

EZCORP INC
Form 10-K/A
November 09, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A
Amendment No. 1

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

For the Fiscal Year Ended September 30, 2014

or

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

For the transition period from _____ to _____

Commission File No. 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.)

2500 Bee Cave Road, Building 1, Suite 200,
Rollingwood, 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 No

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 No

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

Indicate by check mark whether the registrant has submitted electronically 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 No

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.

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 Accelerated filer Non-accelerated filer

Large accelerated filer Accelerated filer Non-accelerated filer

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

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 \$554 million, based on the closing price on the NASDAQ Stock Market on March 31, 2014.

As of October 31, 2014, 50,613,341 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, 2014

INDEX TO FORM 10-K/A

Item No.	Page No.
<u>EXPLANATORY NOTE</u>	<u>1</u>
 <u>PART I</u>	
<u>1. Business</u>	<u>2</u>
<u>1A. Risk Factors</u>	<u>15</u>
<u>1B. Unresolved Staff Comments</u>	<u>22</u>
<u>2. Properties</u>	<u>23</u>
<u>3. Legal Proceedings</u>	<u>26</u>
<u>4. Mine Safety Disclosures</u>	<u>27</u>
 <u>PART II</u>	
<u>5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>28</u>
<u>6. Selected Financial Data</u>	<u>30</u>
<u>7. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>32</u>
<u>7A. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>70</u>
<u>8. Financial Statements and Supplementary Data</u>	<u>71</u>
<u>9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>202</u>
<u>9A. Controls and Procedures</u>	<u>203</u>
<u>9B. Other Information</u>	<u>207</u>
 <u>PART III</u>	
<u>10. Directors, Executive Officers and Corporate Governance</u>	<u>208</u>
<u>11. Executive Compensation</u>	<u>215</u>
<u>12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>239</u>
<u>13. Certain Relationships and Related Transactions, and Director Independence</u>	<u>241</u>
<u>14. Principal Accountant Fees and Services</u>	<u>243</u>
 <u>PART IV</u>	
<u>15. Exhibits and Financial Statement Schedules</u>	<u>245</u>
 <u>Signatures</u>	 <u>249</u>
<u>Exhibit Index</u>	<u>250</u>

Table of Contents

EXPLANATORY NOTE

Restatement of Consolidated Financial Statements

We are restating our financial statements for the fiscal years ended September 30, 2014, 2013 and 2012 (including the unaudited quarterly periods within those years, other than the first quarter of fiscal 2012) and the first quarter of fiscal 2015 in order to correct certain accounting errors related to our Grupo Finmart loan portfolio. For discussion of the Grupo Finmart portfolio review, the accounting errors identified and the restatement adjustments, see “Part II, Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations — Grupo Finmart Portfolio Review and Restatement” and Notes 2 and 19 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

Internal Control over Financial Reporting

Management reassessed its evaluation of the effectiveness of our internal control over financial reporting as of September 30, 2014, and concluded that a number of deficiencies in the design and operating effectiveness of our internal controls, collectively, represent material weaknesses in our internal control over financial reporting and, therefore, that we did not maintain effective internal control over financial reporting as of September 30, 2014, September 30, 2013 and September 30, 2012. For a description of the material weaknesses identified by management and management’s plan to remediate those material weaknesses, see "Part II — Item 9A — Controls and Procedures."

Amended Reports

We do not plan to file amendments to any previously filed reports other than this Amended Annual Report on Form 10-K/A for the fiscal year ended September 30, 2014 and the Amended Quarterly Report on Form 10-Q/A for the fiscal quarter ended December 31, 2014 (the first quarter of fiscal 2015). The restatement adjustments for the fiscal year ended September 30, 2014 and for periods prior to September 30, 2014 are reflected in this filing.

We are concurrently filing the Amended Quarterly Report on Form 10-Q/A referred to above, as well as our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2015 and June 30, 2015, all of which reflect the effects of the restatement.

This Amended Annual Report on Form 10-K/A does not reflect events occurring after the original filing date of November 26, 2014, and does not modify or update disclosures in the original filing that may have been affected by subsequent events, except for the effects of the restatement. Disclosures not affected by the restatement are unchanged and reflect the disclosures made at the time of original filing.

This Amended Annual Report on Form 10-K/A reflects amendments to the following items:

Part I, Item 1 — Business

Part I, Item 1A — Risk Factors

Part II, Item 6 — Selected Financial Data

Part II, Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations

Part II, Item 8 — Financial Statements and Supplementary Data

Part II, Item 9A — Controls and Procedures

Part IV, Item 15 — Exhibits and Financial Statement Schedules

The Company's Chief Executive Officer and Chief Financial Officer are providing currently dated certifications in connection with this Amended Annual Report on Form 10-K/A. See Exhibits 31.1, 31.2 and 32.1.

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 2014” refers to the fiscal year ended September 30, 2014.

ITEM 1. BUSINESS

Our Business

EZCORP, Inc. is a Delaware corporation headquartered in Austin, Texas. We are a leader in delivering instant cash solutions to our customers across products, services and markets. With approximately 7,300 team members and approximately 1,400 locations, we offer our customers multiple ways to access instant cash, including pawn loans and consumer loans in the United States, Mexico and Canada. At our pawn and buy/sell stores, we also sell merchandise, primarily collateral forfeited from pawn lending operations and used merchandise purchased from customers. 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 and long-term consumer loans, including single- and multiple-payment unsecured loans and single- and multiple-payment auto title loans. In our Texas locations, we do not offer or fund loan products themselves, but rather offer credit services to help customers obtain loans from independent third-party lenders.

We own a 76% interest in Prestaciones Finmart, S.A.P.I. de C.V., SOFOM, E.N.R. (“Grupo Finmart,” doing business under the names “Crediamigo” and “Adex”), a leading consumer loan provider headquartered in Mexico City; and a 59% 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, 2014, we operated a total of 1,358 locations, consisting of:

- 497 U.S. pawn stores (operating primarily as EZPAWN or Value Pawn & Jewelry);
- 7 U.S. buy/sell stores (operating as Cash Converters);
- 242 Mexico pawn stores (operating as Empeño Fácil);
- 19 Mexico buy/sell stores (operating as TUYO or Cash Converters);
- 501 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); and
- 53 Grupo Finmart locations in Mexico (operating as Crediamigo or Adex).

We own approximately 32% of Cash Converters International Limited (“Cash Converters International”), which is based in Australia and franchises and operates a worldwide network of over 750 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 five 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. 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 seven to 23 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 four months; and revolving lines of credit, both unsecured and secured by auto 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.

Table of Contents

Our business consists of three reportable segments: “U.S. & Canada,” which includes all business activities in the United States and Canada; “Latin America,” which includes our Empeño Fácil pawn operations, TUYO buy/sell operations and Grupo Finmart financial services operations in Mexico; and “Other International,” which includes our equity interest in the net income of Cash Converters International.

The following tables present store data by segment:

	Fiscal Year Ended September 30, 2014				
	Company-owned Stores				
	U.S. & Canada	Latin America	Other International	Consolidated	Franchises
Stores in operation:					
Beginning of period	1,030	312	—	1,342	8
De novo	25	6	—	31	—
Sold, combined or closed	(11) (4) —	(15) (3
End of period	1,044	314	—	1,358	5
	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

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

	Fiscal Year Ended September 30,			
	2014	2013	2012	
	As Restated			
Merchandise sales	41	% 38	% 35	%
Jewelry scrapping sales	10	% 14	% 21	%
Pawn service charges	26	% 26	% 24	%
Consumer loan fees and interest	22	% 21	% 20	%
Other revenues	1	% 1	% —	%
Total revenues	100	% 100	% 100	%
Pawn Activities				

At our pawn stores, we offer secured loans, which are typically small, non-recourse loans collateralized by tangible personal property. At September 30, 2014, we had an aggregate pawn loan principal balance of \$162.4 million, and the average pawn loan was approximately \$123. We earn pawn service charge revenue on our pawn loans. In fiscal 2014, pawn service charges accounted for approximately 26% of our total revenues and 44% of our net revenues. While allowable service charges vary by state and loan size, most 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. pawn 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 maximum 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 2014, 2013 and 2012, and on a consolidated basis, approximately 83%, 82% and 82%, 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 53% of our pawn loan collateral is jewelry, and the 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 85% based on scrap value. Through our lending guidelines, we targeted an annual redemption rate (the percentage of loans made that are repaid, renewed or extended) between 80% and 86% 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.

Table of Contents

The table below shows the dollar amount of our pawn loan activity for fiscal 2014, 2013 and 2012:

	Fiscal Year Ended September 30,		
	2014	2013	2012
	(in millions)		
Loans made	\$577.4	\$595.4	\$572.0
Loans repaid	(326.3)	(339.3)	(318.9)
Loans forfeited	(243.0)	(261.8)	(245.6)
Loans acquired in business acquisitions	—	5.7	6.8
Loans sold in sale of pawn stores	(1.5)	—	—
Other	(0.2)	(0.3)	—
Change due to foreign currency exchange fluctuations	(0.6)	(0.7)	(2.0)
Net increase (decrease) in pawn loans outstanding at the end of the year	\$5.8	\$(1.0)	\$12.3
Loans renewed	\$232.7	\$247.3	\$221.6
Loans extended	\$1,499.2	\$1,407.4	\$1,234.2

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 2014, 2013 and 2012, we realized gross margins on retail sales of 36%, 41% and 43%, respectively.

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

	Fiscal Year Ended September 30,			
	2014	2013	2012	
Forfeited pawn loan collateral	78	% 72	% 72	%
Purchases	22	% 27	% 26	%
Acquired in business acquisitions	—	% 1	% 2	%
	100	% 100	% 100	%

For fiscal 2014, 2013 and 2012, retail activities and jewelry scrapping (sales of precious metals and gemstones to refiners and gemstone wholesalers) accounted for approximately 51%, 52% and 56%, respectively, of our total revenues, or 28%, 31% and 36%, respectively, of net revenues. As a significant portion of our inventory and sales involve gold and 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.

Customers may also purchase an item on layaway by paying a minimum layaway deposit, typically 10% to 20% of the item's sale price, in addition to an upfront nonrefundable fee. 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. At September 30, 2014, we

held \$8.1 million in customer layaway deposits. We record layaway fees as sales revenue upon collection, as they are incidental to sales of merchandise.

5

Table of Contents

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 10.4% of gross inventory at September 30, 2014 compared to 2.8% at September 30, 2013. The increase in valuation allowance from the prior year 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.

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 \$2,500, but average approximately \$450. In the U.S. we typically charge a fee of 15% to 22% of the loan amount for a seven to 23-day period.

Multiple-payment loans — Multiple-payment loans typically carry a term of three 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 175% of the original principal amount of the loan. Principal amounts range from \$100 to \$3,500, but average approximately \$600.

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 \$2,000 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 over 100 active payroll withholding agreements (called “convenios”) with Mexican employers, primarily federal, state and local governments and agencies, and provides 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. \$1,600, with a stated term of 31 months. Stated interest rates approximate 72% annually.

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 \$50 to \$20,000, but average about \$1,200. 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 9% to 30% of the initial loan amount.

6

Table of Contents

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 \$1,200. We earn a fee of 45% to 150% 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 \$10,000 and typically charge an initial lien fee per account and a monthly fee approximating 25% of the amount borrowed.

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, excluding loans made by Grupo Finmart, 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 expense 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.

Loans to Grupo Finmart customers whose employment is continuing are referred to as "in-payroll" loans, while loans to Grupo Finmart customers whose employment is discontinued are referred to as "out-of-payroll" loans. A customer is generally considered to have discontinued their employment if they are no longer employed by the employer that is responsible for the payroll withholding. We establish reserves for Grupo Finmart loans as follows:

• We reserve 100% of non-performing loans, which for this purpose we consider to be:

• Out-of-payroll loans for which Grupo Finmart is not receiving payments; and

• In-payroll loans for which Group Finmart has not received any payments for 180 consecutive days.

• We also establish additional loan principal and accrued interest reserves for performing loans based on historical experience.

When we reserve 100% of a Grupo Finmart loan, we charge the loan principal to consumer loan bad debt expense, reduce interest revenue by the amount of unpaid interest theretofore accrued on the loan and cease accruing interest revenue. Future collections are recorded as a reduction of consumer loan bad debt expense (in the case of written-off principal) and an increase in consumer loan fee revenue (in the case of written-off accrued interest).

A number of circumstances cause delays in the receipt of payments on a Grupo Finmart loan. For example:

• It often takes 90 days or more for the employer to set up initial payroll withholding and begin remitting payments to Grupo Finmart (a process referred to as "ratification").

• It is not unusual to have an interruption or delay in payments for a number of reasons, such as holidays, summer vacations, illness, convenio renewals, union permits and political elections.

• Many convenios limit the amount that can be withheld from a borrower's paycheck, and if the borrower has multiple loans outstanding, the withheld amount is generally used to repay the loans in the order in which they were made.

• Some larger employers act as a consolidator and remitter on behalf of other smaller employers and the payment consolidation processes, or other issues with employer systems, sometimes cause interruptions in payments.

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 expense 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 in our consolidated balance sheets and the principal portion of active brokered loans outstanding from unaffiliated lenders, which is not included in our consolidated balance sheets.

	Fiscal Year Ended September 30,		
	2014	2013	2012
	As Restated		
	(in millions)		
Combined consumer loans:			
Loans made	\$523.3	\$446.9	\$366.4
Loans repaid	(442.3)	(355.9)	(318.1)
Loans forfeited, net of collections on bad debt	(77.0)	(57.1)	(42.4)
Loans acquired in business acquisition	13.5	3.9	68.7
Other	(1.5)	0.5	—
Change due to foreign currency exchange fluctuations	4.0	(3.3)	1.0
Net increase in consumer loans outstanding at the end of the year	\$20.0	\$35.0	\$75.6
Consumer loans made by unaffiliated lenders (credit services only):			
Loans made	\$132.7	\$119.2	\$135.6
Loans repaid	(105.2)	(88.4)	(112.5)
Loans forfeited, net of collections on bad debt	(34.1)	(26.4)	(24.6)
Net (decrease) increase in consumer loans outstanding at the end of the year	\$(6.6)	\$4.4	\$(1.5)
Consumer loans made by us:			
Loans made	\$390.6	\$327.7	\$230.8
Loans repaid	(337.1)	(267.5)	(205.6)
Loans forfeited, net of collections on bad debt	(42.9)	(30.7)	(17.8)
Loans acquired in business acquisition	13.5	3.9	68.7
Other	(1.5)	0.5	—
Change due to foreign currency exchange fluctuations	4.0	(3.3)	1.0
Net increase in consumer loans outstanding at the end of the year	\$26.6	\$30.6	\$77.1

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.

Table of Contents

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 sales.

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 expense, 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.

Operations

A typical company pawn store employs 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.

Table of Contents

Our asset protection and compliance departments monitor the perpetual inventory system, lending practices, regulatory compliance and compliance with our policies and procedures. We perform full physical audits of active inventory and pawn collateral at each store on an annual basis. Cycle counts are completed daily for jewelry and firearms, and targeted high risk inventory categories are cycle counted multiple times annually. We record shrink adjustments for known losses at the conclusion of the annual full physical audit, and as discovered during cycle counts. Asset protection monitors all shrink adjustments for exceptions.

As of September 30, 2014, we employed approximately 7,300 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 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 Mexico our buy/sell stores operate under the names "TUYO" or "Cash Converters." 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. and pawn store acquisitions in the U.S. 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 2014, we opened 9 de novo pawn locations in the U.S., each requiring an average property and equipment investment of approximately \$370,000. We also opened 16 financial services stores in the U.S., each requiring an average property and equipment investment of approximately \$90,000. In Mexico, we opened 6 de novo pawn stores, each requiring an average property and equipment investment of approximately \$200,000.

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.

International Growth

Within our Mexican consumer loan business, we anticipate Grupo Finmart will continue to sign new contracts with federal, state and local governments as well as further penetrate the existing contracts. As of September 30, 2014, our lending penetration into the booked contracts was approximately 4%, which indicates further growth opportunities. In addition, we are seeking to diversify our product offerings to this customer base. We expect to continue to obtain local financing to fund Grupo Finmart's lending growth, and we anticipate this financing will continue to be non-recourse to EZCORP.

We intend to continue to open new stores in our Mexican pawn business, but will adjust growth from time-to-time to conform to near-term market conditions. The Mexican pawn environment has mirrored the U.S. pawn environment as gold prices have dropped and the industry has seen a shift from gold and jewelry pawn activity to general merchandise pawn activity. We intend to secure local financing for our Mexican pawn growth.

We also plan to open more buy/sell stores in Mexico over time. As of September 30, 2014, we operated 19 buy/sell stores within the Mexico market. We intend to finance this planned growth using cash flow generated from our Mexican operations, as well as local financing.

Table of Contents

Discontinued Operations

During the fourth quarter of fiscal 2014, as part of our new strategy to concentrate on an integrated, customer-centric financial services model that is focused on our core businesses of pawn and unsecured lending we implemented a plan to exit our online lending businesses in the United States and the United Kingdom. As a result of this plan, our online lending operations in the United Kingdom (Cash Genie) and in the United States (EZOnline) have been included as discontinued operations.

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.

For additional information about our discontinued operations, see Note 3 to the Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

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 and superior customer service.

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 11,500 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 public operator of pawn stores in the United States, with 497 locations at September 30, 2014. The three largest pawn store operators account for approximately 13% 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 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, auto title loan stores, pawn stores and stores offering reloadable debit cards.

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 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 81% of the total number of locations.

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 fifth largest vertically integrated payroll lender in Mexico with 53 branch offices located in 24 of the 32 states in the country.

Table of Contents

Strategic Investments

Cash Converters International — At September 30, 2014, we owned approximately 32% of the total ordinary shares of Cash Converters International Limited (“CCV”), a company headquartered in Perth, Australia, publicly traded on the Australian Stock Exchange. 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 CCV’s board of directors. CCV franchises and operates a worldwide network of over 750 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. CCV has significant store concentrations in Australia and the United Kingdom. In the short-term, we expect CCV 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 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, 2014, CCV’s gross revenues increased 22% to AUS \$331.7 million (U.S. \$304.4 million), net income attributable to owners of the company decreased 26% to AUS \$24.2 million (U.S. \$22.2 million) and diluted earnings per share decreased 30% to AUS \$0.0556 (U.S. \$0.0510). For the year, CCV declared dividends of AUS \$0.04 (U.S. \$0.0367) per share. We account for our investment in CCV under the equity method. In fiscal 2014, our interest in CCV’s income was \$7.1 million and we received dividends of \$5.1 million. Based on the closing price and exchange rates on September 30, 2014, the market value of our investment in CCV was approximately \$129 million compared to its book value of \$91.8 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.”

In general, the regulatory burden on our business, particularly our short-term consumer lending business, has increased significantly in the last few years at the national, state and local levels. For example, some aspects of our business have been specifically prohibited in certain jurisdictions; the economic terms of our products and services have been restricted in some jurisdictions; and new regulatory oversight bodies have been created or assumed jurisdiction, which in some cases have taken a more active and stringent regulatory approach to our industry. As a result, our compliance costs have increased; the risk of regulatory inquiries, audits and fines or other penalties have increased; and we have chosen to exit some of our business activities because the regulatory burden makes them unprofitable or insufficiently profitable. See “Part I — Item 1A — Risk Factors.”

Pawn 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.

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.

12

Table of Contents

Some of our pawn stores in the U.S. handle firearms and each of those stores maintain 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 CSO and as a Credit Access Business ("CAB") in order to provide such services. 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. Many cities in Texas, including Austin, Dallas, Houston, San Antonio and El Paso, have enacted municipal regulation of CAB

products and the payday loans and auto title loans to which they provide access.

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 of 2010 (“Dodd-Frank”) established the Consumer Financial Protection Bureau (the “CFPB”), which has the power to, among other things regulate companies that offer or supply

Table of Contents

payday loans and other products and services we offer. The CFPB now exercises its supervisory and regulatory authority over non-depository companies providing consumer financial 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 and 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 and rescission of loan contracts and may impose civil administrative fines and penalties ranging from \$5,000 per day for violations of federal consumer financial laws (including the CFPB's own rules) to \$25,000 per day for reckless violations and \$1 million per day for knowing violations.

The CFPB also has rule-making authority over short-term lenders. While it does not have authority to regulate fees, it could adopt rules that could impair the viability or financial performance of products and services. In April 2013, the CFPB issued a report, entitled "Payday Loans and Deposit Advance Products — A White Paper of Initial Data Findings," following an in-depth review of short-term small dollar loans, including payday loans, 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 rules the CFPB will propose.

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 currently 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 our operations, performance, development and results. 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 of these risks were to actually occur, our business, financial condition or results of operations could be materially adversely affected. 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.

We have restated prior consolidated financial statements, which may lead to additional risks and uncertainties, including loss of investor confidence and negative impacts on our stock price.

We have restated our consolidated financial statements as of and for the fiscal years ended September 30, 2014, 2013 and 2012 (including the quarterly periods within those years, other than the first quarter of fiscal 2012) and for the first quarter of fiscal 2015 in order to correct certain accounting errors related to our Grupo Finmart loan portfolio. For discussion of the Grupo Finmart portfolio review, the accounting errors identified and the restatement adjustments, see “Part II, Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations — Grupo Finmart Portfolio Review and Restatement” and Notes 2 and 19 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.” For a description of the material weaknesses in our internal control over financial reporting identified by management and management's plan to remediate those material weaknesses, see “Part II, Item 9A — Controls and Procedures.”

As a result of the restatement and the circumstances giving rise to the restatement, we have become subject to a number of additional costs and risks, including (a) accounting and legal fees incurred in connection with the

restatement and (b) legal fees, and possibly substantial damages or settlement costs, in connection with related stockholder litigation (as described in “Federal Securities Litigation” in Note 26 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial

Table of Contents

Statements and Supplementary Data”). In addition, the restatement may lead to a loss of investor confidence and have negative impacts on the trading price of our common stock.

We have identified material weaknesses in our internal control over financial reporting that, if not remediated, could result in additional material misstatements in our financial statements.

As described in “Part II, Item 9A — Controls and Procedures,” management has identified and evaluated the control deficiencies that gave rise to the accounting errors related to our Grupo Finmart loan portfolio, and has concluded that those deficiencies, collectively, represent material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As a result of those material weaknesses, management has concluded that we did not maintain effective internal control over financial reporting as of September 30, 2014, September 30, 2013 and September 30, 2012. See “Part II, Item 9A — Controls and Procedures.”

We are in the process of developing and implementing a remediation plan to address the material weaknesses. If our remediation efforts are insufficient or if additional material weaknesses in our internal control over financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results, which could materially and adversely affect our business, results of operations and financial condition, restrict our ability to access the capital markets, require us to expend significant resources to correct the material weakness, subject us to fines, penalties or judgments, harm our reputation or otherwise cause a decline in investor confidence.

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 recent years, many cities in Texas (including Austin, Dallas, Houston, San Antonio and El Paso) have 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. In fiscal 2013 we closed 20 financial services stores in Dallas and the State of Florida primarily due to the onerous regulatory requirements.

The next biennial session of the Texas legislature begins in January 2015 and is scheduled to adjourn in May 2015. In connection with the upcoming legislative session, several bills affecting the short-term consumer loan business in Texas have already been filed. These bills contain provisions that would, among other things, impose rate caps (36% annual percentage rate), mandate reporting to a state-wide database and enact the requirements of the municipal ordinances discussed above on a state-wide basis subject to the regulatory enforcement and supervision authority of the Office of the Consumer Credit Commissioner. It is not possible to say with any certainty what will happen with any of these bills or any other bill that may be introduced.

In addition, any financial services business that we undertake directly in international jurisdictions, as well as the financial services businesses conducted by our strategic affiliate, 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 Financial Conduct Authority (“FCA”), which on April 1, 2014, assumed primary regulatory authority over short-term consumer lending in the U.K., has issued guidance and rules that focus 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 of short-term credit products. These rules became effective July 1, 2014. In addition, the FCA issued proposed rules in July 2014 that would significantly limit the amount of interest and fees that could be charged on “high cost short-term credit” products, including the loans we have been

Table of Contents

offering online through our Cash Genie operations. These new limitations are expected to become effective January 1, 2015. The FCA's guidance, new rules and proposed rules contributed to our decision to exit the online lending market in the U.K. and discontinue our Cash Genie operations. See "Part I, Item 1 — Business — Growth and Expansion — Discontinued Operations."

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.

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 discussed under "Part 1, Item 1 — Business — Regulation — Short-Term Consumer Loan Regulations," the CFPB now exercises its supervisory and regulatory authority over non-depository companies providing consumer financial services products and services, including payday loans and other products and services we offer. The CFPB has cited several short-term lenders with violations of Dodd-Frank's prohibition on "unfair, deceptive or abusive acts or practices" ("UDAAP"). It is not possible to accurately predict what affect the CFPB will have 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. For a description of a current regulatory investigation being conducted by the CFPB, see the following risk factor.

Litigation and regulatory proceedings could have a material adverse impact on our business.

We are currently subject to various litigation and regulatory actions. In addition to the matters described in "Part I, Item 3 — Legal Proceedings," we are from time to time subject to other legal and regulatory actions, including the following: CFPB — In February 2014, we received a Civil Investigative Demand ("CID") from the CFPB. The CID requested us to produce documents and provide answers to written questions. We submitted all information requested by this CID. In October 2014, we received a follow-up CID requesting additional information regarding certain of the matters addressed in the initial CID, and in November 2014, the CFPB requested oral testimony from Company representatives. We are the process of submitting the information requested by the follow-up CID and continue to cooperate fully with the CFPB in its investigation. To date, no claims have been asserted by the CFPB as a result of our responses, although there can be no assurance that the CFPB will not assert claims, including that one or more of our historical practices constitute UDAAP violations. Any such claim could require us to pay fines, penalties and/or customer restitution, or could result in changes to our business practices to address the claims asserted.

FCA — In the course of evaluating and preparing our Cash Genie business for compliance with the new FCA guidelines and rules, we noted three issues primarily related to our legacy business and self-reported those to the FCA in June 2014 and have been in regular dialog with the FCA regarding those issues since. In July, we agreed to the imposition of a Voluntary Requirement formalizing our commitment to review and evaluate the issues under the oversight of an independent "skilled person" appointed by the FCA to determine whether customers have been adversely affected by those issues and, if so, to assess the redress that would be appropriate. Grant Thornton was selected as the skilled person to oversee the process (referred to as a "section 166 process") and that process is currently underway. At this point, it cannot be determined whether resolution of this matter will have a material adverse effect on our results of operations.

We cannot determine the ultimate outcome of any current litigation or regulatory actions. These matters are 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. Any unfavorable ruling or outcome could have a material adverse effect on our results of operations and could negatively affect our reputation.

We have procured management liability insurance policies that should protect us from much of the potential exposure related to the shareholder derivative litigation and the federal securities litigation described under "Part I, Item 3 — Legal Proceedings." However, under the terms of those policies, we bear the first \$1 million of costs or liability associated

with those actions. Consequently, we expect that our results of operations will be adversely affected by the current litigation until we exhaust the \$1 million retention under our management liability insurance policies. In addition, to the extent that our ultimate liability in the current litigation or any subsequent litigation that is included in the same policy year exceeds the management liability policy limits, our results of operations could be adversely affected.

Table of Contents

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 appoint or remove directors who 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 July 2014, the sole voting stockholder made changes to the Company's Bylaws that generally restructure certain aspects of the Company's corporate governance. See "Part III, Item 10 — Directors, Executive Officers and Corporate Governance — Corporate Governance — Board of Directors and Governance Changes."

For the past several years, we have entered into advisory services agreements with Madison Park, LLC, a financial advisory firm wholly owned by Mr. Cohen. The agreement for fiscal 2014 called for the payment of a retainer fee of \$600,000 per month plus the reimbursement of out-of-pocket expenses incurred in connection with the engagement. On May 20, 2014, we provided Madison Park with a 30-day notice of termination pursuant to the terms of the agreement, and the agreement terminated effective June 19, 2014. See "Part III, Item 13 — Certain Relationships and Related Transactions, and Director Independence — Related Party Transactions — Agreement with Madison Park."

A significant portion of our business is concentrated in Texas.

As of September 30, 2014, 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. 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. As noted above, bills that could potentially have an adverse impact on our consumer loan business in Texas have already been filed in connection with the upcoming Texas legislative session (which starts in January 2015). There can be no assurance that adverse legislation will not be considered, or possibly enacted, during the upcoming legislative session.

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 2014, 2013 and 2012, 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.

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 and Canada and equity investments in 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

Table of Contents

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. 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 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. During fiscal 2014, we completed the sale of \$230 million principal amount of 2.125% Cash Convertible Senior Notes Due 2019 and used the proceeds to, among other things, pay all outstanding amounts under, and terminate, our revolving credit facility with a syndicate of banks. Our ability to obtain additional credit or alternative financing, if needed, will depend upon market conditions, our financial condition and banks' or other lenders' willingness to lend capital at acceptable rates. The inability to access capital at acceptable rates and terms could impair our ability to achieve our growth objectives, which could adversely affect our financial condition and results of operations.

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.

19

Table of Contents

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.

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

We currently have a significant investment in Cash Converters International Limited, which is a publicly traded company based in Australia. We have made this investment, and may in the future make additional investments in this 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. Any realized investment loss would adversely affect our results of operations. We previously had an investment in Albemarle & Bond. Based on our review of Albemarle & Bond and its business as of September 30, 2013, we wrote down a significant portion of our investment, and recognized an investment loss, in the fourth quarter of fiscal 2013. Due to a continued deterioration in Albemarle & Bond's business and prospects, we wrote down the remainder of our investment, and recognized an additional investment loss, in the second quarter of fiscal 2014.

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.

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.

Table of Contents

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 \$347 million, or approximately 25% of our total assets, as of September 30, 2014. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("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, 2014 (following the impairment or write-down of goodwill associated with discontinued operations in our two online lending business units) and determined that no material impairment existed at that date, other than an amount for internally developed software.

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 — Critica