $3.0 million in cash and 387,924 shares of our Class A Non-Voting Common Stock. The basic terms of the acquisitions were agreed prior to the commencement of Mr. Turner's employment (and, thus, prior to Mr. Turner's becoming an executive officer), subject to our completion of appropriate due diligence and the execution of appropriate definitive documentation. Even though the terms of the acquisitions were agreed to prior to Mr. Turner's becoming an executive officer, we treated the transactions as related party transactions. Consequently, pursuant to our Policy for Review and Evaluation of Related Party Transactions, the Audit Committee reviewed and evaluated the terms of the acquisitions and concluded that the transactions were fair to, and in the best interest of the company and its stockholders. Mr. Turner received $2.0 million in cash and 167,811 shares of stock in connection with these acquisitions.
NOTE 4: EARNINGS PER SHARE
We compute basic earnings per share on the basis of the weighted average number of shares of common stock outstanding during the period. We compute diluted earnings per share on the basis of the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options and restricted stock awards.
Potential common shares are required to be excluded from the computation of diluted earnings per share if the assumed proceeds upon exercise or vest, as defined by FASB ASC 718-10-25, are greater than the cost to re-acquire the same number of shares at the average market price, and therefore the effect would be anti-dilutive.

Table of Contents

Components of basic and diluted earnings per share and excluded anti-dilutive potential common shares are as follows:

	Fiscal Year Ended September 30,		
	2013	2012	2011
	(in thousands, except per share amounts)		
Net income from continuing operations attributable to EZCORP, Inc. (A)	$57,387	$148,241	$123,717
Loss from discontinued operations, net of tax (B)	(23,310)	(4,533)	(1,558)
Net income attributable to EZCORP (C)	$34,077	$143,708	$122,159
Weighted average outstanding shares of common stock (D)	53,657	50,877	49,917
Dilutive effect of stock options and restricted stock	80	256	452
Weighted average common stock and common stock equivalents (E)	53,737	51,133	50,369
Basic earnings (loss) per share attributable to EZCORP, Inc.:			
Continuing operations attributable to EZCORP, Inc. (A / D)	$1.07	$2.91	$2.48
Discontinued operations (B / D)	(0.43)	(0.09)	(0.03)
Basic earnings per share (C / D)	$0.64	$2.82	$2.45
Diluted earnings (loss) per share attributable to EZCORP, Inc.:			
Continuing operations attributable to EZCORP, Inc. (A / E)	$1.06	$2.90	$2.46
Discontinued operations (B / E)	(0.43)	(0.09)	(0.03)
Diluted earnings per share (C / E)	$0.63	$2.81	$2.43
Potential common shares excluded from the calculation of diluted earnings per share	—	56	2

NOTE 5: STRATEGIC INVESTMENTS

Cash Converters International Limited

At September 30, 2013, we owned 136,848,000 shares, or approximately 33%, of Cash Converters International, a publicly traded company headquartered in Perth, Australia. Cash Converters International franchises and operates a worldwide network of approximately 700 specialty financial services and retail stores that provide pawn loans, short-term unsecured loans and other consumer finance products, and buy and sell second-hand goods, with significant store concentrations in Australia and the United Kingdom. Those shares include 12,430,000 shares that we acquired in November 2012 for approximately $11.0 million in cash as part of a share placement. Our total investment in Cash Converters International was acquired between November 2009 and November 2012 for approximately $68.8 million.

We account for our investment in Cash Converters International using the equity method. Since Cash Converters International’s fiscal year ends three months prior to ours, we report the income from this investment on a three-month lag. Cash Converters International files semi-annual financial reports for its fiscal periods ending December 31 and June 30. Due to the three-month lag, income reported for our fiscal years ended September 30, 2013, 2012 and 2011 represents our percentage interest in the results of Cash Converters' operations from July 1, 2012 to June 30, 2013, July 1, 2011 to June 30, 2012 and July 1, 2010 to June 30, 2011, respectively. In fiscal 2013, 2012 and 2011 we recorded dividends from Cash Converters of $5.1 million, $4.4 million and $4.1 million, respectfully. Cash Converters’ accumulated undistributed after-tax earnings included in our consolidated retained earnings were $17.3 million at September 30, 2013.

Conversion of Cash Converters International’s financial statements into U.S. GAAP resulted in no material differences from those reported by Cash Converters following IFRS.

In its functional currency of Australian dollars, Cash Converters International’s total assets increased 32% from June 30, 2012 to June 30, 2013 and its net income improved 12% for the fiscal year ended June 30, 2013. The following table presents summary financial information for Cash Converters International's most recently reported results after translation to U.S. dollars (using the exchange rate as of June 30 of each year for balance sheet items and average exchange rates for the income statement items for the periods indicated):

Table of Contents

	As of June 30,	
	2013	2012
	(in thousands)	
Current assets	$163,606	$137,646
Non-current assets	153,279	129,274
Total assets	$316,885	$266,920
Current liabilities	$95,757	$45,392
Non-current liabilities	451	31,928
Shareholders’ equity	220,677	189,600
Total liabilities and shareholders’ equity	$316,885	$266,920

	Year ended June 30,		
	2013	2012	2011
	(in thousands)		
Gross revenues	$280,059	$241,924	$184,315
Gross profit	183,368	162,598	126,628
Profit for the year (net income)	33,754	30,366	27,385

At September 30, 2013, the recorded balance of our investment in Cash Converters International, accounted for on the equity method, was $87.6 million. Because Cash Converters International publicly reports its financial results only semi-annually as of June 30 and December 31, the latest Cash Converters International figures available are as of June 30, 2013, at which point our equity in net assets of Cash Converters International was $71.3 million. The difference between the recorded balance and our equity in Cash Converters International’s net assets represents the $18.6 million of equity method goodwill, plus the cumulative difference resulting from Cash Converters International’s earnings, dividend payments and translation gains and losses since the dates of investment.

Albemarle & Bond Holdings, PLC

At September 30, 2013, we owned 16,644,640 ordinary shares of Albemarle & Bond, representing almost 30% of its total outstanding shares. Our total cost for those shares was approximately $27.6 million. Albemarle & Bond is primarily engaged in pawnbroking, retail jewelry sales, check cashing and lending in the United Kingdom. We account for the investment using the equity method.

Albemarle & Bond’s fiscal year ends three months prior to ours; therefore, we report the income from this investment on a three-month lag. Albemarle & Bond files semi-annual financial reports for its fiscal periods ending December 31 and June 30. Due to the three-month lag, income reported for our fiscal years ended September 30, 2013, 2012 and 2011 represents our percentage interest in the results of Albemarle & Bond’s operations from July 1, 2012 to June 30, 2013, July 1, 2011 to June 30, 2012 and July 1, 2010 to June 30, 2011, respectively. Albemarle & Bond has not yet released its fiscal 2013 financial statements; therefore, income reported for our fiscal year ended September 30, 2013 is based on management's best estimate of Albemarle & Bond's fiscal 2013 results.

On April 19, 2013, Albemarle & Bond announced that it expected profits for their full fiscal year (ending June 30, 2013) to be materially below market expectations, citing reduction in gold buying profit and pressures on its pawn loan business due to the challenging gold environment and increased competition. In addition Albemarle & Bond's Board of Directors announced that their CEO would step down earlier than planned. In early October 2013, Albemarle & Bond announced that discussions to underwrite an equity funding had failed and they were in ongoing discussions with their banks to negotiate covenants. The market price of Albemarle & Bond’s stock declined as a result of this information. Due to these events, we evaluated the economic and strategic benefits of continuing to hold this investment. Based on the review as of October 18, 2013, we determined that the fair value of this investment was less than its carrying value as of September 30, 2013 and that this impairment was other than temporary. As a result, we recognized an other than temporary impairment of $42.5 million ($28.7 million, net of taxes). This amount is included in impairment of investments in our consolidated statements of operations.

78

Table of Contents

In fiscal 2013, 2012 and 2011, we received dividends from Albemarle & Bond of $3.3 million, $3.3 million and $3.2 million, respectively. Albemarle & Bond's accumulated undistributed after-tax earnings included in our consolidated retained earnings were $26.6 million at September 30, 2013.
Conversion of Albemarle & Bond's financial statements into U.S. GAAP resulted in no material differences from those reported by Albemarle & Bond following IFRS.

The table below summarizes the recorded value and fair value of each of these strategic investments at the dates indicated. These fair values for Albemarle & Bond at September 30, 2012 and Cash Converters International at September 30, 2012 and 2013 are considered Level 1 estimates within the fair value hierarchy of FASB ASC 820-10-50, and were calculated as (a) the quoted stock price on each company's principal market multiplied by (b) the number of shares we owned multiplied by (c) the applicable foreign currency exchange rate at the dates indicated. We included no control premium for owning a large percentage of outstanding shares.

The fair value for Albemarle & Bond at September 30, 2013 is considered a Level 2 estimate within the fair value hierarchy of FASB ASC 820-10-50. We calculated the fair value based on (a) the quoted average stock price of Albemarle & Bond over the 18 days after September 30, 2013 multiplied by (b) the number of shares we owned multiplied by (c) the applicable foreign currency exchange rate as of the dates indicated during the post September 30, 2013 measurement date. We believe this 18 day measurement date allowed the market to react and adjust to the information released by the company the first week of October 2013, as previously mentioned, and therefore resulted in a reasonable fair value as of September 30, 2013.

	As of September 30,	
	2013	2012
	(in thousands of U.S. dollars)	
Albemarle & Bond:		
Recorded value	$9,439	$51,812
Fair value	9,439	65,109
Cash Converters International:		
Recorded value	$87,645	$74,254
Fair value	165,663	100,705

NOTE 6: PROPERTY AND EQUIPMENT

Major classifications of property and equipment were as follows:

	September 30, 2013			2012		
	Carrying Amount	Accumulated Depreciation	Net Book Value	Carrying Amount	Accumulated Depreciation	Net Book Value
	(in thousands)					
Land	$4	$—	$4	$4	$—	$4
Buildings and improvements	119,489	(71,040)	48,449	106,229	(62,028)	44,201
Furniture and equipment	126,619	(76,227)	50,392	106,597	(64,157)	42,440
Capital lease equipment	1,600	(436)	1,164	1,600	(116)	1,484
Software	34,727	(27,261)	7,466	38,059	(25,947)	12,112
Construction in progress	8,806	—	8,806	7,890	—	7,890
Total	$291,245	$(174,964)	$116,281	$260,379	$(152,248)	$108,131

Income from continuing operations in fiscal 2013, 2012 and 2011 includes $28.3 million, $22.0 million, and $16.8 million, respectively, of depreciation expense. Discontinued operations in fiscal 2013, 2012 and 2011 includes $1.3 million, $1.3 million, and $0.7 million, respectively, of depreciation expense. Included in these amounts for fiscal 2013, 2012, and 2011 is an aggregate of $2.9 million, $2.9 million, and $1.4 million, respectively, of depreciation expense related to capitalized computer software.

Table of Contents

Property and equipment at September 30, 2013 and 2012 includes approximately $1.6 million of equipment leased under a capital lease. Amortization of equipment under capital leases is included with depreciation expense and was $0.3 million and $0.1 million for the fiscal years ended 2013 and 2012, respectively.

NOTE 7: GOODWILL AND OTHER INTANGIBLE ASSETS

The following table presents the balance of each major class of indefinite-lived intangible assets at the specified dates:

	September 30, 2013	2012
	(in thousands)	
Pawn licenses	$8,836	$8,836
Trade name	9,791	9,845
Goodwill	428,508	374,663
Domain name	215	—
Total	$447,350	$393,344

The following tables present the changes in the carrying value of goodwill, by segment, over the periods presented:

	U.S, & Canada	Latin America	Other International	Consolidated
		(in thousands)		
Balances at September 30, 2011	$163,897	$9,309	$—	$173,206
Acquisitions	60,409	99,486	39,338	199,233
Effect of foreign currency translation changes	—	1,606	618	2,224
Balances at September 30, 2012	224,306	110,401	39,956	374,663
Acquisitions	54,133	2,282	—	56,415
Effect of foreign currency translation changes	—	(2,474)	(64)	(2,538)
Goodwill impairment	(32)	—	—	(32)
Balances at September 30, 2013	$278,407	$110,209	$39,892	$428,508

The following table presents the gross carrying amount and accumulated amortization for each major class of definite-lived intangible assets at the specified dates:

	September 30, 2013		2012
	Carrying Amount	Accumulated Amortization	