EZCORP INC
Form 10-K/A
November 09, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A
Amendment No. 1

þ 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

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

For the transition period from to
Commission File No. 000-19424
EZCORP, INC.
(Exact name of registrant as specified in its charter)

Delaware	74-2540145
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
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 o No þ
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes o No þ
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 o No þ
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. þ
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer þ Accelerated filer o Non-accelerated filer o

Smaller reporting company o

(Do not check if a smaller reporting company)

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

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

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YEAR ENDED SEPTEMBER 30, 2014
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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.

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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.

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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

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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.

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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.

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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.

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- 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.

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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.

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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.

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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.

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.

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.

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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

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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.

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- 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

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 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.

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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

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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.

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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.

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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 — Critical Accounting Policies and Estimates" for factors considered by management in estimating the allowance for loan losses. We also maintain a reserve for loan losses for estimated probable losses on loans funded by our CSO partners, but for which we are responsible. At September 30, 2014, our aggregate reserve and allowance for losses on loans not in default (including loans funded by our CSO partners) was $58.5 million. The amount of reserves and allowances is based on our current assessment of and expectations concerning various factors affecting the quality of our loan portfolio. These factors include, among other things, our borrowers' financial condition, repayment abilities and repayment intentions. This reserve, however, is an estimate, and if actual losses are greater than our reserve and allowance, our results of operations and financial condition could be adversely affected.

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

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

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

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

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

Our typical pawn store is a freestanding building or part of a retail strip center with contiguous parking. Store interiors are designed to resemble small retail operations and attractively display merchandise by category. Distinctive exterior design and attractive in-store signage provide an appealing atmosphere to customers. The typical pawn store has approximately 1,800 square feet of retail space and approximately 3,200 square feet dedicated to collateral storage.
Financial services stores are designed to resemble a bank interior. The typical financial services store is approximately 1,000 to 1,500 square feet and is located in a retail strip center. Some of our financial services stores adjoin a pawn location and occupy approximately 300 to 500 square feet, with a different entrance, signage, décor and staffing. From the customers' perspective, these are viewed as a separate business, but they are covered by the same lease agreement.
We maintain property and general liability insurance for each of our stores. Our stores are open six or seven days a week.
We lease substantially all of our locations, and generally lease facilities for a term of three to ten years with one or more renewal options. Our existing leases expire on dates ranging between October 2014 and September 2022, with a small number of leases on month-to-month terms. All leases provide for specified periodic rental payments at market rates. Most leases require us to maintain the property and pay the cost of insurance and taxes. We believe the termination of any one of our leases would not have a material adverse effect on our operations. Our strategy generally is to lease rather than own space for our stores unless we find what we believe is a superior location at an attractive price.
Below is a summary of changes in the number of store locations during fiscal 2014, 2013 and 2012:

	Fiscal Year Ended September 30,		
	2014	2013	2012
Store count at beginning of fiscal year	1,342	1,262	1,111
De novo stores opened	31	157	71
Acquired stores	—	38	96
Stores sold, combined or closed	(15)	(8)	(16)
Discontinued operations	—	(107)	—
Store count at end of fiscal year*	1,358	1,342	1,262

* Fiscal 2012 includes 102 stores that were closed as part of discontinued operations during fiscal 2013.
During fiscal 2014, we opened nine pawn and 16 financial services stores in the U.S. In Mexico, we opened three Empeño Fácil pawn stores and three Grupo Finmart / Crediamigo financial services locations in Mexico.
On an ongoing basis, we may close or consolidate under-performing store locations. In fiscal 2014, we closed or consolidated eight pawn and four financial services stores in the U.S. In Mexico, we closed or consolidated four Grupo Finmart / Crediamigo financial services locations in Mexico. These closings are in addition to our third quarter fiscal 2013 discontinued operations plan.
During the third quarter of fiscal 2013, we implemented a plan to close 107 legacy stores in a variety of locations. These stores were generally older, smaller stores that did not fit our future growth profile. We will continue to execute our growth plan by opening stores that are in-line with our growth strategy, broadening our online selling, and adding numerous new products across the portfolio of companies in order to better serve our customers in the formats they desire and with the products and services they want.
The store closings related to discontinued operations included:

- 57 stores in Mexico, 52 of which were small, jewelry-only asset group formats. We continue to operate 239 full-service ''store-within-a-store,'' or SWS, locations under the Empeño Fácil brand.
- 29 stores in Canada, where we were transitioning to an integrated buy/sell and financial services model under the Cash Converters brand. The affected asset group consists of stores that were not optimal for that model because of location or size. We will continue to operate 46 full-service buy/sell and financial services center stores under the Cash Converters and CASHMAX brands in Canada and the United States.
- 20 financial services stores in Dallas, Texas and the State of Florida, where we exited both locations primarily due to onerous regulatory requirements. We will continue to operate 489 financial services stores in the United States.
- One jewelry-only concept store, which was our only jewelry-only store in the United States.

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Of our 501 U.S. financial services stores, 214 adjoin a pawn store and are covered by the same lease agreement. The lease agreements at approximately 95% of the remaining 287 free-standing U.S. financial services stores contain provisions that limit our exposure for additional rent at these stores to only a few months if laws are enacted that have a significant negative effect on our operations at these stores. If such laws were passed, the space currently utilized by stores adjoining pawn stores could be re-incorporated into the pawn operations.

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The following table presents the number of store locations by state or province as of September 30, 2014:

	Pawn/Retail Locations	Financial Services Locations	Total Locations
United States:			
Texas	202	288	490
Florida	101	—	101
Colorado	38	26	64
Wisconsin	3	40	43
Oklahoma	21	10	31
Nevada	16	13	29
Illinois	25	—	25
Utah	10	14	24
Iowa	11	10	21
Idaho	—	20	20
Georgia	10	7	17
Indiana	17	—	17
Tennessee	12	12	24
Hawaii	—	16	16
Alabama	6	9	15
Missouri	—	13	13
Kansas	—	13	13
Arizona	12	—	12
South Dakota	—	10	10
Minnesota	9	—	9
Virginia (1)	5	—	5
New York	2	—	2
Pennsylvania (1)	2	—	2
Mississippi	1	—	1
Arkansas	1	—	1
Total United States Locations	504	501	1,005
Mexico:			
Estado de Mexico	52	5	57
Distrito Federal (3)	48	5	53
Veracruz	31	1	32
Jalisco	15	1	16
Guanajuato	15	1	16
Nuevo León	10	1	11
Puebla	11	—	11
Guerrero	9	1	10
Chiapas	7	3	10
Tabasco	7	3	10
Tamaulipas	6	3	9
Coahuila	6	3	9
Quintana Roo	4	3	7
Michoacán	7	—	7
Hidalgo	6	—	6
Queretaro	6	—	6

Baja California	—	6	6
Oaxaca	4	2	6
Campeche	4	1	5
Morelos	4	1	5
Aguascalientes	4	—	4
Sinaloa	—	4	4
Tlaxcala	3	1	4
Sonora	—	3	3
Morelia	—	1	1
Chihuahua	—	1	1
Durango	—	1	1
Nayarit	—	1	1
San Luis Potosí	1	—	1
Yucatán	1	—	1
Zacatecas	—	1	1
Total Mexico Locations	261	53	314
Canada:			
Ontario (1) (2)	—	39	39
Total Canada Locations	—	39	39
Total Company	765	593	1,358

(1) Buy/sell locations. (2) The Canada locations exclude 5 stores that are franchised by the company to third parties.
(3) Includes buy/sell and pawn locations.

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In addition to our store locations, we lease corporate office space in Austin, Texas (79,100 square feet), Miami, Florida (14,200 square feet), Dallas, Texas (5,900 square feet), Querétaro, Mexico (10,600 square feet), Mexico City (11,300 square feet), Ontario, Canada (8,400 square feet) and Ipswich, United Kingdom (4,700 square feet). Grupo Finmart leases corporate office space in Mexico City (14,000 square feet).

The following table presents store data by segment as of September 30, 2014:

	Company-owned Stores				
	U.S. & Canada	Latin America	Other International	Consolidated	Franchises
Pawn/retail stores	504	261	—	765	—
Financial services stores adjoining U.S. pawn stores	214	—	—	214	—
Financial services stores — free standing	326	53	—	379	5
Total stores in operation	1,044	314	—	1,358	5

ITEM 3. LEGAL PROCEEDINGS

Currently and from time to time, we are defendants in various legal and regulatory actions. While we cannot determine the ultimate outcome of these actions, we believe their resolution will not have a material adverse effect on our financial condition, results of operations or liquidity. However, we cannot give any assurance as to their ultimate outcome. The following is a description of significant proceedings. For a description of additional federal securities litigation directly relating to the restatement of our financial statements described in the Explanatory Note immediately preceding Part I, see Note 26 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

Shareholder derivative litigation — On July 28, 2014, Lawrence Treppel, a purported holder of Class A Non-voting Common Stock, filed a derivative action in the Court of Chancery of the State of Delaware styled Treppel v. Cohen, et al. (C.A. No. 9962-VCP). The complaint, as originally filed and as amended on September 23, 2014, names as defendants Phillip E. Cohen, the beneficial owner of all of our outstanding Class B Voting Common Stock; several current and former members of our Board of Directors (Joseph J. Beal, Sterling B. Brinkley, John Farrell, Pablo Lagos Espinosa, William C. Love, Thomas C. Roberts and Paul E. Rothamel); three entities controlled by Mr. Cohen (MS Pawn Limited Partnership, the record holder of our Class B Voting Common Stock; MS Pawn Corporation, the general partner of MS Pawn Limited Partnership; and Madison Park LLC); and EZCORP, Inc., as nominal defendant. The amended complaint asserts the following claims:

- Claims against the current and former Board members for breach of fiduciary duties and waste of corporate assets in connection with the Board’s decision to enter into advisory services agreements with Madison Park from October 2004 to June 2014;
- Claims against Mr. Cohen and MS Pawn Limited Partnership for aiding and abetting the breaches of fiduciary duties relating to the advisory services agreements with Madison Park; and
- Claims against Mr. Cohen and Madison Park for unjust enrichment for payments under the advisory services agreements.

The plaintiff seeks (a) a recovery for the Company in the amount of the damages the Company has sustained as a result of the alleged breach of fiduciary duties, waste of corporate assets and aiding and abetting, (b) disgorgement by Mr. Cohen and Madison Park of the benefits they received as a result of the related party transactions and (c) reimbursement of costs and expenses, including reasonable attorney’s fees.

On October 13, 2014, motions to dismiss were filed on behalf of each defendant, and on November 12, 2014, the defendants filed their opening briefs in support of the motions to dismiss. Reply and follow-up briefs on the motions to dismiss are expected to be filed by early January 2015. On November 13, 2014, pursuant to the parties’ stipulation, the Court dismissed the action as to Mr. Brinkley, Mr. Rothamel and Mr. Lagos.

We intend to continue to defend vigorously against the claims asserted in this lawsuit. Although the lawsuit does not seek relief against the Company, we have certain indemnification obligations to the other defendants (including Madison Park and Mr. Cohen), which obligations include the payment of attorney’s fees in advance of the outcome. We cannot predict the outcome of this lawsuit, or the amount of time and expense that will be required to resolve it.

Federal securities litigation — On August 22, 2014, Jason Close, a purported holder of Class A Non-voting Common Stock, for himself and on behalf of other similarly situated holders of Class A Non-voting Common Stock, filed a lawsuit in the

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United States District Court for the Southern District of New York styled Close v. EZCORP, Inc., et al. (Case No. 1:14-cv-06834-ALC). The complaint names as defendants EZCORP, Inc., Paul E. Rothamel (our former chief executive officer) and Mark Kuchenrither (our chief financial officer and chief executive officer for the fiscal year ended September 30, 2014) and asserts violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. In general, the complaint alleges that the implementation of certain strategic and growth initiatives were less successful than represented by the defendants, that certain of the Company's business units and investments were not performing as well as represented by the defendants and that, as a result, the defendants' disclosures and statements about the Company's business and operations were materially false and misleading at all relevant times.

On October 17, 2014, the Automotive Machinists Pension Plan, also purporting to be the holder of Class A Non-voting Common Stock and acting for itself and on behalf of other similarly situated holders of Class A Non-voting Common Stock, filed a lawsuit in the United Stated District Court for the Southern District of New York styled Automotive Machinists Pension Plan v. EZCORP, Inc., et al (Case No. 1:14-cv-8349-ALC). The complaint names EZCORP, Inc., Mr. Rothamel and Mr. Kuchenrither as defendants, but also names Mr. Cohen and MS Pawn Limited Partnership. The complaint likewise asserts violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as well as Rule 10b-5 promulgated thereunder, alleging generally that (1) EZCORP and the officer defendants (Mr. Rothamel and Mr. Kuchenrither) issued false and misleading statements and omissions concerning the business and prospects, and compliance history, of the Company's online lending operations in the U.K. and the nature of the Company's consulting relationship with entities owned by Mr. Cohen and the process the Board of Directors used in agreeing to it, and (2) Mr. Cohen and MS Pawn Limited Partnership, as controlling persons of EZCORP, participated in the preparation and dissemination of the Company's disclosures and controlled the Company's business strategy and activities.

On October 21, 2014, the plaintiff in the Automotive Machinists Pension Plan action filed a motion to consolidate the Close action and the Automotive Machinists Pension Plan action and to appoint the Automotive Machinists Pension Plan as the lead plaintiff. On November 18, 2014, the court consolidated the two lawsuits under the caption In Re EZCORP, Inc. Securities Litigation (Case No. 1:14-cv-06834-ALC) and set a deadline for December 9, 2014 for interested parties to move to be appointed lead plaintiff and lead counsel.

The consolidated case is at a very early procedural stage. We cannot predict the outcome of the litigation, but we intend to defend vigorously against all allegations and claims.

SEC Investigation — On October 23, 2014, we received a notice from the Fort Worth Regional Office of the SEC that it was conducting an investigation into certain matters involving EZCORP, Inc. The notice was accompanied by a subpoena, directing us to produce a variety of documents, including all minutes and materials related to Board of Directors and Board committee meetings since January 1, 2009 and all documents and communications relating to our historical advisory services relationship with Madison Park (the business advisory firm owned by Mr. Cohen) and LPG Limited (a business advisory firm owned by Lachlan P. Given, our current Executive Vice Chairman and a current member of our Board of Directors). The SEC has also issued subpoenas to current and former members of our Board of Directors requesting production of similar documents. We have provided a number of documents in response to the subpoena and are cooperating fully with the SEC in its investigation.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

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

Market Information

Our Class A Non-voting Common Stock ("Class A Common Stock") is traded on the NASDAQ Stock Market under the symbol "EZPW." As of October 31, 2014, there were 85 stockholders of record of our Class A Common Stock. There is no trading market for our Class B Voting Common Stock ("Class B Common Stock"), which was held by one stockholder as of October 31, 2014.

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

	High	Low
Fiscal 2014		
Fourth quarter ended September 30, 2014	$11.86	$9.29
Third quarter ended June 30, 2014	13.08	9.80
Second quarter ended March 31, 2014	13.55	9.22
First quarter ended December 31, 2013	17.21	9.85
Fiscal 2013		
Fourth quarter ended September 30, 2013	$19.44	$15.57
Third quarter ended June 30, 2013	21.35	16.65
Second quarter ended March 31, 2013	24.06	20.01
First quarter ended December 31, 2012	23.45	16.57

On September 30, 2014, the closing sales price of our Class A Common Stock, as reported by the NASDAQ Stock Market, was $9.91 per share.

We have not declared or paid any dividends during the past two fiscal years and currently do not anticipate paying any dividends in the immediate future. Under the terms of our Convertible Notes due 2019, further described in Note 10 to the Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data," payment of dividends requires a conversion rate adjustment equal to the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such dividend multiplied by the last reported sale price of the Class A Common Stock on the trading day immediately preceding the ex-dividend date for such dividend, divided by the difference between the last reported sale price of the Class A Common Stock on the trading day immediately preceding the ex-dividend date for such dividend and the amount in cash per share we distribute to all or substantially all holders of Class A Common Stock. Should we pay dividends in the future, our certificate of incorporation provides that cash dividends on common stock, when declared, must be declared and paid at the same per share amounts on both classes of stock. Any future determination to pay cash dividends will be at the discretion of our Board of Directors.

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Stock Performance Graph

The following table compares cumulative total stockholder returns for our Class A Common Stock for the last five fiscal years, with the cumulative total return on the NASDAQ Composite Index (ticker symbol: IXIC) and the NASDAQ Other Financial Index (ticker symbol: IXFN) over the same period. The graph shows the value, at the end of each of the last five fiscal years, of $100 invested in our Class A Common Stock or the indices on September 30, 2009. The graph depicts the change in the value of our Class A Common Stock relative to the indices at the end of each fiscal year and not for any interim period. Historical stock price performance is not necessarily indicative of future stock price performance.

Issuer Purchases of Equity Securities

The following table provides the information with respect to purchases made by us for shares of our Class A Common Stock during fiscal 2014:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan (2)	Maximum Number of Shares that May Yet Be Purchased Under the Plan (2)
June 1 to June 30	1,000,000	$11.9	—	—
Fiscal 2014 total	1,000,000	$11.9	—	—

(1) Comprised of 1,000,000 shares of our Class A Common Stock repurchased through privately negotiated transactions for an aggregate purchase price of $11.9 million in connection with our issuance of our Convertible Notes due 2019, further described in Note 10 to the Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data,”

(2) We have no publicly announced repurchase plans or programs.

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ITEM 6. SELECTED FINANCIAL DATA

We have restated the selected financial data presented in this Amended Annual Report on Form 10-K/A for the fiscal years ended September 30, 2014, 2013 and 2012 in order to correct certain accounting errors related to our Grupo Finmart loan portfolio. The restatement reflects the correction of those errors, as well as other adjustments identified by management. 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."

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

The selected financial information as of and for the fiscal years ended September 30, 2014 and 2013 and for the fiscal year ended September 30, 2012 was derived from restated audited consolidated financial statements included in this Amended Annual Report on Form 10-K/A. The selected financial information as of September 30, 2012 was derived from the restated consolidated balance sheet not included in this filing. The selected financial information as of and for the fiscal years ended September 30, 2011 and 2010 was derived from previously audited consolidated financial statements not included in this filing.

	Fiscal Year Ended September 30,				
	2014 (As Restated) (a)	2013 (As Restated) (a)	2012 (As Restated) (a)	2011	2010
	(in thousands, except per share and store figures)				
Operating data:					
Total revenues	$957,646	$970,168	$960,717	$852,798	$725,168
Net revenues	570,229	602,924	595,924	526,303	443,255
Income from continuing operations, net of tax	19,938	54,282	146,454	123,717	98,643
Loss from discontinued operations, net of tax	(92,024)	(33,272)	(5,343)	(1,558)	(1,349)
Net (loss) income	(72,086)	21,010	141,111	122,159	97,294
Net (loss) income from continuing operations attributable to redeemable noncontrolling interest	(7,387)	(1,222)	4,119	—	—
Net (loss) income from discontinued operations attributable to redeemable noncontrolling interest	—	(76)	147	—	—
Net (loss) income attributable to EZCORP, Inc.	$(64,699)	$22,308	$136,845	$122,159	$97,294
Basic (loss) earnings per share attributable to EZCORP, Inc.:					
Continuing operations	$0.50	$1.03	$2.80	$2.48	$2.01
Discontinued operations	(1.70)	(0.62)	(0.11)	(0.03)	(0.03)
Basic (loss) earnings per share	$(1.20)	$0.41	$2.69	$2.45	$1.98
Diluted (loss) earnings per share attributable to EZCORP, Inc.:					
Continuing operations	$0.50	$1.03	$2.78	$2.46	$1.99
Discontinued operations	(1.69)	(0.62)	(0.11)	(0.03)	(0.03)
Diluted (loss) earnings per share	$(1.19)	$0.41	$2.67	$2.43	$1.96
Weighted average shares outstanding:					
Basic	54,148	53,657	50,877	49,917	49,033
Diluted	54,292	53,737	51,133	50,369	49,576

Stores at end of period (b)	1,358	1,342	1,262	1,111	1,006

(a) For information regarding the background of the restatement, as well as a description of the restatement adjustments, see “Part II, Item 7 —

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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."

(b) Fiscal 2012, 2011 and 2010 include 102, 94 and 72 stores, respectively, that were closed as part of discontinued operations during fiscal 2013.

	September 30,				
	2014 (As Restated) (a)	2013 (As Restated) (a)	2012 (As Restated) (a)	2011	2010
	(in thousands)				
Balance sheet data:					
Pawn loans	$162,444	$156,637	$157,648	$145,318	$121,201
Consumer loans, net	63,995	56,880	45,036	14,611	13,920
Inventory, net	138,175	145,200	109,214	90,373	71,502
Working capital	486,649	376,360	381,567	291,968	232,713
Non-current consumer loans, net	85,004	65,488	46,704	—	—
Total assets	1,410,544	1,332,968	1,209,075	756,450	606,412
Long-term debt, less current maturities	392,054	215,939	198,836	17,500	25,000
Redeemable noncontrolling interest	22,800	47,297	50,998	—	—
Stockholders' equity	832,304	895,883	827,791	664,248	519,428

(a) For information regarding the background of the restatement, as well as a description of 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."

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

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

This discussion and analysis should be read in conjunction with the consolidated financial statements and the accompanying notes to the consolidated financial statements included in this Amended Annual Report on Form 10-K/A.

Grupo Finmart Portfolio Review and Restatement

Background

Grupo Finmart enters into payroll withholding agreements (called “convenios”) with Mexican employers — principally, federal, state, and local government agencies — and provides unsecured, multiple payment consumer loans to employees of those various employers. Interest and principal payments are generally collected by the employers through payroll deductions and remitted to Grupo Finmart.

Review of Asset Sales

During fiscal 2014 and the first quarter of fiscal 2015, Grupo Finmart entered into a total of six structured asset sales pursuant to which a portion of the loan portfolio was sold to special purpose trusts for the benefit of third parties (the “Asset Sales”). We accounted for each of the Asset Sales as a sale, and we recognized a gain equal to the difference between the book value of the sold loans and the purchase price, which was generally equal to the aggregate amount of the payments Grupo Finmart expected to receive over the life of the loans minus a negotiated discount. The effect of this accounting treatment was to accelerate the recognition of the interest income that would otherwise have been recognized over the life of the loans.

In the second quarter of fiscal 2015, in the course of performing their audit work, our independent registered public accounting firm began reviewing the Asset Sale completed in the first quarter of fiscal 2015 and raised various questions regarding the terms of that transaction. Those questions prompted a comprehensive review of the terms and conditions of each of the Asset Sales. Following that review and considerable discussion involving management, our accounting advisors, our legal advisors in the U.S. and Mexico, and our independent registered public accounting firms, management determined that the Asset Sales should not have been accounted for as sales, principally due to certain control rights that Grupo Finmart retained as servicer of the loans. We now believe that, because of those control rights, the trusts to which the loans were sold should be accounted for as “variable interest entities” and consolidated pursuant to ASC 810-10 (Consolidation and the Variable Interest Model), and therefore, the sales should not have been recognized for accounting purposes.

The effect of the consolidation is that the gain on sale is eliminated, the assets and liabilities of the trusts are included in our consolidated balance sheet and interest income (along with the related expenses) is recognized over the life of the loans. This process results, generally, in a reduction in net income in the periods during which an Asset Sale occurred (due to the reversal of the gain on sale) and an increase in net income thereafter (due to the accrual and recognition of interest income, net of expenses, over the life of the loans). Our restated financial statements reflect the trust consolidation.

Review of “Non-Performing” Loans

Relevant Accounting Policies — Historically, we have recognized interest revenue on the Grupo Finmart loans ratably over the stated terms of the loans. Based on historical experience, we estimated the percentage of loans that Grupo Finmart expects not to collect and established a bad debt reserve against the principal and accrued interest.

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.

Grupo Finmart’s loans were considered active as long as they were in-payroll. Out-of-payroll loans were considered active if Grupo Finmart continued to receive payments, but were considered defaulted if payments were not made.

Upon default, we charged the loan principal to consumer loan bad debt expense, reduced interest revenue by the amount of unpaid interest accrued on the loan prior to default and ceased accruing future interest revenue. If Grupo Finmart subsequently collected some or all of the defaulted loan, we reduced consumer loan bad debt expense by the amount of collected principal and increased interest revenue by the amount of collected interest.

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Under Grupo Finmart's historical accounting policy, only defaulted out-of-payroll loans were considered in nonaccrual status. Due to the likelihood of ultimately receiving payment if the customer's employment continued, we continued to accrue interest on all in-payroll loans, even though Grupo Finmart might not be currently receiving payments. 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.

Issues Identified in Review — In January 2015, Grupo Finmart management notified our finance management that a previous loan purchaser had requested to have some of its loans replaced because, several months after the loan sale, some of the sold loans had still not been ratified. Upon receipt of that information, we initiated a review of the entire Grupo Finmart loan portfolio to identify all loans that were being carried as active loans but with respect to which Grupo Finmart was not currently receiving payments ("non-performing" loans) and to determine the reason that payments on the loans were not being received. During the course of this review, the following issues were identified:

- We determined that the non-performing loans included a number of out-of-payroll loans that had not been correctly classified and recognized as such. This error caused an understatement of bad debt expense and an overstatement of accrued interest revenue in prior periods. We have now analyzed the non-performing loan portfolio to identify all out-of-payroll loans and determine, on a loan-by-loan basis, the period during which Grupo Finmart should have charged the loan to bad debt expense and ceased accruing interest revenue.
- We also found that many of the non-performing loans, while still in-payroll, had been in non-performing status for some time. Under Grupo Finmart's historical interest accrual policy, we accrued and recognized interest income on in-payroll loans over the stated life of the loans even though partial or delayed payments extended the loan's payback period beyond the stated loan term. After reviewing the aging characteristics of the non-performing loans and consulting with our independent registered public accounting firms, we have determined that it is appropriate to:

Accrue and recognize interest income over the period that payments are expected to be received rather than over the stated term of the loan;

For loans that have been in non-performing status for 180 days, charge the loan principal to consumer loan bad debt expense, reduce interest revenue by the amount of unpaid interest theretofore accrued on the loan, cease accruing future interest revenue and record future collections under the cost recovery method (recognizing income after principal has been recovered); and

Expense certain brokerage and other commission costs as incurred rather than amortize them over future periods.

The application of this methodology has resulted in adjustments to interest income and bad debt expense for all periods since we began consolidation of Grupo Finmart in the second quarter of fiscal 2012. Those adjustments are reflected in the restated financial statements for fiscal 2012, 2013 and 2014 presented in this Amended Annual Report on Form 10-K/A, and will be reflected in the restated financial statements for the first quarter of fiscal 2015, as well as in the financial statements for the second and third quarters of fiscal 2015 and future periods.

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Summary of Restatement Adjustments

The restatement adjustments include (a) those adjustments necessary to correct the accounting errors attributable to the Asset Sales, (b) those adjustments necessary to correct the accounting errors attributable to the non-performing loans and (c) certain other adjustments identified during the restatement process. The following tables summarize the impact of these adjustments for fiscal 2014, fiscal 2013 and fiscal 2012 and for each of the quarterly periods within those years (other than the first quarter of fiscal 2012, which was not restated).

Year Ended September 30, 2014 (Fiscal 2014)

The following table summarizes the impact of the restatement on our consolidated financial statements for the fiscal year ended September 30, 2014:

	Fiscal 2014				
		Restatement Adjustments			
	As Previously Reported	Asset Sale Impact	Portfolio Review Impact	Other Impacts*	As Restated
	(in thousands, except per share amounts)				
Total revenues	$988,532	$(16,714)	$(16,932)	$2,760	$957,646
Net revenues	615,097	(18,692)	(25,658)	(518)	570,229
Operating expenses	518,480	57	2,241	(5,305)	515,473
Non-operating expenses	23,917	6,527	—	(882)	29,562
Income from continuing operations before income taxes	72,700	(25,276)	(27,899)	5,669	25,194
Income tax expense	20,806			(15,550)	5,256
Income from continuing operations, net of tax	$51,894			$(31,956)	$19,938
Net loss attributable to EZCORP, Inc.	$(45,740)			$(18,959)	$(64,699)
Basic loss per share attributable to EZCORP, Inc.	$(0.84)			$(0.36)	$(1.20)
Diluted loss per share attributable to EZCORP, Inc.	$(0.84)			$(0.35)	$(1.19)

* Amounts in this column pertaining to Income tax expense, Income from continuing operations, net of tax, Net loss attributable to EZCORP, Inc., and Diluted loss per share attributable to EZCORP, Inc. are aggregate impacts for all restatement adjustments.

The following tables summarize the impact of the restatement adjustments for each quarterly period within fiscal 2014.

	Fiscal 2014				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014	September 30, 2014
	(Unaudited)				
	(in thousands)				
Income from continuing operations before income taxes (as previously reported)	$37,847	$14,035	$19,207	$1,611	$72,700
Asset sale impact	(3,221)	(3,590)	(8,661)	(9,804)	(25,276)
Portfolio review impact	(9,430)	(5,259)	(6,970)	(6,240)	(27,899)
Other impacts	(704)	889	499	4,985	5,669
Net impact of adjustments	(13,355)	(7,960)	(15,132)	(11,059)	(47,506)
Income (loss) from continuing operations before income taxes (as restated)	$24,492	$6,075	$4,075	$(9,448)	$25,194

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	Fourth Quarter of Fiscal 2014			Third Quarter of Fiscal 2014		
	As Previously Reported (Unaudited)	Restatement Adjustments	As Restated	As Previously Reported (Unaudited)	Restatement Adjustments	As Restated
	(in thousands, except per share amounts)			(in thousands, except per share amounts)		
Results of Operations:						
Total revenues	$242,209	$ (6,584)	$235,625	$232,602	$ (9,468)	$223,134
Net revenues	142,810	(9,497)	133,313	149,951	(14,363)	135,588
Operating expenses	137,813	(2,140)	135,673	127,155	(852)	126,303
Non-operating expenses	3,386	3,702	7,088	3,589	1,621	5,210
(Loss) income from continuing operations before income taxes	1,611	(11,059)	(9,448)	19,207	(15,132)	4,075
Income tax (benefit) expense	2,342	(3,167)	(825)	4,303	(3,897)	406
(Loss) income from continuing operations, net of tax	$(731)	$ (7,892)	$(8,623)	$14,904	$ (11,235)	$3,669
Net (loss) income attributable to EZCORP, Inc.	$(87,807)	$ (5,694)	$(93,501)	$11,506	$ (7,576)	$3,930
Diluted (loss) earnings per share attributable to EZCORP, Inc.	$(1.64)	$ (0.11)	$(1.75)	$0.21	$ (0.14)	$0.07
Balance Sheet Data:						
Total current assets	$676,361	$ (41,498)	$634,863	$646,227	$ (16,068)	$630,159
Total assets	1,403,471	7,073	1,410,544	1,522,367	(1,834)	1,520,533
Total current liabilities	124,996	23,218	148,214	128,705	19,079	147,784
Total liabilities	492,785	62,655	555,440	507,796	48,440	556,236
Total temporary equity	35,498	(12,698)	22,800	36,645	(10,983)	25,662
EZCORP, Inc. stockholders' equity	875,188	(42,884)	832,304	977,926	(39,291)	938,635
Cash Flow Data (year-to-date):						
Net cash provided by operating activities	$89,244	$ (14,543)	$74,701	$60,779	$ (17,522)	$43,257
Net cash used in investing activities	(34,838)	(45,222)	(80,060)	(31,190)	(11,911)	(43,101)
Net cash provided by (used in) financing activities	(33,862)	66,377	32,515	(16,188)	36,484	20,296
Net increase in cash and cash equivalents	20,012	6,213	26,225	13,682	6,652	20,334

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	Second Quarter of Fiscal 2014			First Quarter of Fiscal 2014		
	As Previously Reported (Unaudited)	Restatement Adjustments	As Restated	As Previously Reported (Unaudited)	Restatement Adjustments	As Restated
	(in thousands, except per share amounts)			(in thousands, except per share amounts)		
Results of Operations:						
Total revenues	$250,682	$ (5,551)	$245,131	$263,039	$ (9,283)	$253,756
Net revenues	158,479	(8,558)	149,921	163,857	(12,450)	151,407
Operating expenses	130,397	(400)	129,997	123,115	385	123,500
Non-operating expenses	14,047	(198)	13,849	2,895	520	3,415
Income from continuing operations before income taxes	14,035	(7,960)	6,075	37,847	(13,355)	24,492
Income tax expense	4,203	(3,351)	852	9,958	(5,135)	4,823
Income from continuing operations, net of tax	$9,832	$ (4,609)	$5,223	$27,889	$ (8,220)	$19,669
Net income attributable to EZCORP, Inc.	$7,992	$ (1,850)	$6,142	$22,569	$ (3,839)	$18,730
Diluted earnings per share attributable to EZCORP, Inc.	$0.15	$ (0.04)	$0.11	$0.42	$ (0.08)	$0.34
Balance Sheet Data:						
Total current assets	$537,113	$ (33,914)	$503,199	$556,455	$ (29,504)	$526,951
Total assets	1,352,236	(19,092)	1,333,144	1,369,129	(9,278)	1,359,851
Total current liabilities	106,680	6,492	113,172	111,777	7,922	119,699
Total liabilities	339,653	19,814	359,467	370,257	25,071	395,328
Total temporary equity	58,107	(14,390)	43,717	57,578	(11,753)	45,825
EZCORP, Inc. stockholders’ equity	954,476	(24,516)	929,960	941,294	(22,596)	918,698
Cash Flow Data (year-to-date):						
Net cash provided by operating activities	$53,617	$ (10,020)	$43,597	$17,454	$ (3,963)	$13,491
Net cash (used in) provided by investing activities	16,086	(7,116)	8,970	(4,342)	(14,728)	(19,070)
Net cash (used in) provided by financing activities	(73,810)	24,540	(49,270)	(11,046)	20,148	9,102
Net (decrease) increase in cash and cash equivalents	(4,119)	7,347	3,228	2,169	1,420	3,589

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Year Ended September 30, 2013 (Fiscal 2013)

The following table summarizes the impact of the restatement on our consolidated financial statements for the fiscal year ended September 30, 2013:

	Fiscal 2013				
		Restatement Adjustments			
	As Previously Reported	Asset Sale Impact	Portfolio Review Impact	Other Impacts*	As Restated
	(in thousands, except per share amounts)				
Total revenues	$980,121	$—	$(7,935)	$(2,018)	$970,168
Net revenues	624,704	—	(19,762)	(2,018)	602,924
Operating expenses	474,562	—	3,231	(2,552)	475,241
Non-operating expenses	47,683	—	(1,642)	1,162	47,203
Income from continuing operations before income taxes	102,459	—	(21,351)	(628)	80,480
Income tax expense	29,582			(3,384)	26,198
Income from continuing operations, net of tax	$72,877			$(18,595)	$54,282
Net income attributable to EZCORP, Inc.	$34,077			$(11,769)	$22,308
Basic earnings per share attributable to EZCORP, Inc.	$0.64			$(0.23)	$0.41
Diluted earnings per share attributable to EZCORP, Inc.	$0.63			$(0.22)	$0.41

* Amounts in this column pertaining to Income tax expense, Income from continuing operations, net of tax, Net income attributable to EZCORP, Inc., and Diluted earnings per share attributable to EZCORP, Inc. are aggregate impacts for all restatement adjustments.

The following tables summarize the impact of the restatement adjustments for each quarterly period within fiscal 2013.

	Fiscal 2013				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
	December 31, 2012	March 31, 2013	June 30, 2013	September 30, 2013	September 30, 2013
	(Unaudited)				
	(in thousands)				
Income (loss) from continuing operations before income taxes (as previously reported)	$51,719	$55,077	$27,013	$(31,350)	$102,459
Asset sale impact	—	—	—	—	—
Portfolio review impact	(5,179)	(6,718)	(4,513)	(4,941)	(21,351)
Other impacts	(2,718)	76	103	1,911	(628)
Net impact of adjustments	(7,897)	(6,642)	(4,410)	(3,030)	(21,979)
Income (loss) from continuing operations before income taxes (as restated)	$43,822	$48,435	$22,603	$(34,380)	$80,480

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	Fourth Quarter of Fiscal 2013			Third Quarter of Fiscal 2013		
	As Previously Reported (Unaudited)	Restatement Adjustments	As Restated	As Previously Reported (Unaudited)	Restatement Adjustments	As Restated
	(in thousands, except per share amounts)			(in thousands, except per share amounts)		
Results of Operations:						
Total revenues	$227,980	$ 608	$228,588	$226,696	$ (3,245)	$223,451
Net revenues	143,699	(3,147)	140,552	145,773	(4,045)	141,728
Operating expenses	124,903	363	125,266	119,355	365	119,720
Non-operating expense (income)	50,146	(480)	49,666	(595)	—	(595)
(Loss) income from continuing operations before income taxes	(31,350)	(3,030)	(34,380)	27,013	(4,410)	22,603
Income tax (benefit) expense	(12,062)	866	(11,196)	8,956	(1,594)	7,362
(Loss) income from continuing operations, net of tax	$(19,288)	$ (3,896)	$(23,184)	$18,057	$ (2,816)	$15,241
Net loss attributable to EZCORP, Inc.	$(24,740)	$ (3,303)	$(28,043)	$(5,881)	$ (1,069)	$(6,950)
Diluted loss per share attributable to EZCORP, Inc.	$(0.46)	$ (0.07)	$(0.53)	$(0.11)	$ (0.02)	$(0.13)
Balance Sheet Data:						
Total current assets	$536,950	$ (16,917)	$520,033	$498,503	$ 10,389	$508,892
Total assets	1,352,190	(19,222)	1,332,968	1,361,101	(15,060)	1,346,041
Total current liabilities	141,901	1,772	143,673	133,570	4,028	137,598
Total liabilities	382,271	7,517	389,788	364,764	7,442	372,206
Total temporary equity	55,393	(8,096)	47,297	56,837	(7,072)	49,765
EZCORP, Inc. stockholders' equity	914,526	(18,643)	895,883	939,500	(15,430)	924,070
Cash Flow Data (year-to-date):						
Net cash provided by operating activities	$126,473	$ (6,006)	$120,467	$99,415	$ (7,477)	$91,938
Net cash used in investing activities	(160,384)	5,184	(155,200)	(108,850)	6,887	(101,963)
Net cash provided by financing activities	22,213	1,436	23,649	7,669	(9,791)	(2,122)
Net decrease in cash and cash equivalents	(12,160)	1,436	(10,724)	(2,522)	(9,791)	(12,313)

	Second Quarter of Fiscal 2013			First Quarter of Fiscal 2013		
	As Previously Reported (Unaudited)	Restatement Adjustments	As Restated	As Previously Reported (Unaudited)	Restatement Adjustments	As Restated
	(in thousands, except per share amounts)			(in thousands, except per share amounts)		
Results of Operations:						
Total revenues	$259,963	$ (3,073)	$256,890	$265,482	$ (4,243)	$261,239
Net revenues	166,143	(6,601)	159,542	169,089	(7,987)	161,102
Operating expenses	111,032	41	111,073	119,272	(90)	119,182
Non-operating expense (income)	34	—	34	(1,902)	—	(1,902)
Income from continuing operations before income taxes	55,077	(6,642)	48,435	51,719	(7,897)	43,822

Income tax expense	16,072	(307)	15,765	16,616	(2,349)	14,267
Income from continuing operations, net of tax	$39,005	$ (6,335)	$32,670	$35,103	$ (5,548)	$29,555
Net income attributable to EZCORP, Inc.	$33,981	$ (3,753)	$30,228	$30,717	$ (3,644)	$27,073
Diluted earnings per share attributable to EZCORP, Inc.	$0.63	$ (0.06)	$0.57	$0.59	$ (0.07)	$0.52
Balance Sheet Data:						
Total current assets	$454,251	$ 4,896	$459,147	$501,952	$ (183)	$501,769
Total assets	1,319,199	(17,691)	1,301,508	1,342,306	(12,418)	1,329,888
Total current liabilities	143,030	(225)	142,805	130,233	(1,517)	128,716
Total liabilities	311,030	3,548	314,578	380,816	2,507	383,323
Total temporary equity	52,982	(6,309)	46,673	49,323	(4,167)	45,156
EZCORP, Inc. stockholders’ equity	955,187	(14,930)	940,257	912,167	(10,758)	901,409
Cash Flow Data (year-to-date):						
Net cash provided by operating activities	$94,168	$ (2,672)	$91,496	$30,508	$ 3,691	$34,199
Net cash used in investing activities	(49,825)	3,641	(46,184)	(47,755)	(2,109)	(49,864)
Net cash (used in) provided by financing activities	(51,742)	3,425	(48,317)	15,622	3,456	19,078
Net decrease in cash and cash equivalents	(7,034)	3,425	(3,609)	(1,809)	5,198	3,389

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Year Ended September 30, 2012 (Fiscal 2012)

The following table summarizes the impact of the restatement on our consolidated financial statements for the fiscal year ended September 30, 2012:

	Fiscal 2012				
		Restatement Adjustments			
	As Previously Reported	Asset Sale Impact	Portfolio Review Impact	Other Impacts*	As Restated
	(in thousands, except per share amounts)				
Total revenues	$964,502	$—	$(921)	$(2,864)	$960,717
Net revenues	607,511	—	(8,723)	(2,864)	595,924
Operating expenses	400,263	—	(37)	54	400,280
Non-operating income	(19,837)	—	—	1,362	(18,475)
Income from continuing operations before income taxes	227,085	—	(8,686)	(4,280)	214,119
Income tax expense	71,165			(3,500)	67,665
Income from continuing operations, net of tax	$155,920			$(9,466)	$146,454
Net income attributable to EZCORP, Inc.	$143,708			$(6,863)	$136,845
Basic earnings per share attributable to EZCORP, Inc.	$2.82			$(0.13)	$2.69
Diluted earnings per share attributable to EZCORP, Inc.	$2.81			$(0.14)	$2.67

* Amounts in this column pertaining to Income tax expense, Income from continuing operations, net of tax, Net income attributable to EZCORP, Inc., and Diluted earnings per share attributable to EZCORP, Inc. are aggregate impacts for all restatement adjustments.

The following tables summarize the impact of the restatement adjustments for each quarterly period within fiscal 2012.

	Fiscal 2012				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
	December 31, 2011	March 31, 2012	June 30, 2012	September 30, 2012	September 30, 2012
	(Unaudited)				
	(in thousands)				
Income from continuing operations before income taxes (as previously reported)	$61,054	$58,106	$43,938	$63,987	$227,085
Asset sale impact	—	—	—	—	—
Portfolio review impact	—	(3,258)	(1,993)	(3,435)	(8,686)
Other impacts	—	—	—	(4,280)	(4,280)
Net impact of adjustments	—	(3,258)	(1,993)	(7,715)	(12,966)
Income from continuing operations before income taxes (as restated)	$61,054	$54,848	$41,945	$56,272	$214,119

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	Fourth Quarter of Fiscal 2012			Third Quarter of Fiscal 2012		
	As Previously Reported (Unaudited)	Restatement Adjustments	As Restated	As Previously Reported (Unaudited)	Restatement Adjustments	As Restated
	(in thousands, except per share amounts)			(in thousands, except per share amounts)		
Results of Operations:						
Total revenues	$247,959	$ 385	$248,344	$220,670	$ (2,068)	$218,602
Net revenues	157,194	(6,386)	150,808	140,282	(1,977)	138,305
Operating expenses	103,970	(33)	103,937	99,160	16	99,176
Non-operating income	(10,763)	1,362	(9,401)	(2,816)	—	(2,816)
Income from continuing operations before income taxes	63,987	(7,715)	56,272	43,938	(1,993)	41,945
Income tax expense	18,501	(2,311)	16,190	12,717	960	13,677
Income from continuing operations, net of tax	$45,486	$ (5,405)	$40,081	$31,221	$ (2,953)	$28,268
Net income attributable to EZCORP, Inc.	$38,572	$ (4,347)	$34,225	$28,523	$ (2,694)	$25,829
Diluted earnings per share attributable to EZCORP, Inc.	$0.75	$ (0.08)	$0.67	$0.56	$ (0.06)	$0.50
Cash Flow Data (year-to-date):						
Net cash provided by operating activities	$140,917	$ (1,802)	$139,115	$109,692	$ (5,115)	$104,577
Net cash used in investing activities	(216,765)	2,002	(214,763)	(167,590)	4,926	(162,664)
Net cash provided by financing activities	99,266	(8,653)	90,613	84,404	(9,593)	74,811
Net increase in cash and cash equivalents	24,508	(8,653)	15,855	26,805	(9,593)	17,212

	Second Quarter of Fiscal 2012		
	As Previously Reported (Unaudited)	Restatement Adjustments	As Restated
	(in thousands, except per share amounts)		
Results of Operations:			
Total revenues	$251,338	$(2,102)	$249,236
Net revenues	158,512	(3,224)	155,288
Operating expenses	101,935	34	101,969
Non-operating income	(1,529)	—	(1,529)
Income from continuing operations before income taxes	58,106	(3,258)	54,848
Income tax expense	19,862	(2,149)	17,713
Income from continuing operations, net of tax	$38,244	$(1,109)	$37,135
Net income attributable to EZCORP, Inc.	$37,261	$178	$37,439
Diluted income per share attributable to EZCORP, Inc.	$0.73	$—	$0.73
Cash Flow Data (year-to-date):			
Net cash provided by operating activities	$95,094	$(472)	$94,622
Net cash used in investing activities	(74,446)	456	(73,990)
Net cash (used in) provided by financing activities	2,483	(11,006)	(8,523)
Net increase in cash and cash equivalents	22,705	(11,006)	11,699

For the restated financial statements for the fiscal years ended September 30, 2014, September 30, 2013 and September 30, 2012, see Note 2 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.” For the restated unaudited financial statements for each of the fiscal quarters within those years, see Note 19 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

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Nature of Accounting Errors

The Audit Committee of our Board of Directors engaged accounting advisors to investigate the potential errors in the non-performing loan portfolio and requested the Company's external legal counsel to assist it in investigating whether the errors were the result of fraud or intentional misconduct. Based on those investigations, the Audit Committee has concluded that the errors in our previously issued financial statements are the result of unintentional accounting errors or mistakes and inadequate and ineffective internal controls, and were not the result of any deliberate attempt to misstate financial statements, misrepresent the Company's financial condition or results of operations, or deceive or defraud investors.

Control Deficiencies and Remediation Plan

Management has identified a number of deficiencies in the design and operating effectiveness of our internal controls that, collectively, represent material weaknesses in our internal control over financial reporting as of September 30, 2014, September 30, 2013 and September 30, 2012. The deficiencies are the result of management's failure to implement and maintain adequate operational and internal controls and processes to (1) identify complex transactions requiring specialized accounting expertise and other financial reporting requirements and (2) monitor and report the performance of the Grupo Finmart loan portfolio. We are in the process of designing and implementing an appropriate remediation plan to address the material weaknesses.

For a description of the deficiencies that led to the material weaknesses, as well as a description of our planned remediation efforts, see "Part II, Item 9A — Controls and Procedures."

All of the financial information presented in this "Part II, Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations" has been revised to reflect the restatement described above. For additional information about the restatement, see Notes 2 and 19 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data."

Overview

EZCORP, Inc. is a Delaware corporation headquartered in Austin, Texas. We are a leader in delivering easy cash solutions to our customers across channels, products, services and markets. With approximately 7,300 team members and approximately 1,400 locations, we give our customers multiple ways to access instant cash, including pawn loans and consumer loans in the United States, Mexico and Canada, and fee-based credit services to customers seeking loans. 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 Texas, we do not offer loan products, but rather offer credit services to help customers obtain loans from independent third-party lenders.

We own a 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 payroll withholding lender headquartered in Mexico City. As of September 30, 2014, Grupo Finmart had over 100 payroll withholding master agreements with Mexican employers, primarily federal, state and local governments and agencies, and provided consumer loans to the agencies' employees. We also own a 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), seven U.S. buy/sell stores (operating as Cash Converters), 242 pawn stores in Mexico (operating as Empeño Fácil), 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 19 buy/sell stores in Mexico (operating as TUYO or Cash Converters) and 53 financial services branches in Mexico (operating as Crediamigo or Adex).

We own approximately 32% of Cash Converters International Limited, 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

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our pawn lending activities or purchased from customers and new or refurbished merchandise from third party vendors. In our Cash Converters stores, we also buy and sell second-hand goods. At our financial services stores and at some of our pawn and buy/sell stores, we offer a variety of consumer loan products, including single-payment, unsecured loans with maturity dates typically ranging from seven to 30 days; multiple-payment unsecured loans that may be repaid over extended periods of up to seven months; single-payment 30-day loans secured by automobile titles; multiple-payment auto title loans that carry terms of two to five months; and revolving lines of credit, both unsecured and secured by automobile titles. In Texas, our financial services stores and our pawn stores that also offer financial services do not offer loan products themselves, but rather offer credit services to help customers obtain loans from independent third-party lenders.

Our business consists of three reportable segments: The U.S. & Canada segment, which includes all business activities in the United States and Canada; the Latin America segment, which includes our Empeño Fácil pawn operations, the TUYO buy/sell operations and Grupo Finmart financial services operations in Mexico; and the Other International segment, 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	(10)	(4)	—	(15)	(3)
Discontinued operations	(1)	—	—	—	—
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

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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, see Note 3 to the Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data."

Pawn Activities

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

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

We record a valuation allowance for obsolete or slow-moving inventory based on the type and age of merchandise. We generally establish a higher allowance percentage on general merchandise, as it is more susceptible to obsolescence, and establish a lower allowance percentage on jewelry, as it generally has greater inherent commodity value. At September 30, 2014, our total allowance was 10.4% of gross inventory, 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.

Consumer Loan Activities

At September 30, 2014, 287 of our U.S. financial services stores and two of our U.S. pawn stores in Texas offered credit services to customers seeking consumer loans from unaffiliated lenders. We do not participate in any of the loans made by the lenders, but earn a fee for helping customers obtain credit and for enhancing customers' creditworthiness by providing letters of credit to the unaffiliated lenders. Customers may obtain different types of consumer loans from the unaffiliated lenders. For credit services in connection with arranging a single-payment loan (average loan amount of about \$450), our fee is approximately 15% to 22% of the loan amount. For credit services in connection with arranging an unsecured multiple-payment loan (average loan amount of about \$550), our fee is 10% of the initial loan amount with each semi-monthly or bi-weekly installment payment. Low dollar installment loan principal amounts range from \$100 to \$2,000, but average about \$550. With each semi-monthly or bi-weekly installment payment, we earn a fee of 13% to 14% of the initial loan amount. For credit services in connection with arranging single-payment auto title loans (average loan amount of about \$1,200), the fee is up to 30% of the loan amount. In fiscal 2012, we began assisting customers in obtaining longer-term multiple-payment auto title loans from unaffiliated lenders. Multiple-payment auto title loans primarily carry terms of five months with ten equal installments. Multiple-payment auto title loan principal amounts range from \$150 to \$10,000, but average about \$1,200; and we earn a fee of 45% to 150% of the initial loan amount. At September 30, 2014, single-payment loans comprised 81% of the balance of consumer loans brokered through our credit services, and multiple-payment loans comprised the remaining 19%.

Outside of Texas, we earn loan fee revenue on our consumer loans. In two U.S. pawn stores, 117 U.S. financial services stores and 39 Canadian financial services stores, we offer single-payment unsecured consumer loans. The average single-payment loan amount is approximately \$435 and the term is generally less than 30 days, averaging about 21 days. We typically charge a fee of 15% to 22% of the loan amount. In 123 of our U.S. financial services stores, we offer multiple-payment unsecured consumer loans. These loans carry a term of four to seven months, with a series of equal installment payments, including principal amortization, due monthly, semi-monthly or on the customer's paydays. Total interest and fees on these loans vary in accordance with state law and loan terms, but over the entire loan term, total approximately 45% to 175% of the original principal amount of the loan. Multiple-payment loan principal amounts range from $100 to $3,500, but average approximately $550.

At September 30, 2014, 437 of our U.S. financial services stores and two of our U.S. pawn stores offered auto title loans or, in Texas, credit services to assist customers in obtaining auto title loans from unaffiliated lenders. Auto title loans are 30-day loans secured by the titles to customers' automobiles. Loan principal amounts range from $50 to $20,000, but average about $1,200. We earn a fee of 9% to 30% of auto title loan amounts. In Texas, we assist customers in obtaining multiple-payment auto title

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loans from unaffiliated lenders. These loans typically carry terms of five months with up to ten equal installments. Principal amounts range from $150 to $10,000, but average about $1,200; and we earn a fee of 45% to 150% of the initial loan amount.

In Mexico, Grupo Finmart offers multiple-payment consumer loans that are collected through payroll deductions. Stated interest rates approximate 72% annually.

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 expect that 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.

Acquisitions

On November 1, 2012, we acquired a 51% interest in Renueva Comercial S.A.P. I. de C.V., a company headquartered in Mexico City and doing business under the name "TUYO," for approximately $1.1 million. On January 1, 2014, we acquired an additional 8% interest in TUYO for $1.1 million, increasing our ownership percentage to 59%. As of September 30, 2014, TUYO owned and operated 19 buy/sell stores in Mexico City and the surrounding metropolitan area.

On November 20, 2012, we entered into a definitive agreement with Go Cash, LLC and certain of its affiliates ("Go Cash") to acquire substantially all the assets of Go Cash's online lending business. This acquisition of assets was completed on December 20, 2012. The total purchase price was performance-based, to be determined over a period of four years following the closing. A total consideration of $55.6 million will be paid. On September 30, 2014, our Board of Directors, on management's recommendation, approved a plan to exit the Company's online lending business in the U.S. The plan includes discontinuing the Company's online lending business in the U.S. (referred to as "EZOnline") and terminating the employment of the employees related to that business.

On April 26, 2013, Grupo Finmart, our majority owned subsidiary, purchased 100% of the outstanding shares of Fondo ACH, S.A. de C.V., a specialty consumer finance company. The total purchase price is performance-based and will be determined over a period of four years. A minimum of $3.5 million will be paid.

On June 30, 2013 and November 29, 2013, Grupo Finmart purchased consumer loan portfolios for total consideration of approximately $1.3 million and $15.9 million, respectively. The total purchase prices are performance-based and will be determined over the life of the loan portfolios.

During fiscal 2013, we acquired 12 pawn locations in Arizona, which was a new state of operation for us. The results of all acquired stores and businesses have been consolidated with our results since their acquisition.

Other

The results for the fiscal years ended September 30, 2014 and 2013 include pre-tax other-than-temporary impairment charges of $7.9 million and $42.5 million respectively, related to our investment in Albemarle & Bond. The results for the fiscal year ended September 30, 2013 includes a pre-tax other-than-temporary impairment charge of $2.1 million related to available-for-sale securities. The income tax expense for the fiscal years ended September 30, 2014 and 2013 reflects a tax benefit of $2.5 million and $12.3 million, respectively, related to these charges.

For a discussion of discontinued operations and restructuring charges, see Note 3 to the Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data."

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Critical Accounting Policies and Estimates

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

Consolidation

The consolidated financial statements include the accounts of EZCORP, Inc. and our controlled subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation. We own 76% of the outstanding equity interests in Grupo Finmart and 59% in TUYO and, therefore, include their results in our consolidated financial statements.

To determine if we hold a controlling financial interest in an entity, we first evaluate if we are required to apply the variable interest entity ("VIE") model to the entity; otherwise, the entity is evaluated under the voting interest model. Where we hold current or potential rights that give us the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, combined with a variable interest that gives us the right to receive potentially significant benefits or the obligation to absorb potentially significant losses, we have a controlling financial interest in that VIE. Rights held by others to remove the party with power over the VIE are not considered unless one party can exercise those rights unilaterally. During fiscal 2014, Grupo Finmart completed five transfers of consumer loans to various securitization trusts. We consolidate those securitization trusts under the VIE model. See Note 25 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data." The restated financial statements included in this Amended Annual Report on Form 10-K/A reflect that consolidation. See Notes 2 and 19 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data."

We account for our investment in Cash Converters International Limited using the equity method.

Pawn Loan and Sales Revenue Recognition

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

Consumer Loans

We provide a variety of short-term and long-term consumer loans, including single-payment and multiple-payment unsecured loans and single-payment and multiple-payment auto title loans. In Texas, we provide fee-based credit services to customers seeking loans. In Mexico, Grupo Finmart enters into agreements with employers that permit it to market consumer loans to employees. Payments are withheld by the employers through payroll deductions and remitted to Grupo Finmart. For each of our loan products we estimate the fees we expect to be uncollectible.

Revenue Recognition

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

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

Long-term Unsecured Consumer Loan Revenue — Grupo Finmart customers obtain installment loans with a series of payments due over the stated term, which can be up to four years. We recognize consumer loan interest related to loans we originate based on the percentage of consumer loans made that we believe to be collectible, and reserve the percentage of interest we expect not to collect, over the period in which payments are expected to be received under the effective interest method.

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.

Long-term unsecured consumer loan revenue is included in “Consumer loan fees and interest” in our consolidated statements of operations. Incremental direct costs incurred (commissions), other than certain brokerage and other costs, are capitalized and deferred ratably over the life of the loans. Amortization of these costs are included in “Operations” expense in our consolidated statements of operations.

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

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

Bad Debt and Allowance for Losses

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

The majority of our credit service customers obtain short-term unsecured loans with a single maturity date. These short-term loans, with terms averaging about 20 days, are considered defaulted if they have not been repaid or renewed by the maturity date. Other credit service customers obtain multiple-payment loans with a series of payments due over as much as a seven-month period. If one payment of a multiple-payment loan is delinquent, that one payment is considered defaulted. If more than one payment is delinquent at any time, the entire loan is considered defaulted.

Allowance for Losses on Unsecured Consumer Loan Credit Services — We provide an allowance for losses we expect to incur under letters of credit for brokered unsecured loans that have not yet matured. The allowance is based on recent loan default experience adjusted for seasonal variations. It includes all amounts we expect to pay to the unaffiliated lenders

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upon loan default, including loan principal, accrued interest, insufficient funds fees, net of the amounts we expect to collect from borrowers (collectively, “Expected LOC Losses”). Changes in the allowance are charged to consumer loan bad debt expense in our consolidated statements of operations. We include the balance of Expected LOC Losses in “Accounts payable and other accrued expenses” in our consolidated balance sheets. Based on the expected loss and collection percentages, we also provide an allowance for the unsecured loan credit service fees we expect not to collect, and charge changes in this allowance to consumer loan fee revenue, which is included in "Consumer loan fees and interest" in our consolidated statements of operations.

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

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

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

Long-Term Unsecured Consumer Loan Bad Debt — 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) after principal has been recovered. Long-term unsecured consumer loan bad debt expense is included in "Consumer loan bad debt" expense in our consolidated statements of operations.

Long-Term Unsecured Consumer Loan Allowance for Losses — Grupo Finmart provides an allowance for losses on performing, in-payroll loans and related interest receivable based on historical loan collection experience. Changes in the principal valuation allowance are charged to "Consumer loan bad debt" and changes in the interest receivable valuation allowance are charged to "Consumer loan fees and interest" in our consolidated statements of operations.

Auto Title Loan Credit Services Bad Debt and Allowance for Losses — We issue letters of credit to enhance the creditworthiness of our customers seeking auto title loans from unaffiliated lenders. The letters of credit assure the lenders that if borrowers default on the loans, we will pay the lenders, upon demand, all amounts owed to the lenders by the borrowers, including loan principal, accrued interest and insufficient funds fees. Through a charge to auto title loan bad debt expense, we provide an allowance for losses we expect to incur under letters of credit for brokered auto title loans,

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and record actual charge-offs against this allowance. The allowance includes all amounts we expect to pay to the unaffiliated lenders upon loan default, including principal, accrued interest, net of the amounts we expect to collect from borrowers or through the sale of repossessed vehicles. We include the allowance for expected losses in “Accounts payable and other accrued expenses” in our consolidated balance sheets.

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

Inventory and Cost of Goods Sold

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

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

Goodwill and Other Intangible Assets

Goodwill and other intangible assets having indefinite lives are not subject to amortization. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350-20-35 Goodwill — Subsequent Measurement, we test goodwill and intangible assets with an indefinite useful life for potential impairment annually as of September 30, 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 amount. The impairment test consists of two steps: in step one, the carrying value of the reporting unit is compared with its fair value; in step two, which is applied when the carrying value is more than its fair value, the amount of goodwill impairment, if any, is derived by deducting the fair value of the reporting unit’s assets and liabilities from the fair value of its equity, and comparing that amount with the carrying amount of goodwill.

We perform our impairment analysis utilizing the income approach. This approach uses future cash flows and estimated terminal values for each of our reporting units (discounted using a market participant perspective) to determine the fair value of each reporting unit, which is then compared to the carrying value of the reporting unit to determine if there is an impairment. A reporting unit is the operating segment, or one level below that operating segment (the component level) if discrete financial information is prepared and regularly reviewed by segment management. However, components are aggregated as a single reporting unit if they have similar economic characteristics. We have determined that our reporting units are the same as our operating segments. 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 use discount rates that are commensurate with the risks and uncertainty inherent in the respective businesses and in our internally developed forecasts. Discount rates used in our reporting unit valuations ranged from 16% to 21%. Changes in the economic conditions or regulatory environment could negatively affect our key assumptions.

We completed our annual assessment of goodwill and indefinite lived intangible assets as of September 30, 2014 and determined that no material impairment existed at that date other than that due to discontinued operations and described below. In conjunction with discontinued operations, we recognized impairment of goodwill and other intangible assets for the U.S. & Canada and Other International reporting units at September 30, 2014. For additional information, see Notes 3 and 8 to the Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

Valuation of Tangible Long-Lived Assets

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

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Acquisitions

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

Foreign Currency Translation

Our equity investment in Cash Converters International is translated from Australian dollars into U.S. dollars at the exchange rates as of the investee's balance sheet date of June 30. The related interest in the investee's net income is translated at the average exchange rate for each six-month period reported by the investee. The functional currency of Empeño Fácil, our wholly owned subsidiary, Grupo Finmart, our 76% owned subsidiary, and TUYO, our 59% owned subsidiary, is the Mexican peso. The functional currency of our wholly owned foreign subsidiary in Canada is the Canadian dollar. Our foreign subsidiaries' balance sheet accounts are translated from their respective functional currencies into U.S. dollars at the exchange rate at the end of each quarter, and their earnings are translated into U.S. dollars at the average exchange rate each quarter. We present resulting translation adjustments as a separate component of stockholders' equity. Foreign currency transaction gains and losses have not been significant, and are reported as "Other (income) expense" in our statements of operations.

Income Taxes

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

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

Stock Compensation

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

Treasury Stock

We account for treasury stock under the cost method. When treasury stock is re-issued, proceeds in excess of cost are recorded as a component of additional paid-in capital in our consolidated balance sheets. Any deficiency is recorded as a component of additional paid-in capital to the extent that there are previously recorded gains to offset the losses. If there are no treasury stock gains in additional paid-in capital, the losses upon re-issuance of treasury stock are recorded as a component of retained earnings in our consolidated balance sheets.

Recently Issued Accounting Pronouncements

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

Results of Operations

Fiscal 2014 Compared to Fiscal 2013 (as restated)

The following discussion compares our results of operations for the year ended September 30, 2014 to the year ended September 30, 2013. It should be read with the accompanying consolidated financial statements and related notes.

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In fiscal 2014, consolidated total revenues decreased 1%, or $12.5 million, to $957.6 million, compared to the prior year. Income from continuing operations before taxes decreased 69% to $25.2 million from $80.5 million in the prior year. Loss from discontinued operations, net of tax, increased $58.8 million to $92.0 million. Excluding goodwill and termination costs, loss from discontinued operations before taxes decreased $5.1 million to $12.6 million. Net loss attributable to noncontrolling interest increased $6.1 million. Net income attributable to EZCORP decreased $87.0 million, resulting in a loss of $64.7 million in fiscal 2014.

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. During the fourth quarter of fiscal 2014, we conducted a company-wide operational review to realign our organization to streamline operations and create synergies and efficiencies. The operational review resulted in the reduction of non-customer-facing overhead. These organizational actions are expected to generate a sustainable improvement to net income of approximately $9.0 million annually, after the reinvestment of some of the savings in existing stores.

The following table presents summary consolidated financial data for fiscal 2014 and 2013:

	Fiscal Year Ended September 30,		Percentage Change
	2014 As Restated	2013	
	(in thousands)		
Revenues:			
Merchandise sales	$388,022	$368,085	5 %
Jewelry scrapping sales	96,243	131,702	(27)%
Pawn service charges	248,378	251,354	(1)%
Consumer loan fees and interest	220,141	211,625	4 %
Other revenues	4,862	7,402	(34)%
Total revenues	957,646	970,168	(1)%
Merchandise cost of goods sold	248,637	218,617	14 %
Jewelry scrapping cost of goods sold	72,836	96,133	(24)%
Consumer loan bad debt	65,944	52,494	26 %
Net revenues	570,229	602,924	(5)%
Income from continuing operations, net of tax	19,938	54,282	(63)%
Loss from discontinued operations, net of tax	(92,024)	(33,272)	177 %
Net (loss) income	(72,086)	21,010	(443)%
Net loss from continuing operations attributable to redeemable noncontrolling interest	(7,387)	(1,222)	505 %
Net loss from discontinued operations attributable to redeemable noncontrolling interest	—	(76)	(100)%
Net (loss) income attributable to EZCORP, Inc.	$(64,699)	$22,308	(390)%
Net earning assets:			
Pawn loans	$162,444	$156,637	4 %
Consumer loans, net	63,995	56,880	13 %
Inventory, net	138,175	145,200	(5)%
Non-current consumer loans, net	85,004	65,488	30 %
Consumer loans outstanding with unaffiliated lenders (1)	22,553	29,171	(23)%
Total net earning assets	$472,171	$453,376	4 %

(1) CSO loans are not recorded in our consolidated balance sheets.

In fiscal 2014, net income from continuing operations attributable to EZCORP was $27.3 million compared to $55.5 million during prior year. This $28.2 million decrease is primarily due to a $32.7 million decrease in net revenues mostly due to a decrease in merchandise and jewelry scrapping sales gross profit and an increase in consumer loan bad debt, and a $40.2

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million increase in operating expenses, partially offset by a $17.6 million decrease in non-operating expenses and a $20.9 million decrease in income tax expense.

Total revenues for fiscal 2014 were $957.6 million compared to $970.2 million in the prior year. Excluding jewelry scrapping sales, total revenues increased $22.9 million, or 3%, driven by increased merchandise sales and consumer loan fee growth in the United States and Latin America.

Total operating expenses increased by $40.2 million, or 8% from the prior year. This increase is due to:

- A $26.9 million increase in operations expense primarily due to a $14.3 million increase in labor, benefits and bonuses driven by commissions on new loan originations at Grupo Finmart, a $3.9 million increase in rent due primarily to operating costs at new and acquired stores opened during fiscal 2013 and 2014 and a $4.3 million increase in other and professional fees, and a $1.5 million increase in general taxes;
- A $9.8 million increase in administrative expense primarily due to discretionary bonuses awarded in November 2013, the one-time retirement benefit for our long-time Executive Chairman of $8.0 million, and the one-time charges relating to reorganization and outsourcing of our internal audit department to a global advisory services firm;
- A $3.9 million increase in depreciation and amortization expenses due to assets placed in service as we continue to invest in the infrastructure to support our growth; and
- A $6.7 million one-time restructuring charge; partially offset by
- A $7.0 million increase in gain on sale or disposal of assets, primarily due to the sale of seven U.S. pawn stores.

Total non-operating expenses decreased by $17.6 million, or 37% from the prior year. This decrease is primarily due to:

- Significantly less impairment of investment charges during the current fiscal year. During the current fiscal year, we adjusted our remaining investment in Albemarle & Bond down to zero, resulting in a $7.9 million write-off before tax, compared to a $43.2 million write-off in the prior fiscal year; partially offset by
- A $11.9 million increase in interest expense, net primarily due to a higher weighted average debt outstanding as compared to the prior year, in addition to interest expense attributable to VIEs consolidated in fiscal 2014; and
- A $7.3 million decrease in our equity in the net income of unconsolidated affiliates primarily due to a profit decline at Cash Converters International attributable to an interest rate cap commencing in Australia on July 1, 2013, which impacted both margins and volumes. The decrease in Cash Converters International financial service operations was partially offset by increases in profitability of store and franchise operations. Income from unconsolidated affiliates was also impacted due to Albemarle & Bond no longer reporting any earnings.

Net earning assets, including our CSO loans, were $472.2 million at year-end, an overall increase of 4% from the prior year. This was primarily a result of a 13% and 30% increase in net consumer loans and net non-current consumer loans, respectively.

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U.S. & Canada

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

	Fiscal Year Ended September 30,	
	2014	2013
	As Restated	
	(dollars in thousands)	
Revenues:		
Merchandise sales	$327,720	$310,521
Jewelry scrapping sales	89,941	123,162
Pawn service charges	217,891	221,775
Consumer loan fees and interest	166,764	169,098
Other revenues	2,701	2,887
Total revenues	805,017	827,443
Merchandise cost of goods sold	206,593	183,147
Jewelry scrapping cost of goods sold	67,029	88,637
Consumer loan bad debt	46,339	40,780
Net revenues	485,056	514,879
Segment expenses (income):		
Operations	335,445	326,216
Depreciation	17,265	15,814
Amortization	399	393
(Gain) loss on sale or disposal of assets	(6,620)	209
Interest (income) expense, net	(16)	16
Other income	(5)	(3)
Segment contribution	$138,588	$172,234
Other data:		
Gross margin on merchandise sales	37%	41%
Gross margin on jewelry scrapping sales	25%	28%
Gross margin on total sales	34%	37%
Net earning assets - continuing operations	$306,872	$315,086
Average pawn loan balance per pawn store at period end	$295	$285
Average yield on pawn loan portfolio (a)	161%	161%
Pawn loan redemption rate	83%	83%
Consumer loan bad debt as a percentage of consumer loan fees	28%	24%

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

The U.S. & Canada segment total revenues decreased $22.4 million, or 3%, from the prior year to $805.0 million. The overall decrease in total revenues was primarily due to a $33.2 million decrease in jewelry scrapping sales. Excluding jewelry scrapping sales, total revenues increased $10.8 million, or 2%. The increase consisted of a $17.2 million increase in merchandise sales, offset by a $3.9 million decrease in pawn service charges and a $2.5 million decrease in consumer loan fees and interest and other revenues. In fiscal 2014, we opened 25 de novo locations bringing our total number of stores in the U.S. & Canada segment to 1,044.

Fiscal 2014 pawn service charge revenue decreased $3.9 million, or 2%, from the prior year to $217.9 million. The overall decrease in pawn service charge revenue was primarily due to an average pawn loan balance decrease of 2% from the prior year, while the average yield remained flat at 161%.

Fiscal 2014 merchandise sales increased $17.2 million, or 6%, primarily due to an increase in jewelry sales. The increase in jewelry sales was due to a shift in strategy to retailing jewelry rather than scrapping it. Merchandise sales gross profit decreased

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$6.2 million, or 5%, from the prior year to $121.1 million. The decrease in gross profit was primarily due to an increase in cost of goods sold as a result of an increase in online sales fees and an increase in our inventory reserve due to declining gold prices. Inventory turned 2.3 times as compared to 2.6 times for the prior fiscal year.

Gross profit on jewelry scrapping sales decreased $11.6 million, or 34%, from the prior year to $22.9 million. Jewelry scrapping revenues decreased $33.2 million, or 27%, primarily due to a 17% decrease in proceeds realized per gram of gold jewelry scrapped, coupled with a 17% decrease in gold volume. Same store jewelry scrapping sales decreased $38.6 million, or 31%, and new and acquired stores contributed $5.4 million. Jewelry scrapping sales include the sale of approximately $12.1 million of loose diamonds removed from scrap jewelry in fiscal 2014 and $11.3 million in the prior year. As a result of the decrease in volume, scrap cost of goods decreased $21.6 million, or 24%.

Fiscal 2014 consumer loan fees and interest decreased $2.3 million, or 1%, from the prior year to $166.8 million, despite a 5% increase in the average consumer loans outstanding during the period to $46.3 million. Total consumer loan bad debt increased $5.6 million, or 14%, from the prior year to $46.3 million. The overall decrease in consumer loan fees was primarily due to the introduction of lower-yielding products in Texas ordinance cities and higher duration products attributable to new customers acquired which generated higher-than-anticipated bad debt. Total U.S. & Canada segment expenses increased to $346.5 million (43% of revenues) in fiscal 2014 from $342.6 million (41% of revenues) in the prior year. Operations expense increased $9.2 million, or 3%, primarily due to a $6.5 million increase in labor and benefits, and a $3.2 million increase in rent, partially offset by a slight decrease in other operating expenses. Depreciation and amortization increased $1.5 million, or 9%, from the prior year to $17.7 million, primarily due to assets placed in service at new stores. Gain on sale of disposal of assets was $6.6 million in fiscal 2014, an increase of $6.8 million from the prior year due primarily to the gain realized on sale of seven U.S. pawn stores (three in Louisiana, two in Mississippi, one in Alabama and one in Florida).

In fiscal 2014, the U.S. & Canada segment delivered a contribution of $138.6 million, a $33.6 million, or 20%, decrease compared to the prior year. For fiscal 2014, the U.S. & Canada segment contribution represented 113% of consolidated segment contribution compared to 91% in the prior year, excluding impairment expense in the Other International segment.

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Latin America

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

	Fiscal Year Ended September 30,	
	2014	2013
	As Restated	
	(dollars in thousands)	
Revenues:		
Merchandise sales	$60,302	$57,564
Jewelry scrapping sales	6,302	8,540
Pawn service charges	30,487	29,579
Consumer loan fees and interest	53,377	42,527
Other revenues	2,161	2,976
Total revenues	152,629	141,186
Merchandise cost of goods sold	42,044	35,470
Jewelry scrapping cost of goods sold	5,807	7,496
Consumer loan bad debt	19,605	11,714
Net revenues	85,173	86,506
Segment expenses (income):		
Operations	81,621	62,889
Depreciation	5,873	5,222
Amortization	2,004	1,711
Loss on sale or disposal of assets	27	17
Interest expense, net	19,501	11,279
Other income	(5)	(218)
Segment (loss) contribution	$(23,848)	$5,606
Other data:		
Gross margin on merchandise sales	30%	38%
Gross margin on jewelry scrapping sales	8%	12%
Gross margin on total sales	28%	35%
Net earning assets - continuing operations	$164,750	$123,284
Average pawn loan balance per pawn store at period end	$71	$57
Average yield on pawn loan portfolio (a)	197%	191%
Pawn loan redemption rate	77%	75%
Consumer loan bad debt expense as a percentage of consumer loan fees and interest	37%	28%

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

The average exchange rate used to translate Latin America's results from Mexican pesos to U.S. dollars was 13.1 to 1, which was 3% higher than the prior year's rate of 12.7 to 1. In fiscal 2014, we opened six de novo locations bringing our total number of stores in the Latin America segment to 314, operating under the brands Crediamigo, Adex, Empeño Fácil and TUYO.

The Latin America segment's total revenues increased $11.4 million, or 8%, in fiscal 2014 to $152.6 million. The overall increase in total revenues was due to a $10.9 million increase in consumer loan fees and interest, a $2.7 million increase in merchandise sales and a $0.9 million increase in pawn service charges, partially offset by a $2.2 million decrease in jewelry scrapping sales and a $0.8 million decrease in other revenues.

The Latin America segment's pawn service charge revenues increased $0.9 million, or 3%, in fiscal 2014 to $30.5 million. The total increase was primarily due to a slight increase in the average outstanding pawn loan balance during the period, in addition to a 6.0 percentage point increase in the average pawn yield.

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Merchandise sales gross profit decreased $3.8 million, or 17%, from the prior year to $18.3 million. Gross margins decreased 8% percentage points to 30% primarily due to an increase in merchandise cost of goods sold. The increase in merchandise cost of goods sold is due to inventory write-downs in order to move aged inventory in addition to an increase in our inventory reserve as a result of increases in aged merchandise. Inventory turned 2.3 times as compared to 2.5 times for the prior fiscal year.

Gross profit on jewelry scrapping sales decreased $0.5 million, or 53%, from the prior year to $0.5 million. Jewelry scrapping revenues decreased $2.2 million, or 26%, in fiscal 2014, to $6.3 million. The decrease was primarily due to a 10% decrease in proceeds realized per gram of gold jewelry scrapped coupled with a 10% decrease in gold volume processed. Same store jewelry scrapping sales decreased $2.8 million, or 33%, and new and acquired stores contributed $0.6 million. Scrap cost of goods decreased $1.7 million, or 23%, due to the decrease in volume.

Consumer loan fees and interest increased $10.9 million, or 26%, from the prior year to $53.4 million. The increase is primarily due to a 30% increase in loan originations as a result of higher penetration on existing contracts and the addition of new contracts in fiscal 2014, as well as the effects of the restatement described in Note 2 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data."

Total consumer loan bad debt increased $7.9 million, from the prior year to $19.6 million. The increase is primarily due to an increase in bad debt reserves after a government agency offered early retirement to its workers, which increased the number of loans outside of the automatic payroll deduction system, as well as the effects of the restatement described in Note 2 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data."

Total Latin America segment expenses increased to $109.0 million (71% of revenues) in fiscal 2014 from $80.9 million (57% of revenues) in the prior year. The increase was primarily due to a $18.7 million, or 30%, increase in operations expenses due to:

- An overall increase in commissions of $10.1 million related to new loan originations at Grupo Finmart;
- A $3.2 million increase in professional fees, including legal, accounting and consulting services, to support our Latin America operations; and
- A $1.0 million, $0.7 million and $0.9 million increase in advertising, rent and general taxes, respectively.

Depreciation and amortization increased $0.9 million from the prior year to $7.9 million, primarily due to depreciation of assets placed in service at new stores.

The $8.2 million increase in net interest expense was due to a higher weighted average debt outstanding as compared to the prior year and the inclusion of $4.3 million in interest expense on consolidated VIE debt in fiscal 2014, partially offset by a decrease in the weighted average rate on Grupo Finmart's third party debt (excluding the consolidated VIEs) to 9% from 11% in the prior year. At September 30, 2014, Grupo Finmart had outstanding third party debt of $144.4 million, excluding consolidated VIE debt, and $61.1 million of consolidated VIE debt, for a toal debt outstanding of $205.5 million.

In fiscal 2014, the Latin America segment contribution decreased $29.5 million from the prior year due to a $1.3 million decrease in net revenues and a $28.1 million increase in segment expenses.

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Other International

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

	Fiscal Year Ended September 30,	
	2014	2013
	As Restated	
	(dollars in thousands)	
Revenues:		
Other revenues	$—	$1,539
Total revenues	—	1,539
Segment expenses (income):		
Operations	—	1,095
Equity in net income of unconsolidated affiliates	(5,948)	(13,240)
Impairment of investments	7,940	43,198
Other expense	115	1,553
Segment loss	$(2,107)	$(31,067)

Our equity in the net income of unconsolidated affiliates decreased $7.3 million, or 55%, from the prior year to $5.9 million. The decrease was due to a $3.9 million decrease from Cash Converters International and a $3.4 million decrease due to Albemarle & Bond no longer reporting any earnings. The decrease in Cash Converters International was due to an interest rate cap commencing in Australia on July 1, 2013, which impacted both margins and volumes, as well as an immaterial adjustment of $1.4 million pertaining to the correction of timing of our recognition of income from Cash Converters International. The decrease in Cash Converters International's financial services operations was partially offset by increases in profitability of store and franchise operations.

In fiscal 2013, we recorded a $43.2 million impairment of investments. This amount was primarily comprised of a $42.5 million impairment of Albemarle & Bond.

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Other Items

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

	Fiscal Year Ended September 30,	
	2014	2013
	As Restated	
	(dollars in thousands)	
Segment contribution	$112,633	$146,773
Corporate expenses:		
Administrative	62,096	52,339
Depreciation	6,663	6,822
Amortization	3,072	1,381
Loss on sale or disposal of assets	964	1,133
Interest expense, net	7,605	3,873
Restructuring	6,664	—
Other expense	375	745
Income from continuing operations before income taxes	25,194	80,480
Income tax expense	5,256	26,198
Income from continuing operations, net of tax	19,938	54,282
Loss from discontinued operations, net of tax	(92,024)	(33,272)
Net (loss) income	(72,086)	21,010
Net loss from continuing operations attributable to redeemable noncontrolling interest	(7,387)	(1,222)
Net loss from discontinued operations attributable to redeemable noncontrolling interest	—	(76)
Net (loss) income attributable to EZCORP, Inc.	$(64,699)	$22,308

Total corporate expenses increased $21.1 million to $87.4 million. The increase was due primarily to a $9.8 million increase in administrative expenses, a $1.5 million increase in depreciation and amortization, a $3.7 million increase in interest expense and a $6.7 million restructuring charge.

The increase in administrative expenses was primarily due to a one-time retirement benefit for our long-time Executive Chairman of $8.0 million in addition to discretionary bonuses awarded in November 2013.

The increase in depreciation and amortization was primarily due to assets placed in service as part of our multi-year information technology plan.

In fiscal 2014, we strengthened our financial flexibility by raising $230 million through a private convertible debt offering, which enabled us to repay all outstanding borrowings under the senior secured credit agreement. Interest expense increased $3.7 million, or 96%, due to significantly higher average debt outstanding in addition to the accelerated amortization of $0.7 million of deferred financing costs related to our senior secured credit agreement and $2.1 million of debt discount amortization.

In fiscal 2014, we announced a restructuring plan aimed to align our organization with our core business objective, which is to provide efficient, effective and economical instant cash solutions for our customers. During the year we reduced the non-customer-facing overhead structure in all of our businesses in order to streamline operations and create synergies and efficiencies. Due to the reorganization plan, we incurred $6.7 million in restructuring charges.

Consolidated income from continuing operations before income taxes decreased $55.3 million, or 69%, to $25.2 million. The overall decrease was due to decreases in contribution of $33.6 million and $29.5 million from the U.S. & Canada and Latin America segments, respectively, and a $21.1 million increase in corporate expenses, partially offset by a $29.0 million decrease in segment loss from the Other International segment.

In fiscal 2014, income tax expense decreased $20.9 million, or 80%, to $5.3 million, primarily due to the decrease in income from continuing operations before income taxes. The fiscal 2014 effective tax rate decreased to 21% from 33% in fiscal 2013.

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In fiscal 2014, we announced our exit from the online lending markets in the U.S. and the U.K. As a result, we incurred $103.1 million in termination costs from our discontinued operations. This amount includes $84.2 million in goodwill impairment charges, $11.8 million in long-lived assets impairments, $7.6 million of estimated costs related to regulatory compliance, employee severance and accelerated amortization of prepaid expenses and other assets, $2.9 million in asset write-downs to liquidation value and $1.5 million in lease termination costs, partially offset by a $4.8 million reversal of contingent consideration payable. Additionally, in fiscal 2014, operational losses from discontinued operations before taxes decreased $5.1 million, or 29%, to $12.6 million and the income tax benefit due to discontinued operations increased $13.1 million to $19.8 million. As a result loss from discontinued operations increased $58.8 million to $92.0 million.

During fiscal 2014 net income attributable to EZCORP, Inc. decreased $87.0 million, resulting in a loss of $64.7 million.

Fiscal 2013 Compared to Fiscal 2012 (as restated)

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

The following table presents summary consolidated financial data for our fiscal 2013 and 2012:

	Fiscal Year Ended September 30,		Percentage Change
	2013 As Restated	2012	
	(in thousands)		
Revenues:			
Merchandise sales	$368,085	$333,064	11 %
Jewelry scrapping sales	131,702	202,481	(35)%
Pawn service charges	251,354	233,538	8 %
Consumer loan fees and interest	211,625	187,748	13 %
Other revenues	7,402	3,886	90 %
Total revenues	970,168	960,717	1 %
Merchandise cost of goods sold	218,617	190,637	15 %
Jewelry scrapping cost of goods sold	96,133	130,715	(26)%
Consumer loan bad debt	52,494	43,441	21 %
Net revenues	602,924	595,924	1 %
Income from continuing operations, net of tax	54,282	146,454	(63)%
Loss from discontinued operations, net of tax	(33,272)	(5,343)	523 %
Net income	21,010	141,111	(85)%
Net (loss) income from continuing operations attributable to redeemable noncontrolling interest	(1,222)	4,119	(130)%
Net (loss) income from discontinued operations attributable to redeemable noncontrolling interest	(76)	147	(152)%
Net income attributable to EZCORP, Inc.	$22,308	$136,845	(84)%
Net earning assets:			
Pawn loans	$156,637	$157,648	(1)%
Consumer loans, net	56,880	45,036	26 %
Inventory, net	145,200	109,214	33 %
Non-current consumer loans, net	65,488	46,704	40 %
Consumer loans outstanding with unaffiliated lenders (1)	29,171	25,484	14 %
Total net earning assets	$453,376	$384,086	18 %

(1) CSO loans are not recorded in our consolidated balance sheets.

In fiscal 2013, net income from continuing operations attributable to EZCORP was $55.5 million compared to $142.3 million during fiscal 2012. This $86.8 million decrease is attributable to a $36.2 million decrease in jewelry scrapping profit, a $9.1 million increase in consumer loan bad debt, a $75.0 million increase in total operating expenses, a $16.7 million increase in net

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interest expense, a $2.8 million decrease in equity in net income of unconsolidated affiliates a $43.2 million impairment of investments and a $3.0 million decrease in other income, partially offset by a $23.9 million increase in consumer loan fees and interest, a $17.8 million increase in pawn service charges, a $3.5 million increase in other revenues, a $7.0 million increase in merchandise sales profit, a $41.5 million decrease in income tax expense and a $5.3 million decrease in net income from continuing operations attributable to redeemable noncontrolling interest.
Total fiscal 2013 revenues were $970.2 million compared to $960.7 million in fiscal 2012. Excluding jewelry scrapping sales, total revenues increased $80.2 million, or 11%, driven by consumer loan fees and interest by Grupo Finmart and increases in merchandise sales and pawn service charges in the United States and Mexico.
Total operating expenses increased by $75.0 million, or 19%. This increase is mainly attributable to:

- A $61.4 million, or 19%, increase in operations expense primarily due to a $27.0 million increase in labor and benefits driven by the increase in store count and commissions on new loan originations at Grupo Finmart, and a $34.4 million increase in other operating expenses driven by the increase in store count and a full year inclusion of Grupo Finmart in fiscal 2013 compared to eight months in fiscal 2012.
- A $4.5 million, or 9%, increase in administrative expenses including increases in labor, benefits and professional fees associated with supporting accelerated growth of the de novo and international operations.
- A $7.5 million, or 32%, increase in depreciation and amortization due associated with assets placed in service at new and acquired stores.

Net earning assets, including our CSO loans, were $453.4 million at year-end, an overall increase of 18%. This was primarily a result of an increase in consumer loans at Grupo Finmart and a 33% increase in inventory.

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U.S. & Canada

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

	Fiscal Year Ended September 30,	
	2013	2012
	As Restated	
	(dollars in thousands)	
Revenues:		
Merchandise sales	$310,521	$291,497
Jewelry scrapping sales	123,162	191,905
Pawn service charges	221,775	210,601
Consumer loan fees and interest	169,098	161,768
Other revenues	2,887	2,594
Total revenues	827,443	858,365
Merchandise cost of goods sold	183,147	168,133
Jewelry scrapping cost of goods sold	88,637	122,604
Consumer loan bad debt	40,780	35,330
Net revenues	514,879	532,298
Segment expenses (income):		
Operations	326,216	291,527
Depreciation	15,814	13,075
Amortization	393	567
Loss (gain) on sale or disposal of assets	209	(260)
Interest expense (income), net	16	(3)
Other income	(3)	(647)
Segment contribution	$172,234	$228,039
Other data:		
Gross margin on merchandise sales	41%	42%
Gross margin on jewelry scrapping sales	28%	36%
Gross margin on total sales	37%	40%
Average pawn loan balance per pawn store at period end	$285	$295
Average yield on pawn loan portfolio (a)	161%	160%
Pawn loan redemption rate	83%	82%
Consumer loan bad debt as a percentage of consumer loan fees	24%	22%

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

The U.S. & Canada segment total revenues decreased $30.9 million, or 4%, from the prior year to $827.4 million. The overall decrease in total revenues was primarily due to a $68.7 million decrease in jewelry scrapping sales. Excluding jewelry scrapping sales, total revenues increased $37.8 million, or 6%. The increase consisted of a $19.0 million increase in merchandise sales, an $11.2 million increase in pawn service charges and a $7.6 million increase in loan fees and other revenues. In fiscal 2013, we acquired 12 pawn stores in the U.S. for $23.1 million and began operations in the state of Arizona. In fiscal 2013, we opened 84 de novo locations bringing our total number of stores in the U.S. & Canada segment to 1,030.

Fiscal 2013 pawn service charge revenue increased 5%, or $11.2 million, from fiscal 2012 to $221.8 million. Same store pawn service charges increased $3.8 million, or 2%, with new and acquired stores net of closed stores contributing $7.4 million. The same store improvement was due to a slight increase in the average yield. The yield improved primarily due to a higher loan redemption rate as we continued to focus on loan values and better qualifying customers to determine those that prefer to sell their merchandise rather than use it as collateral for a loan.

Fiscal 2013 merchandise sales gross profit increased $4.0 million, or 3%, from fiscal 2012 to $127.4 million. This was due to a $3.3 million increase in same store sales and a $15.7 million increase in sales from new and acquired stores net of closed stores,

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partially offset by a slight decrease in gross margins. The decrease in gross margins was due to a shift in sales mix from jewelry to general merchandise.

Gross profit on jewelry scrapping sales decreased $34.8 million, or 50%, from the prior year to $34.5 million. Jewelry scrapping revenues decreased $68.7 million, or 36%, due to a 4% decrease in proceeds realized per gram of gold jewelry scrapped, coupled with a 35% decrease in gold volume. Same store jewelry scrapping sales decreased $80.3 million, or 42%, and new and acquired stores contributed $11.6 million. Jewelry scrapping sales include the sale of approximately $11.3 million of loose diamonds removed from scrap jewelry in fiscal 2013 and $10.8 million in fiscal 2012. As a result of the decrease in volume, jewelry scrapping cost of goods decreased $34.0 million.

Total segment expenses increased to $342.6 million (41% of revenues) in fiscal 2013 from $304.3 million (35% of revenues) in the prior year. Operations expense increased 12%, or $34.7 million, due to a $13.6 million increase in labor and benefits and a $21.1 million increase in operating costs at new and acquired stores and additional investments made in infrastructure to support our growth. Depreciation and amortization increased 19%, or $2.6 million, from fiscal 2012 to $16.2 million, mainly due to assets placed in service at new and acquired stores.

In fiscal 2013, the U.S. & Canada segment delivered contribution of $172.2 million, a $55.8 million, or 24% decrease compared to fiscal 2012. For fiscal 2013, the U.S. & Canada segment contribution represented 91% of consolidated segment contribution compared to 84% in the prior year, excluding impairment expense in the Other International segment. The U.S & Canada segment has experienced significant challenges related to jewelry merchandise sales and gold scrap sales; however, other elements of the business have continued to show strength, offsetting to a large extent the challenges in the gold and jewelry market.

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Latin America

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

	Fiscal Year Ended September 30,	
	2013	2012
	As Restated	
	(dollars in thousands)	
Revenues:		
Merchandise sales	$57,564	$41,567
Jewelry scrapping sales	8,540	10,576
Pawn service charges	29,579	22,937
Consumer loan fees and interest	42,527	25,980
Other revenues	2,976	1,292
Total revenues	141,186	102,352
Merchandise cost of goods sold	35,470	22,504
Jewelry scrapping cost of goods sold	7,496	8,111
Consumer loan bad debt	11,714	8,111
Net revenues	86,506	63,626
Segment expenses (income):		
Operations	62,889	37,322
Depreciation	5,222	3,319
Amortization	1,711	1,370
Loss on sale or disposal of assets	17	12
Interest expense (income), net	11,279	(4,507)
Other income	(218)	(5)
Segment contribution	$5,606	$26,115
Other data:		
Gross margin on merchandise sales	38%	46%
Gross margin on jewelry scrapping sales	12%	23%
Gross margin on total sales	35%	41%
Average pawn loan balance per pawn store at period end	$57	$81
Average yield on pawn loan portfolio (a)	191%	198%
Pawn loan redemption rate	75%	76%
Consumer loan bad debt as a percentage of consumer loan fees	28%	31%

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

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

The Latin America segment's total revenues increased $38.8 million, or 38%, in fiscal 2013 to $141.2 million. The overall increase in total revenues was primarily due to the $16.5 million increase in Grupo Finmart consumer loan fees, a $16.0 million increase in merchandise sales, a $6.6 million increase in pawn service charges and a $1.7 million increase in other revenues, partially offset by a $2.0 million decrease in jewelry scrapping sales.

The Latin America segment's pawn service charge revenues increased $6.6 million, or 29%, in fiscal 2013 to $29.6 million. Same store pawn service charges increased $2.3 million, or 10%, and new and acquired stores contributed $4.3 million. The

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total increase was due to a 12% increase in the average pawn loan balance during the period, partially offset by a 7.0 percentage point decrease in the pawn yield. The yield decrease was primarily due to a slight decrease in the loan redemption rate and a shift in the loan balance to general merchandise.
Merchandise sales gross profit increased \$3.0 million, or 16%, from fiscal 2012 to \$22.1 million. The increase was due to an overall increase in same store and new and acquired stores sales partially offset by a 7.5 percentage point decrease in gross margins to 38%. The decrease in margins was due to a decrease in jewelry sales.
Gross profit on jewelry scrapping sales decreased \$1.4 million, or 58%, from the prior year to \$1.0 million. Jewelry scrapping revenues decreased \$2.0 million, or 19%, in fiscal 2013, to \$8.5 million. The decrease was due to an 11% decrease in proceeds realized per gram of gold jewelry scrapped coupled with a 13% decrease in gold volume processed. Same store jewelry scrapping sales decreased \$3.7 million, or 35%, and new and acquired stores contributed \$1.7 million. Scrap cost of goods decreased \$0.6 million, or 8%, due to the decrease in volume.
Consumer loan fees and interest increased \$16.5 million, or 64%, to \$42.5 million. The increase is due to a full year inclusion of Grupo Finmart as opposed to eight months in fiscal 2012, coupled with a 46% increase in the average loan balance during the period. The increase in the loan balance is due higher penetration on existing contracts and the addition of new contracts in fiscal 2013, as well as the effects of the restatement described in Note 2 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data."
Total segment expenses increased to \$80.9 million (57% of revenues) in fiscal 2013 from \$37.5 million (37% of revenues) in the prior year. The increase was due to a 69%, or \$25.6 million, increase in operations expenses due to higher operating costs resulting from the addition of 66 Empeño Fácil stores since the prior period, the acquisition of TUYO and the full year inclusion of Grupo Finmart's administrative expenses. Depreciation and amortization increased \$2.2 million from the prior year to \$6.9 million, mainly due to depreciation of assets placed in service at new stores and amortization of acquisition related intangible assets. The \$15.8 million increase in interest expense was due to a prior year \$4.5 million reduction to interest expense due to the accelerated amortization of debt premium associated with Grupo Finmart's refinanced debt. The weighted average rate on Grupo Finmart's third party debt remained flat at 11% on outstanding debt of \$105.5 million at September 30, 2013.
In fiscal 2012, the impact of the amortization of consumer loan discount and long-term debt premium totaled \$9.3 million, of which \$5.6 million was attributable to EZCORP, Inc. with the majority of this amount due to a \$15.1 million accelerated amortization of debt premium associated with the refinanced debt at Grupo Finmart.

In fiscal 2013, the \$22.9 million greater net revenues were offset by the \$43.4 million in segment expenses, resulting in a \$20.5 million decrease in contribution for the Latin America segment. Excluding the \$9.3 million benefit due to the amortization of consumer loan discount and long-term debt premium in fiscal 2012, segment contribution decreased \$11.2 million, or 67%. For fiscal 2013, Latin America's segment contribution represents 4% of consolidated segment contribution compared to 10% in fiscal 2012.

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Other International

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

	Fiscal Year Ended September 30,	
	2013	2012
	As Restated	
	(dollars in thousands)	
Revenues:		
Other revenues	$1,539	$—
Total revenues	1,539	—
Segment expenses (income):		
Operations	1,095	—
Equity in net income of unconsolidated affiliates	(13,240)	(16,038)
Impairment of investments	43,198	—
Other expense (income)	1,553	(236)
Segment (loss) contribution	$(31,067)	$16,274

In fiscal 2013, the segment's $1.5 million in other revenues represented fees from a consulting agreement with Albemarle & Bond. Under the terms of the agreement we were engaged to assess, identify and implement improvements in their gold and diamond supply chains and labor optimization.

Operations expense of $1.1 million represented costs associated with the Albemarle & Bond consulting agreement and professional fees related to our other international operations.

Our equity in the net income of unconsolidated affiliates decreased $2.8 million, or 17%, from the prior year to $13.2 million. The decrease is due primarily to a significant decrease in Albemarle & Bond's results.

In fiscal 2013, we recorded a $43.2 million impairment of investments. This amount was primarily comprised of a $42.5 million impairment of Albemarle & Bond.

In fiscal 2013, segment contribution from the Other International segment was a $31.1 million loss, a $47.3 million decrease from fiscal 2012.

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Other Items

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

	Fiscal Year Ended September 30,	
	2013	2012
	As Restated	
	(dollars in thousands)	
Segment contribution	$146,773	$270,428
Corporate expenses (income):		
Administrative	52,339	47,873
Depreciation	6,822	5,457
Amortization	1,381	19
Loss (gain) on sale or disposal of assets	1,133	(1)
Interest expense, net	3,873	2,961
Other income	745	—
Income from continuing operations before income taxes	80,480	214,119
Income tax expense	26,198	67,665
Income from continuing operations, net of tax	54,282	146,454
Loss from discontinued operations, net of tax	(33,272)	(5,343)
Net income	21,010	141,111
Net (loss) income from continuing operations attributable to redeemable noncontrolling interest	(1,222)	4,119
Net (loss) income from discontinued operations attributable to redeemable noncontrolling interest	(76)	147
Net income attributable to EZCORP, Inc.	$22,308	$136,845

Total corporate items increased $10.0 million to $66.3 million. The increase was due to a $4.5 million increase in administrative expenses, a $2.7 million increase in depreciation and amortization and a $0.9 million increase in interest expense. The increase in administrative expenses, depreciation and amortization was primarily associated with supporting accelerated growth of the de novo and international operations. In fiscal 2013, interest expense increased 31% due to greater utilization of our revolver and depreciation expense increased 25% due to assets placed in service as we continue to invest in the infrastructure to support our growth.

Consolidated income from continuing operations before income taxes decreased $133.6 million, or 62%, to $80.5 million due to a $55.8 million, $20.5 million and $47.3 million decreases in contribution from the U.S. & Canada, Latin America and Other International segments, respectively and a $10.0 million increase in corporate expenses.

In fiscal 2013, income tax expense decreased $41.5 million, or 61%, to $26.2 million. The fiscal 2013 effective tax rate was 33%, compared to 32% in the prior year, primarily due to restructuring of our legal entities in addition to an increase in the amount of permanently reinvested foreign earnings.

In fiscal 2013, we implemented a plan to close 107 legacy stores in a variety of locations. As a result, we incurred $22.2 million in termination charges recorded as part of loss from discontinued operations. Excluding these one-time charges, pre-tax operational losses from discontinued operations increased $12.3 million. Additionally, the income tax benefit from discontinued operations increased $6.5 million, resulting in a $27.9 million increase in loss from discontinued operations, net of tax.

In fiscal 2013, net income attributable to redeemable noncontrolling interest decreased $5.6 million. The net result of this and the other above described items was a $114.5 million, or 84%, decrease in net income attributable to EZCORP, Inc. to $22.3 million.

Liquidity and Capital Resources

In fiscal 2014, our $74.7 million cash flow from operations consisted of (i) net income plus several non-cash items aggregating to $124.7 million, and $5.1 million in cash dividends from our unconsolidated affiliates, net of (ii) $55.1

million of normal, recurring changes in operating assets and liabilities.

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In the prior year, our $120.5 million of cash flow from operations consisted of (i) net income plus several non-cash items, aggregating to $133.3 million, and $10.6 million in cash dividends from our unconsolidated affiliates, net of (ii) $23.5 million of normal, recurring changes in operating assets and liabilities. The primary differences in cash flow from operations between fiscal 2014 and the prior year are attributable to the increase in operations, administrative, and interest expense, and a decrease in dividends from unconsolidated affiliates, partially offset by an increase in normal, recurring changes in operating assets and liabilities. In fiscal 2014, we increased our loans made over last year by 4% to $959.5 million and loan repayments increased 5% year-over-year to $659.0 million. The $80.1 million of net cash used in investing activities during fiscal 2014 was funded by cash flow from operations, cash on hand, borrowings on our line of credit facility, borrowings from banks and proceeds from issuance of convertible notes. We invested $13.2 million in cash to acquire consumer loan portfolios. Other significant investing activities in the period were $23.0 million in additions of property and equipment in addition to $10.6 million in proceeds from sale of assets. In addition, $54.5 million of loans made in excess of customer loan repayments and the recovery of principal through the sale of forfeited pawn loan collateral contributed to the net cash used in investing activities for the period. Total debt and capital lease obligations increased 49% over last year to $428.6 million. This total amount includes the effects of consolidated VIE debt as discussed in further detail below. Of this amount, $223.1 million was recourse to EZCORP and the remaining debt was non-recourse and attributable to our payroll withholding lending business in Mexico (Grupo Finmart).

The net effect of these and other smaller cash flows was a $26.2 million increase in cash on hand, providing a $55.3 million ending cash balance. Of the aforementioned ending cash balance, approximately 26%, or $14.2 million, is held by foreign subsidiaries and is not available to fund domestic operations, as we intend to permanently reinvest earnings from foreign operations.

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

	Payments due by Period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(As Restated) (in thousands)				
Long-term debt obligations*	$435,299	$36,455	$89,019	$299,907	$9,918
Interest on long-term debt obligations**	70,452	22,434	30,471	17,547	—
Operating lease obligations	237,718	58,421	87,006	43,903	48,388
Capital lease obligations	426	426	—	—	—
Interest on capital lease obligations	17	17	—	—	—
Deferred consideration	15,333	8,595	6,738	—	—
Total	$759,245	$126,348	$213,234	$361,357	$58,306

*Excludes debt premium related to Grupo Finmart and debt discount and convertible feature related to the convertible notes.

**Future interest on long-term obligations calculated on interest rates effective at the balance sheet date.

In addition to the contractual obligations in the table above, we are obligated under letters of credit issued to unaffiliated lenders as part of our credit service operations. At September 30, 2014, our maximum exposure for losses on letters of credit, if all brokered loans defaulted and none was collected, was $29.5 million. Of that total, $7.8 million was secured by titles to customers' automobiles. These amounts include principal, interest and insufficient funds fees.

In addition to the operating lease obligations in the table above, we are responsible for the maintenance, property taxes and insurance at most of our locations. In the fiscal year ended September 30, 2014, these collectively amounted to $22.8 million.

The operating lease obligations in the table above include expected rent for all our store locations through the end of their current lease terms. Of our 501 U.S. financial services stores, 214 adjoin a pawn store and are covered by the same lease agreement. The lease agreements at approximately 95% of the remaining 287 free-standing U.S. financial services stores contain provisions that limit our exposure for additional rent at these stores to only a few months if laws are enacted that have a significant negative effect on our operations at these stores. If such laws were passed, the space currently utilized by stores adjoining pawn stores could be re-incorporated into the pawn operations.

We used approximately $119.4 million of net proceeds from the 2.125% Cash Convertible Senior Notes offering, described below, to repay all outstanding borrowings under the senior secured credit agreement and terminated that agreement in June 2014. In June 2014, we issued $200 million aggregate principal amount of 2.125% Cash Convertible Senior Notes Due 2019 (the "Convertible Notes"). We granted the initial purchasers the option to purchase up to an additional $30.0 million aggregate principal amount of Convertible Notes. Such option was exercised in full on June 27, 2014, and we issued an additional $30.0 million principal amount of Convertible Notes on July 2, 2014. All of the Convertible Notes were issued pursuant to an indenture dated June 23, 2014 (the "Indenture") by and between us and Wells Fargo Bank, National Association, as the trustee. The Convertible Notes were issued in a private offering under Rule 144A under the Securities Act of 1933. The Convertible Notes pay interest semi-annually in arrears at a rate of 2.125% per annum on June 15 and December 15 of each year, commencing on December 15, 2014, and will mature on June 15, 2019 (the "Maturity Date"). Upon conversion or maturity, the Convertible Notes will be settled only in cash (including, in the case of conversion, an amount of cash representing the net value attributable to certain increases in the price of our Class A Non-voting Common Stock).

Prior to December 15, 2018, the Convertible Notes will be convertible only upon the occurrence of certain events and during certain periods, and thereafter, at any time prior to the close of business on the second scheduled trading day immediately preceding the Maturity Date, as described in the Indenture. The Convertible Notes are convertible into cash based on an initial conversion rate of 62.2471 shares of Class A Non-voting Common Stock per $1,000 principal amount of Convertible Notes (equivalent to an initial conversion price of approximately $16.065 per share of our Class A Non-voting Common Stock). The conversion rate will not be adjusted for any accrued and unpaid interest.

We entered into hedges with counterparties to limit our exposure to the additional cash payments above the $230.0 million aggregate principal amount of the Convertible Notes that may be due to the holders upon conversion. In separate transactions, we sold warrants with a strike price of $20.83 per share.

The Convertible Notes are our unsubordinated unsecured obligations and rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Convertible Notes; equal in right of payment with all of our other unsecured unsubordinated indebtedness; and effectively junior to all debt or other obligations (including trade payables) of our wholly-owned subsidiaries. The Indenture governing the Convertible Notes does not contain any financial covenants.

As of September 30, 2014, the Convertible Notes were not convertible because the conversion conditions have not been met. Accordingly, the net balance of the Convertible Notes of $185.7 million is classified as a non-current liability in our consolidated balance sheets as of September 30, 2014.

For an additional description of the Convertible Notes, the conversion terms thereof and the hedges and warrants transactions, see Note 10 in the notes to the consolidated financial statements.

At September 30, 2014, Grupo Finmart's third-party debt (non-recourse to EZCORP), excluding debt consolidated under VIEs, was $144.4 million, with a weighted average interest rate of 9%. Since the acquisition of Grupo Finmart in January 2012, Grupo Finmart's debt, excluding debt consolidated under VIEs, has increased $34.7 million, and its weighted average interest rate has decreased 10 percentage points, due to debt refinancing. This refinancing effort was a key assumption in our investment analysis and will result in significantly reduced interest expenses going forward.

During fiscal 2014, Grupo Finmart completed five transfers of consumer loans to consolidated VIEs. The debt outstanding as a result of these transfers was $61.1 million as of September 30, 2014. For an additional description of these proceeds, see “Secured Notes Consolidated from VIEs” in Note 10 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data.”

The $144.4 million Grupo Finmart debt, excluding consolidated VIE debt, and $61.1 million of consolidated VIE debt comprise the $205.5 million total debt outstanding of Grupo Finmart.

In July 2012 Grupo Finmart transferred certain consumer loans to a bankruptcy remote trust in a securitization transaction. The securitization borrowing facility had a maximum capacity of approximately $115.4 million. On February 17, 2014, Grupo Finmart repaid this facility and entered into a new securitization transaction to transfer collection rights of certain eligible consumer loans to a bankruptcy remote trust. At September 30, 2014, $54.0 million was outstanding under the securitization borrowing facility. The trust received financing as a result of the issuance of debt securities and delivered the proceeds of the financing to Grupo Finmart. The unrestricted cash received from this borrowing in the amount of $35.5 million was primarily used to repay the previous securitization borrowing facility due 2017 and the transaction costs associated with this transaction. The cash proceeds of approximately $20.6 million is restricted primarily for $17.9 million of collection rights on the additional eligible loans from Grupo Finmart, which Grupo Finmart expects to deliver to the trust within the next 12 months, and $2.7

million of interest and trust maintenance costs to be recovered at repayment. The restricted cash proceeds of $17.9 million are recourse to Grupo Finmart unless additional eligible loans are delivered within two year period specified in the agreement. As a result of higher average debt outstanding and greater utilization of our revolver, we have experienced an increase in payments on bank borrowings and revolving line of credit. We expect Grupo Finmart to continue its use of borrowing facilities, in addition to transfers of assets to consolidated VIEs, and proceeds from loan repayments to fund loan originations, operations and contractual obligations.

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

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

Off-Balance Sheet Arrangements

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

We include an allowance for Expected LOC Losses in “Accounts payable and other accrued expenses” in our consolidated balance sheets. At September 30, 2014, the allowance for Expected LOC Losses was $4.7 million. At that date, our maximum exposure for losses on letters of credit, if all brokered loans defaulted and none was collected, was $29.5 million. This amount includes principal, interest and insufficient funds fees.

We have no other off-balance sheet arrangements.

Seasonality

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

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.

Cautionary Statement Regarding Risks and Uncertainties That May Affect Future Results

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

- The restatement of previously issued consolidated financial statements;
- The identified material weaknesses in our internal control over financial reporting;

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

For a discussion of these important risk factors, see "Part I, Item 1A — Risk Factors."

In addition, we cannot predict all of the risks and uncertainties that could cause our actual results to differ from those expressed in the forward-looking statements. You should not place undue reliance on our forward-looking statements. Although forward-looking statements reflect our good faith beliefs, forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Accordingly, you should not regard any forward-looking statements as a representation that the expected results will be achieved.

We specifically disclaim any responsibility to publicly update any information contained in a forward-looking statement except as required by law. All forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary statement.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk Disclosures

We are exposed to market risk related to interest rates, gold values and changes in foreign currency exchange rates.

Our earnings are affected by changes in interest rates as our debt has a variable rate. If interest rates average 50 basis points more than our current rate in the fiscal year ended September 30, 2014, our interest expense during the year would increase by approximately $0.3 million. This amount is determined by considering the impact of the hypothetical interest rate change on our variable-rate debt at September 30, 2014.

Our earnings and financial position are affected by changes in gold values and the resulting impact on pawn lending, jewelry sales and jewelry cost of goods sold. The proceeds of scrap sales and our ability to sell jewelry inventory at an acceptable margin depend on gold values. The impact on our financial position and results of operations of a hypothetical change in gold values cannot be reasonably estimated. In the first quarter of fiscal 2012, we began using derivative financial instruments, in order to manage our commodity price risk associated with the forecasted sales of gold scrap. These derivatives are not designated as hedges as they do not meet the hedge accounting requirements of the Derivatives and Hedging topic of the FASB codification, and changes in their fair value are recorded directly in earnings.

Our earnings and financial position are affected by foreign exchange rate fluctuations related to our equity investments and our foreign operations. Cash Converters International's functional currency is the Australian dollar, Empeño Fácil's and Grupo Finmart's functional currency is the Mexican peso and our Canada operations' functional currency is the Canadian dollar. The impact on our results of operations and financial position of hypothetical changes in foreign currency exchange rates cannot be reasonably estimated due to the interrelationship of operating results and exchange rates.

The translation adjustment from Cash Genie, representing the weakening in the British pound, was a $0.5 million decrease to stockholders' equity. During the fiscal year ended September 30, 2014, the British pound strengthened to £1.00 to $1.6239 U.S. from $1.6136 at September 30, 2013.

The translation adjustment from Cash Converters International representing the strengthening in the Australian dollar from our investment dates to June 30, 2014 (included in our September 30, 2014 results on a three-month lag) was a $1.5 million increase to stockholders' equity. During the fiscal year ended September 30, 2014, the Australian dollar weakened to $1.00 Australian dollar to $0.8725 U.S. from $0.9312 at September 30, 2013.

The translation adjustment from Latin America representing the weakening of the Mexican peso during the year ended September 30, 2014 was a $3.3 million decrease to stockholders' equity. We have currently assumed permanent reinvestment of earnings and capital in Mexico. Accumulated translation gains or losses related to any future repatriation of earnings or capital would impact our earnings in the period of repatriation. During the fiscal year ended September 30, 2014, the peso weakened to $1.00 Mexican peso to $0.07414 U.S. from $0.07605 at September 30, 2013.

The translation adjustment from our Canadian operations representing the weakening of the Canadian dollar during the year ended September 30, 2014 was a $0.5 million decrease to stockholders' equity. During the fiscal year ended September 30, 2014, the Canadian dollar weakened to $1.00 Canadian dollar to $0.8962 U.S. from $0.9698 at September 30, 2013.

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

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of EZCORP, Inc. and subsidiaries (the "Company") as of September 30, 2014 and September 30, 2013, and the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity, and cash flows for each of the two years in the period ended September 30, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of EZCORP, Inc. and subsidiaries as of September 30, 2014 and September 30, 2013, and the results of their operations and their cash flows for each of the two years in the period ended September 30, 2014, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the accompanying 2014 and 2013 consolidated financial statements have been restated to correct errors.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 30, 2014, based on the criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 26, 2014 (November 9, 2015 as to the effects of the material weaknesses described in Management’s Report on Internal Control over Financial Reporting (Revised)) expressed an adverse opinion on the Company's internal control over financial reporting because of material weaknesses.

/s/ DELOITTE & TOUCHE LLP
Austin, Texas

November 26, 2014 (November 9, 2015 as to the effects of the restatement discussed in Note 2)

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Report of Independent Registered Public Accounting Firm

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

We have audited the consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows of EZCORP, Inc. (the Company) for the year ended September 30, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

As discussed in Note 2 to the consolidated financial statements, the accompanying 2012 consolidated financial statements have been restated to correct errors.

/s/ BDO USA, LLP
Dallas, Texas
November 20, 2012, except for Notes 3, 7, 8 and 15, which are as of November 26, 2014 and Notes 2, 5, 6, 13, 20, 21 and 24, which are as of November 9, 2015

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EZCORP, Inc.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	September 30, 2014	2013
	As Restated (See Note 2)	
Assets:		
Current assets:		
Cash and cash equivalents	$55,325	$29,100
Restricted cash	63,495	9,176
Pawn loans	162,444	156,637
Consumer loans, net	63,995	56,880
Pawn service charges receivable, net	31,044	30,362
Consumer loan fees and interest receivable, net	12,647	19,049
Inventory, net	138,175	145,200
Deferred tax asset	17,572	15,302
Prepaid income taxes	57,069	24,113
Prepaid expenses and other assets	33,097	34,214
Total current assets	634,863	520,033
Investments in unconsolidated affiliates	91,781	97,085
Property and equipment, net	105,900	116,281
Restricted cash, non-current	5,070	3,509
Goodwill	346,577	433,300
Intangible assets, net	66,086	65,391
Non-current consumer loans, net	85,004	65,488
Deferred tax asset	12,142	8,237
Other assets, net	63,121	23,644
Total assets (1)(3)	$1,410,544	$1,332,968
Liabilities and stockholders' equity:		
Current liabilities:		
Current maturities of long-term debt	$36,111	$30,436
Current capital lease obligations	418	533
Accounts payable and other accrued expenses	94,993	80,857
Other current liabilities	8,595	23,219
Customer layaway deposits	8,097	8,628
Total current liabilities	148,214	143,673
Long-term debt, less current maturities	392,054	215,939
Long-term capital lease obligations	—	391
Deferred gains and other long-term liabilities	15,172	29,785
Total liabilities (2)(4)	555,440	389,788
Commitments and contingencies		
Temporary equity:		
Redeemable noncontrolling interest	22,800	47,297
Stockholders' equity:		
Class A Non-voting Common Stock, par value $.01 per share; shares authorized: 100 million at September 30, 2014; 56 million at September 30, 2013; issued and outstanding: 50,614,767 at September 30, 2014; 51,269,434 at September 30, 2013	506	513
	30	30

Class B Voting Common Stock, convertible, par value $.01 per share; 3 million shares authorized; issued and outstanding: 2,970,171		
Additional paid-in capital	332,264	320,537
Retained earnings	509,586	581,248
Accumulated other comprehensive loss	(10,082)	(6,445)
EZCORP, Inc. stockholders' equity	832,304	895,883
Total liabilities and stockholders' equity	$1,410,544	$1,332,968

See accompanying notes to consolidated financial statements.

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Assets and Liabilities of Consolidated Variable Interest Entities (See Note 25)

(1) Our consolidated assets as of September 30, 2014 include the following assets of our consolidated variable interest entities:

	September 30, 2014	September 30, 2013
	As Restated (See Note 2)	
	(in thousands)	
Restricted cash	$1,921	$—
Consumer loans, net	16,465	—
Consumer loan fees and interest receivable, net	3,058	—
Non-current consumer loans, net	35,780	—
Total assets	$57,224	$—

(2) Our consolidated liabilities as of September 30, 2014 include the following liabilities of our consolidated variable interest entities:

	September 30, 2014	September 30, 2013
	As Restated (See Note 2)	
	(in thousands)	
Accounts payable and other accrued expenses	$2,105	$—
Current maturities of long-term debt	25,438	—
Long-term debt, less current maturities	35,624	—
Total liabilities	$63,167	$—

Assets and Liabilities of Grupo Finmart Securitization Trust

(3) Our consolidated assets as of September 30, 2014 and 2013 include the following assets of Grupo Finmart's securitization trust that can only be used to settle its liabilities:

	September 30, 2014	September 30, 2013
	(in thousands)	
Restricted cash	$23,592	$—
Consumer loans, net	41,588	33,900
Consumer loan fees and interest receivable, net	5,489	7,300
Restricted cash, non-current	133	3,509
Other assets, net	2,847	2,100
Total assets	$73,649	$46,809

(4) Our consolidated liabilities as of September 30, 2014 and 2013 include the following liabilities for which the creditors of Grupo Finmart's securitization trust do not have recourse to the general credit of EZCORP, Inc.:

	September 30, 2014	September 30, 2013
	(in thousands)	
Long-term debt, less current maturities	$54,045	$31,951

See accompanying notes to consolidated financial statements.

EZCORP, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended September 30,		
	2014	2013	2012
	As Restated (See Note 2)		
	(in thousands, except per share amounts)		
Revenues:			
Merchandise sales	$388,022	$368,085	$333,064
Jewelry scrapping sales	96,243	131,702	202,481
Pawn service charges	248,378	251,354	233,538
Consumer loan fees and interest	220,141	211,625	187,748
Other revenues	4,862	7,402	3,886
Total revenues	957,646	970,168	960,717
Merchandise cost of goods sold	248,637	218,617	190,637
Jewelry scrapping cost of goods sold	72,836	96,133	130,715
Consumer loan bad debt	65,944	52,494	43,441
Net revenues	570,229	602,924	595,924
Operating expenses:			
Operations	417,066	390,200	328,849
Administrative	62,096	52,339	47,873
Depreciation	29,801	27,858	21,851
Amortization	5,475	3,485	1,956
(Gain) loss on sale or disposal of assets	(5,629)	1,359	(249)
Restructuring	6,664	—	—
Total operating expenses	515,473	475,241	400,280
Operating income	54,756	127,683	195,644
Interest expense (income), net	27,090	15,168	(1,549)
Equity in net income of unconsolidated affiliates	(5,948)	(13,240)	(16,038)
Impairment of investments	7,940	43,198	—
Other expense (income)	480	2,077	(888)
Income from continuing operations before income taxes	25,194	80,480	214,119
Income tax expense	5,256	26,198	67,665
Income from continuing operations, net of tax	19,938	54,282	146,454
Loss from discontinued operations, net of tax	(92,024)	(33,272)	(5,343)
Net (loss) income	(72,086)	21,010	141,111
Net (loss) income from continuing operations attributable to redeemable noncontrolling interest	(7,387)	(1,222)	4,119
Net (loss) income from discontinued operations attributable to redeemable noncontrolling interest	—	(76)	147
Net (loss) income attributable to EZCORP, Inc.	$(64,699)	$22,308	$136,845
Basic (loss) earnings per share attributable to EZCORP, Inc.:			
Continuing operations	$0.50	$1.03	$2.80
Discontinued operations	(1.70)	(0.62)	(0.11)
Basic (loss) earnings per share	$(1.20)	$0.41	$2.69
Diluted (loss) earnings per share attributable to EZCORP, Inc.:			
Continuing operations	$0.50	$1.03	$2.78
Discontinued operations	(1.69)	(0.62)	(0.11)

Diluted (loss) earnings per share	$(1.19)	$0.41	$2.67
Weighted average shares outstanding:			
Basic	54,148	53,657	50,877
Diluted	54,292	53,737	51,133
Net income from continuing operations attributable to EZCORP, Inc.	$27,325	$55,504	$142,335
Loss from discontinued operations attributable to EZCORP, Inc.	(92,024)	(33,196)	(5,490)
Net (loss) income attributable to EZCORP, Inc.	$(64,699)	$22,308	$136,845

See accompanying notes to consolidated financial statements.

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EZCORP, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

	Fiscal Year Ended September 30,		
	2014	2013	2012
	As Restated (See Note 2)		
	(in thousands)		
Net (loss) income	$(72,086)	$21,010	$141,111
Other comprehensive (loss) income:			
Foreign currency translation loss	(4,065)	(10,745)	(301)
Foreign currency translation reclassification adjustment realized upon impairment	375	221	—
Gain (loss) on effective portion of cash flow hedge:			
Other comprehensive (loss) gain before reclassifications	(453)	2,388	—
Amounts reclassified from accumulated other comprehensive income (loss)	49	(2,536)	—
Amounts reclassified from accumulated other comprehensive income (loss)	540	(1,721)	(735)
Reclassification adjustment for (gain) loss on available-for-sale securities included in net income	(540)	992	—
Income tax benefit	(1,157)	3,346	2,424
Other comprehensive (loss) income, net of tax	(5,251)	(8,055)	1,388
Comprehensive (loss) income	$(77,337)	$12,955	$142,499
Attributable to redeemable noncontrolling interest:			
Net (loss) income	(7,387)	(1,298)	4,266
Foreign currency translation (loss) gain	(1,460)	(1,784)	875
Loss on effective portion of cash flow hedge	(154)	(59)	—
Comprehensive (loss) income attributable to redeemable noncontrolling interest	(9,001)	(3,141)	5,141
Comprehensive (loss) income attributable to EZCORP, Inc.	$(68,336)	$16,096	$137,358

See accompanying notes to consolidated financial statements.

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EZCORP, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended September 30,		
	2014	2013	2012
	As Restated (See Note 2)		
	(in thousands)		
Operating activities:			
Net (loss) income	$(72,086)	$21,010	$141,111
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	38,627	34,918	25,268
Amortization (accretion) of debt discount (premium) and consumer loan premium (discount), net	2,611	(248)	(15,091)
Consumer loan loss provision	45,014	34,146	20,240
Deferred income taxes	(6,175)	(14,883)	1,290
Impairment of goodwill	84,158	—	—
Reversal of contingent consideration	(4,792)	—	—
Impairment of intangibles	10,308	1,600	—
Restructuring	6,121	—	—
Amortization of deferred financing costs	5,137	3,208	2,478
Amortization of prepaid commissions	14,525	4,573	467
Other	(2,251)	4,862	—
(Gain) loss on sale or disposal of assets	(5,371)	7,043	(1)
Stock compensation	6,845	7,128	6,660
Income from investments in unconsolidated affiliates	(5,948)	(13,240)	(16,038)
Impairment of investments	7,940	43,198	—
Changes in operating assets and liabilities, net of business acquisitions:			
Service charges and fees receivable, net	(2,212)	3,412	1,330
Inventory, net	346	(9,722)	(4,017)
Prepaid expenses, other current assets and other assets, net	(28,807)	(17,671)	(15,196)
Accounts payable and other accrued expenses	9,136	21,283	1,596
Customer layaway deposits	(499)	1,416	218
Deferred gains and other long-term liabilities	(184)	(10,250)	(5,243)
Tax benefit from stock compensation	609	(293)	(1,602)
Prepaid income taxes	(33,480)	(11,655)	(9,915)
Dividends from unconsolidated affiliates	5,129	10,632	5,560
Net cash provided by operating activities	74,701	120,467	139,115
Investing activities:			
Loans made	(959,540)	(923,103)	(802,896)
Loans repaid	658,986	602,712	522,195
Recovery of pawn loan principal through sale of forfeited collateral	246,053	237,717	240,381
Additions to property and equipment	(22,964)	(46,698)	(45,796)
Acquisitions, net of cash acquired	(13,226)	(14,810)	(128,647)
Investments in unconsolidated affiliates	—	(11,018)	—
Proceeds from sale of assets	10,631	—	—
Net cash used in investing activities	(80,060)	(155,200)	(214,763)
Financing activities:			
Proceeds from exercise of stock options	—	45	649
Tax benefit from stock compensation	(609)	293	1,602

Taxes paid related to net share settlement of equity awards	(1,982)	(3,640)	(1,184)
Debt issuance costs	(14,017)	(1,283)	(3,225)
Payout of deferred and contingent consideration	(23,000)	(13,277)	—
Proceeds from issuance of convertible notes	230,000	—	—
Purchase of convertible notes hedges	(46,454)	—	—
Proceeds from issuance of warrants	25,106	—	—
Purchase of subsidiary shares from noncontrolling interest	(29,775)	(627)	—
Contributions from noncontrolling interest	—	5,839	—
Change in restricted cash	(57,891)	1,326	(14,135)
Proceeds from revolving line of credit	359,900	510,680	792,927
Payments on revolving line of credit	(500,800)	(470,000)	(679,986)
Proceeds from borrowings	176,013	(15,432)	2,461
Payments on borrowings and capital lease obligations	(72,073)	9,725	(8,496)
Repurchase of common stock	(11,903)	—	—
Net cash provided by financing activities	32,515	23,649	90,613
Effect of exchange rate changes on cash and cash equivalents	(931)	360	890
Net increase (decrease) in cash and cash equivalents	26,225	(10,724)	15,855

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EZCORP, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Cash and cash equivalents at beginning of period	29,100	39,824	23,969
Cash and cash equivalents at end of period	$55,325	$29,100	$39,824
Cash paid during the period for:			
Interest	$16,361	$12,553	$2,480
Income taxes	30,194	47,108	83,010
Non-cash investing and financing activities:			
Pawn loans forfeited and transferred to inventory	$241,696	$261,837	$248,090
Issuance of common stock due to acquisitions	—	38,705	17,984
Deferred consideration	2,674	25,872	938
Contingent consideration	—	248	23,432
Change in accrued additions to property and equipment	(420)	492	—
Issuance of common stock due to purchase of subsidiary shares from noncontrolling interest	—	10,404	—
Purchase of shares from noncontrolling interest	—	(788)	—
Issuance of common stock to 401(k) plan	557	556	459
Equity adjustment due to noncontrolling interest purchase	6,609	—	—
Deferred finance cost payable related to convertible notes	1,092	—	—

See accompanying notes to consolidated financial statements.

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EZCORP, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock Shares	Treasury Stock Par Value	EZCORP, Inc. Stockholders' Equity
	As Restated (See Note 2) (in thousands)							
Balances at September 30, 2011	50,199	$501	$242,398	$422,095	$ (746)	—	$—	$ 664,248
Issuance of common stock related to 401(k) match	19	—	459	—	—	—	—	459
Stock compensation	—	—	6,660	—	—	—	—	6,660
Stock options exercised	201	2	647	—	—	—	—	649
Issuance of common stock due to acquisitions	635	6	17,992	—	—	—	—	17,998
Release of restricted stock	172	1	—	—	—	—	—	1
Excess tax benefit from stock compensation	—	2	1,600	—	—	—	—	1,602
Taxes paid related to net share settlement of equity awards	—	—	(1,184)	—	—	—	—	(1,184)
Unrealized loss on available-for-sale securities	—	—	—	—	(478)	—	—	(478)
Foreign currency translation adjustment	—	—	—	—	991	—	—	991
Net income attributable to EZCORP, Inc.	—	—	—	136,845	—	—	—	136,845
Balances at September 30, 2012 (As Restated)	51,226	$512	$268,572	$558,940	$ (233)	—	$—	$ 827,791
Issuance of common stock related to 401(k) match	30	1	556	—	—	—	—	557
Stock compensation	—	—	7,128	—	—	—	—	7,128
Stock options exercised	18	—	45	—	—	—	—	45
Issuance of common stock due to acquisitions	1,965	20	38,685	—	—	—	—	38,705
Issuance of common stock due to purchase of subsidiary shares from noncontrolling interest	592	6	10,398	—	—	—	—	10,404
Purchase of subsidiary shares from noncontrolling interest	—	—	(1,500)	—	85	—	—	(1,415)
Release of restricted stock	409	4	—	—	—	—	—	4
Excess tax benefit from stock compensation	—	—	293	—	—	—	—	293
Taxes paid related to net share settlement of equity awards	—	—	(3,640)	—	—	—	—	(3,640)
Effective portion of cash flow hedge	—	—	—	—	(89)	—	—	(89)
Unrealized loss on available-for-sale securities	—	—	—	—	(1,119)	—	—	(1,119)
	—	—	—	—	992	—	—	992

Reclassification adjustment for loss on available-for-sale securities included in net income								
Foreign currency translation adjustment	—	—	—	—	(6,302)	—	—	(6,302)
Foreign currency translation reclassification adjustment realized upon impairment	—	—	—	—	221	—	—	221
Net income attributable to EZCORP, Inc.	—	—	—	22,308	—	—	—	22,308
Balances at September 30, 2013 (As Restated)	54,240	$543	$320,537	$581,248	$ (6,445)	—	$—	$ 895,883
Issuance of common stock related to 401(k) match	45	—	557	—	—	—	—	557
Stock compensation	—	—	6,845	—	—	—	—	6,845
Purchase of subsidiary shares from noncontrolling interest	—	—	(13,260)	—	(15)	—	—	(13,275)
Release of restricted stock	300	3	—	—	—	—	—	3
Tax deficiency of stock compensation	—	—	(609)	—	—	—	—	(609)
Taxes paid related to net share settlement of equity awards	—	—	(1,982)	—	—	—	—	(1,982)
Effective portion of cash flow hedge	—	—	—	—	(250)	—	—	(250)
Net proceeds from sale of warrants	—	—	25,106	—	—	—	—	25,106
Foreign currency translation adjustment	—	—	—	—	(3,747)	—	—	(3,747)
Foreign currency translation reclassification adjustment realized upon impairment	—	—	—	—	375	—	—	375
Purchase of treasury stock	(1,000)	(10)	(4,930)	(6,963)	—	1,000	—	(11,903)
Retirement of treasury stock	—	—	—	—	—	(1,000)	—	—
Net loss attributable to EZCORP, Inc.	—	—	—	(64,699)	—	—	—	(64,699)
Balances at September 30, 2014 (As Restated)	53,585	$536	$332,264	$509,586	$ (10,082)	—	$—	$ 832,304

See accompanying notes to consolidated financial statements.

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EZCORP, Inc.
Notes to Consolidated Financial Statements
NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (AS RESTATED)
Organization
We are a leading provider of specialty consumer financial services. We provide collateralized, non-recourse loans, commonly known as pawn loans, and a variety of short-term and long-term consumer loans including single-payment and multiple-payment unsecured loans and single-payment and multiple-payment auto title loans, or fee-based credit services to customers seeking loans.
At September 30, 2014, we operated a total of 1,358 locations, consisting of:
- 497 U.S. pawn stores (operating primarily as EZPAWN or Value Pawn);
- 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);
- 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.

In addition, we are the franchisor for five franchised Cash Converters stores in Canada pursuant to our acquisition of the Cash Converters master franchise in that country. We also own approximately 32% of Cash Converters International Limited, 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.

Consolidation
The consolidated financial statements include the accounts of EZCORP, Inc. ("EZCORP") and its consolidated subsidiaries. All inter-company accounts and transactions have been eliminated in consolidation.
As of September 30, 2014, we owned 76% of the outstanding equity interests in Prestaciones Finmart, S.A.P.I. de C.V., SOFOM, E.N.R. ("Grupo Finmart"), doing business under the brands "Crediamigo" and "Adex," and 59% of Renueva Comercial S.A.P.I. de C.V. ("TUYO"), and therefore, include their results in our consolidated financial statements.
To determine if we hold a controlling financial interest in an entity, we first evaluate if we are required to apply the variable interest entity (“VIE”) model to the entity; otherwise, the entity is evaluated under the voting interest model. Where we hold current or potential rights that give us the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance, combined with a variable interest that gives us the right to receive potentially significant benefits or the obligation to absorb potentially significant losses, we have a controlling financial interest in that VIE. Rights held by others to remove the party with power over the VIE are not considered unless one party can exercise those rights unilaterally. During fiscal 2014, Grupo Finmart completed five transfers of consumer loans to various securitization trusts. We consolidate those securitization trusts under the VIE model. See Note 25.
We account for our investment in Cash Converters International Limited using the equity method. Prior to the quarter ended March 31, 2014, we accounted for our investment in Albemarle & Bond Holdings, PLC using the equity method. As of March 31, 2014, we concluded that this investment was impaired and recognized an other-than-temporary impairment which brought our carrying value of this investment to zero.
Certain reclassifications of prior period amounts have been made related to discontinued operations (described in Note 3) and acquired businesses (described in Note 4). Furthermore, certain reclassifications of prior period amounts have been made to conform to the current period presentation. These reclassifications did not have a material impact on our financial position, results of operations or cash flows.
Pawn Loan and Sales Revenue Recognition
We record pawn service charges using the interest method for all pawn loans we believe to be collectible. We base our estimate of collectible loans on several factors, including recent redemption rates, historical trends in redemption rates

and the amount of loans due in the following two months. Unexpected variations in any of these factors could change our estimate of

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collectible loans, affecting our earnings and financial condition. If a pawn loan is not repaid, we value the forfeited collateral (inventory) at the lower of cost (pawn loan principal) or market value of the item.

We record sales revenue and the related cost when this inventory is sold, or when we receive the final payment on a layaway sale. Sales tax collected on the sale of inventory is excluded from the amount recognized as sales and instead recorded as a liability in "Accounts payable and other accrued expenses" in our consolidated balance sheets until remitted to the appropriate governmental authorities.

Consumer Loans

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

Revenue Recognition

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

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

Long-term Unsecured Consumer Loan Revenue — Grupo Finmart customers obtain installment loans with a series of payments due over the stated term, which can be as long as four years. We recognize consumer loan interest related to loans we originate based on the percentage of consumer loans made that we believe to be collectible, and reserve the percentage of interest we expect not to collect, over the period in which payments are expected to be received under the effective interest method.

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.

Long-term unsecured consumer loan revenue is included in "Consumer loan fees and interest" in our consolidated statements of operations. Incremental direct costs incurred (commissions), other than certain brokerage and other costs, are capitalized and deferred ratably over the life of the loans. Amortization of these costs are included in "Operations" expense in our consolidated statements of operations.

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

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

Bad Debt and Allowance for Losses

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

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

The majority of our credit service customers obtain short-term unsecured loans with a single maturity date. These short-term loans, with terms averaging about 20 days, are considered defaulted if they have not been repaid or renewed by the maturity date. Other credit service customers obtain multiple-payment loans with a series of payments due over as much as a seven-month period. If one payment of a multiple-payment loan is delinquent, that one payment is considered defaulted. If more than one payment is delinquent at any time, the entire loan is considered defaulted.

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

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

We do not accrue additional revenues on delinquent loans. All outstanding principal balances and related fee receivables greater than 60 days past due are considered defaulted. Upon default, we charge consumer loan principal to consumer loan bad debt expense and reverse accrued unsecured consumer loan fee revenue.

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

Long-Term Unsecured Consumer Loan Bad Debt — 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 “out-of-payroll” loans. A customer is generally considered to have discontinued their employment if they are

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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) after principal has been recovered. Long-term unsecured consumer loan bad debt expense is included in "Consumer loan bad debt" expense in our consolidated statements of operations.

Long-Term Unsecured Consumer Loan Allowance for Losses — Grupo Finmart provides an allowance for losses on performing, in-payroll loans and related interest receivable based on historical collection experience. Changes in the principal valuation allowance are charged to "Consumer loan bad debt" expense and changes in the interest receivable valuation allowance are charged to "Consumer loan fees and interest" in our consolidated statements of operations.

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

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

Inventory and Cost of Goods Sold

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

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

Cash and Cash Equivalents and Cash Concentrations

Cash and cash equivalents consist primarily of cash on deposit or highly liquid investments with original contractual maturities of three months or less, or money market mutual funds. We hold cash at major financial institutions that often exceed FDIC insured limits. We manage our credit risk associated with cash and cash equivalents and cash concentrations by investing in high quality instruments or funds, concentrating our cash deposits in high quality financial institutions and by periodically evaluating the credit quality of the primary financial institutions issuing investments or holding such deposits. Historically, we have not experienced any losses due to such cash concentrations. Restricted cash amounts represent amounts that can only be used to settle liabilities of Grupo Finmart's securitization trust or for interest payments on Grupo Finmart's debt. Refer to Note 10 for further detail.

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Software Development Costs
We capitalize certain costs incurred in connection with developing or obtaining software for internal use and amortize the costs by the straight-line method over the estimated useful lives of each system, typically five years.
Customer Layaways
Customer layaway deposits are recorded as deferred revenue until we collect the entire related sales price and deliver the related merchandise to the customer. Nonrefundable customer layaway fees are charged upfront and recognized when collected.
Goodwill and Other Intangible Assets
Goodwill and other intangible assets having indefinite lives are not subject to amortization. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350-20-35 Goodwill — Subsequent Measurement, we test goodwill and intangible assets with an indefinite useful life for potential impairment annually as of September 30, 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 amount. The impairment test consists of two steps: in step one, the carrying value of the reporting unit is compared with its fair value; in step two, which is applied when the carrying value is more than its fair value, the amount of goodwill impairment, if any, is derived by deducting the fair value of the reporting unit's assets and liabilities from the fair value of its equity, and comparing that amount with the carrying amount of goodwill.
We perform our impairment analysis utilizing the income approach. This approach uses future cash flows and estimated terminal values for each of our reporting units (discounted using a market participant perspective) to determine the fair value of each reporting unit, which is then compared to the carrying value of the reporting unit to determine if there is an impairment. A reporting unit is the operating segment, or one level below that operating segment (the component level) if discrete financial information is prepared and regularly reviewed by segment management. However, components are aggregated as a single reporting unit if they have similar economic characteristics. We have determined that our reporting units are the same as our operating segments. 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 use discount rates that are commensurate with the risks and uncertainty inherent in the respective businesses and in our internally developed forecasts. Discount rates used in our reporting unit valuations ranged from 16% to 21%. Changes in the economic conditions or regulatory environment could negatively affect our key assumptions.
We completed our annual assessment of goodwill and indefinite lived intangible assets as of September 30, 2014 and determined that no material impairment existed at that date other than that described below. In conjunction with discontinued operations, we recognized impairment of goodwill and other intangible assets for the U.S. & Canada and Other International reporting units at September 30, 2014. See Notes 3 and 8 for additional information.
Property and Equipment
We record property and equipment at cost. We depreciate these assets on a straight-line basis using estimated useful lives of 30 years for buildings and two to seven years for furniture, equipment and software development costs. We depreciate leasehold improvements over the shorter of their estimated useful life (typically 10 years) or the reasonably assured lease term at the inception of the lease.
Valuation of Tangible Long-Lived Assets
We assess the impairment of tangible long-lived assets whenever events or changes in circumstances indicate that the net recorded amount may not be recoverable. The following factors could trigger an impairment review: significant underperformance relative to historical or projected future cash flows, significant changes in the manner of use of the assets or the strategy for the overall business, significant negative industry trends or legislative changes prohibiting us from offering our loan products. An impairment loss is recognized if the future undiscounted cash flows associated with the asset and the estimated fair value of the asset are less than the asset's carrying value. In conjunction with discontinued operations, we recognized impairment of tangible long-lived assets for the U.S. & Canada and Other International reporting units at September 30, 2014. See Notes 3 and 7 for additional information.
Fair Value of Financial Instruments

We have elected not to measure at fair value any eligible items for which fair value measurement is optional. We determine the fair value of financial instruments by reference to various market data and other valuation techniques, as appropriate. Unless otherwise disclosed, the fair values of financial instruments approximate their recorded values, due primarily to their short-term nature. The recorded value of our outstanding debt is assumed to estimate its fair value, as it has no prepayment penalty and a floating interest rate based on market rates.

Derivative Instruments and Hedging Activities

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

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

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

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

Acquisitions

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

Foreign Currency Translation

Our equity investment in Cash Converters International is translated from Australian dollars into U.S. dollars at the exchange rates as of the investee's balance sheet date of June 30. The related interest in the investee's net income is translated at the average exchange rate for each six-month period reported by the investee. The functional currency of Empeño Fácil, our wholly owned subsidiary, Grupo Finmart, our 76% owned subsidiary, and TUYO, our 59% owned subsidiary, is the Mexican peso. The functional currency of our wholly owned foreign subsidiary in Canada is the Canadian dollar. Our foreign subsidiaries' balance sheet accounts are translated from their respective functional currencies into U.S. dollars at the exchange rate at the end of each quarter, and their earnings are translated into U.S. dollars at the average exchange rate each quarter. We present resulting translation adjustments as a separate component of stockholders' equity. Foreign currency transaction gains and losses have not been significant, and are reported as "Other (income) expense" in our consolidated statements of operations.

Operations Expense

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

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Administrative Expense
Included in administrative expense are costs related to our executive and administrative offices. This includes executive and administrative salaries, wages, stock and incentive compensation, professional fees, license fees and costs related to the operation of our administrative offices such as rent, property taxes, insurance and information technology.
Advertising
We expense advertising costs as incurred.
Income Taxes
We account for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value of assets and liabilities and their tax basis and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the related temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized when the rate change is enacted.
Management believes that it is more likely than not that forecasted income, including income that may be generated as a result of certain tax planning strategies, together with future reversals of existing taxable temporary differences, will be sufficient to fully recover the deferred tax assets. In the event that we determine all or part of the net deferred tax assets are not realizable in the future, we will make an adjustment to the valuation allowance that would be charged to earnings in the period such determination is made.
Stock Compensation
We account for stock compensation in accordance with the fair value recognition provisions of FASB ASC 718-10-25 Compensation — Stock Compensation. The fair value of restricted shares is measured at the closing market price of our stock on the date of grant, which is amortized over the vesting period for each grant. When we grant options, our policy is to estimate the grant-date fair value of the options using the Black-Scholes-Merton option-pricing model and amortize that fair value to compensation expense on a ratable basis over the options' vesting periods for both cliff vesting and pro-rata vesting grants. We have granted no stock options since fiscal 2007.
Treasury Stock
We account for treasury stock under the cost method. When treasury stock is re-issued, proceeds in excess of cost are recorded as a component of additional paid-in capital in our consolidated balance sheets. Any deficiency is recorded as a component of additional paid-in capital to the extent that there are previously recorded gains to offset the losses. If there are no treasury stock gains in additional paid-in capital, the losses upon re-issuance of treasury stock are recorded as a component of retained earnings in our consolidated balance sheets.
Use of Estimates and Assumptions
The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates and judgments, including those related to revenue recognition, inventory, loan loss allowances, long-lived and intangible assets, income taxes, contingencies and litigation. We base our estimates on historical experience, observable trends and various other assumptions that we believe are reasonable under the circumstances. We use this information to make judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from the estimates under different assumptions or conditions.
Recently Adopted Accounting Pronouncements
In July 2013, the FASB issued ASU 2013-11, Income Taxes (Topic 740) — Presentation of an Unrecognized Tax Benefit when a Net Operating Loss Carryforward or Tax Credit Carryforward Exists. This update provides that an entity's unrecognized tax benefit, or a portion of its unrecognized tax benefit, should be presented in its financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, with one exception. That exception states that, to the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position, or the tax

law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This update applies prospectively to all entities that have unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. Retrospective application is also permitted. This update is effective for annual periods, and interim periods within those years, beginning after December 15, 2013. The adoption of ASU 2013-03 did not have a material effect on our financial position, results of operations or cash flows.

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

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

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

Recently Issued Accounting Pronouncements

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements — Going Concern (Subtopic 205-40). This update provides guidance about management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern or to provide related footnote disclosures. ASU 2014-15 requires management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term substantial doubt, (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management's plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). ASU 2014-15 is effective prospectively for fiscal years beginning after December 15, 2016, and interim periods within those years. We do not anticipate that the adoption of ASU 2014-15 will have a material effect on our financial position, results of operations or cash flows.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The amendments in ASU 2014-09 will be added to the Accounting Standards Codification as Topic 606, Revenue from Contracts with

Customers, and will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, as well as some cost guidance in Subtopic 605-35, Revenue Recognition - Construction-Type and Production-Type Contracts. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, the guidance provides that an entity should apply the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. Notably, the existing requirements for the recognition of a gain or loss on the transfer of non-financial

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assets that are not in a contract with a customer (e.g., assets within the scope of Topic 360, Property, Plant, and Equipment, and intangible assets within the scope of Topic 350, Intangibles — Goodwill and Other) are amended to be consistent with the guidance on recognition and measurement in ASU 2014-09. For public entities, the amendments in ASU 2014-09 are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period, and early application is prohibited. The new standard allows for two methods of adoption: (a) full retrospective adoption, meaning the standard is applied to all periods presented, or (b) modified retrospective adoption, meaning the cumulative effect of applying the new standard is recognized as an adjustment to the fiscal 2017 opening retained earnings balance. We have not completed the process of evaluating the impact that will result from adopting ASU 2014-09. Therefore we are unable to disclose the impact that adopting ASU 2014-09 will have on our financial position, results of operations, and cash flows when such statement is adopted.

In April 2014, the FASB issued ASU 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360) — Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. This update provides guidance for the reporting of discontinued operations if (1) a component or group of components of an entity meets the criteria in FASB ASC Paragraph 205-20-45-1E to be classified as held for sale; (2) the component of an entity or group of components of an entity is disposed of by sale; or (3) the component of an entity or group of components of an entity is disposed of other than by sale (for example, by abandonment or in a distribution to owners in a spinoff). This update states that a discontinued operation can also include a business or nonprofit activity. Among other disclosures, ASU 2014-08 requires an entity to present, for each comparative period, the assets and liabilities of a disposal group that includes a discontinued operation separately in the asset and liability sections, respectively, of the statement of financial position. ASU 2014-08 is effective prospectively for (1) all disposals of components that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years; and (2) all businesses or nonprofit activities that, on acquisition, are classified as held for sale that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years. We do not anticipate that the adoption of ASU 2014-08 will have a material effect on our financial position, results of operations or cash flows.

NOTE 2: RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

Correction of Accounting Errors

Subsequent to the filing of our Annual Report on Form 10-K for the fiscal year ended September 30, 2014, management identified the following accounting errors relating to the Company’s Grupo Finmart loan portfolio:

- During fiscal 2014, Grupo Finmart completed five structured asset sales pursuant to which a portion of Grupo Finmart’s consumer loan portfolio was sold to special purpose trusts for the benefit of third parties. These transactions were previously accounted for as sales. Management has now concluded that the special purpose trusts should be consolidated variable interest entities and the transactions should be accounted for as transfers of financial assets to those consolidated variable interest entities. See Note 25.
- Management has also concluded that the Company has incorrectly accounted for interest revenue and bad debt expense on loans with respect to which Grupo Finmart was not currently receiving payments (“non-performing” loans). Specifically:

Management determined that the non-performing loans included out-of-payroll loans that had not been correctly classified and recognized as such, causing an understatement of bad debt expense and an overstatement of interest revenue;

Management determined it was appropriate to (1) accrue and recognize interest income over the period that payments are expected to be received rather than over the stated term of the loan and (2) apply a 100% reserve policy on in-payroll loans that have been in non-performing status for 180 consecutive days; and

Management determined it was appropriate to expense certain brokerage and other commission costs as incurred rather than amortize those costs over future periods.

Other Restatement Adjustments

In addition to correcting the accounting errors discussed above, our restated financial statements for the affected periods include adjustments for certain other accounting errors. When the financial statements were originally issued, we assessed the impact of these errors and concluded that they were not material to the financial statements for the affected periods. However, in conjunction with the restatement of our financial statements to correct the errors described above, we have determined that it is appropriate to make adjustments for all such previously unrecorded errors. These adjustments are primarily to correct for

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immaterial timing differences related to revenue recognition, impairment charges, inventory reserve estimates and other items. The other adjustments for fiscal 2013 include a balance sheet adjustment that corrects a $7.2 million error between cash and cash equivalents and restricted cash to correctly classify certain bank accounts restricted for use to service Grupo Finmart's third party debt obligations, and an adjustment of $2.7 million to reclassify income tax benefit previously reflected in continuing operations to discontinued operations.

Impact of Restatement Adjustments on Audited Annual Financial Statements

This section includes summary information regarding the impact of the restatement on our consolidated financial statements for the fiscal years ended September 30, 2014, September 30, 2013 and September 30, 2012, as well as the restated consolidated financial statements as of and for each of such fiscal years. For a description of the impact of the restatement on each of the quarters within those fiscal years (other than the first quarter of fiscal 2012, which was not restated), see Note 19.

Summary Impact Tables

The following tables summarize the impact of the restatement on our consolidated financial statements for the fiscal years ended September 30, 2014, September 30, 2013 and September 30, 2012:

	Fiscal 2014				
		Restatement Adjustments			
	As Previously Reported	Asset Sale Impact	Portfolio Review Impact	Other Impacts*	As Restated
	(in thousands, except per share amounts)				
Total revenues	$988,532	$(16,714)	$(16,932)	$2,760	$957,646
Net revenues	615,097	(18,692)	(25,658)	(518)	570,229
Operating expenses	518,480	57	2,241	(5,305)	515,473
Non-operating expenses	23,917	6,527	—	(882)	29,562
Income from continuing operations before income taxes	72,700	(25,276)	(27,899)	5,669	25,194
Income tax expense	20,806			(15,550)	5,256
Income from continuing operations, net of tax	$51,894			$(31,956)	$19,938
Net loss attributable to EZCORP, Inc.	$(45,740)			$(18,959)	$(64,699)
Basic loss per share attributable to EZCORP, Inc.	$(0.84)			$(0.36)	$(1.20)
Diluted loss per share attributable to EZCORP, Inc.	$(0.84)			$(0.35)	$(1.19)

* Amounts in this column pertaining to Income tax expense, Income from continuing operations, net of tax, Net loss attributable to EZCORP, Inc., and Diluted loss per share attributable to EZCORP, Inc. are aggregate impacts for all restatement adjustments.

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	Fiscal 2013				
		Restatement Adjustments			
	As Previously Reported	Asset Sale Impact	Portfolio Review Impact	Other Impacts*	As Restated
	(in thousands, except per share amounts)				
Total revenues	$980,121	$—	$(7,935)	$(2,018)	$970,168
Net revenues	624,704	—	(19,762)	(2,018)	602,924
Operating expenses	474,562	—	3,231	(2,552)	475,241
Non-operating expenses	47,683	—	(1,642)	1,162	47,203
Income from continuing operations before income taxes	102,459	—	(21,351)	(628)	80,480
Income tax expense	29,582			(3,384)	26,198
Income from continuing operations, net of tax	$72,877			$(18,595)	$54,282
Net income attributable to EZCORP, Inc.	$34,077			$(11,769)	$22,308
Basic earnings per share attributable to EZCORP, Inc.	$0.64			$(0.23)	$0.41
Diluted earnings per share attributable to EZCORP, Inc.	$0.63			$(0.22)	$0.41

* Amounts in this column pertaining to Income tax expense, Income from continuing operations, net of tax, Net income attributable to EZCORP, Inc., and Diluted earnings per share attributable to EZCORP, Inc. are aggregate impacts for all restatement adjustments.

	Fiscal 2012				
		Restatement Adjustments			
	As Previously Reported	Asset Sale Impact	Portfolio Review Impact	Other Impacts*	As Restated
	(in thousands, except per share amounts)				
Total revenues	$964,502	$—	$(921)	$(2,864)	$960,717
Net revenues	607,511	—	(8,723)	(2,864)	595,924
Operating expenses	400,263	—	(37)	54	400,280
Non-operating income	(19,837)	—	—	1,362	(18,475)
Income from continuing operations before income taxes	227,085	—	(8,686)	(4,280)	214,119
Income tax expense	71,165			(3,500)	67,665
Income from continuing operations, net of tax	$155,920			$(9,466)	$146,454
Net income attributable to EZCORP, Inc.	$143,708			$(6,863)	$136,845
Basic earnings per share attributable to EZCORP, Inc.	$2.82			$(0.13)	$2.69
Diluted earnings per share attributable to EZCORP, Inc.	$2.81			$(0.14)	$2.67

* Amounts in this column pertaining to Income tax expense, Income from continuing operations, net of tax, Net income attributable to EZCORP, Inc., and Diluted earnings per share attributable to EZCORP, Inc. are aggregate impacts for all restatement adjustments.

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Restated Annual Financial Statements
The effects of the restatement on our consolidated financial statements as of and for the fiscal year ended September 30, 2014 are set forth below.
EZCORP, Inc.
CONSOLIDATED BALANCE SHEET
(in thousands, except share and per share amounts)

	September 30, 2014		
	As Previously Reported	Restatement Adjustments	As Restated
Assets:			
Current assets:			
Cash and cash equivalents	$56,329	$(1,004)	$55,325
Restricted cash	62,406	1,089	63,495
Pawn loans	162,444	—	162,444
Consumer loans, net	67,594	(3,599)	63,995
Pawn service charges receivable, net	31,044	—	31,044
Consumer loan fees and interest receivable, net	30,653	(18,006)	12,647
Inventory, net	139,419	(1,244)	138,175
Deferred tax asset	20,858	(3,286)	17,572
Prepaid income taxes	28,655	28,414	57,069
Prepaid expenses and other assets	76,959	(43,862)	33,097
Total current assets	676,361	(41,498)	634,863
Investments in unconsolidated affiliates	91,098	683	91,781
Property and equipment, net	105,900	—	105,900
Restricted cash, non-current	4,257	813	5,070
Goodwill	346,577	—	346,577
Intangible assets, net	64,624	1,462	66,086
Non-current consumer loans, net	40,442	44,562	85,004
Deferred tax asset	13,154	(1,012)	12,142
Other assets, net	61,058	2,063	63,121
Total assets	$1,403,471	$7,073	$1,410,544
Liabilities and stockholders’ equity:			
Current liabilities:			
Current maturities of long-term debt	$10,673	$25,438	$36,111
Current capital lease obligations	418	—	418
Accounts payable and other accrued expenses	97,213	(2,220)	94,993
Other current liabilities	8,595	—	8,595
Customer layaway deposits	8,097	—	8,097
Total current liabilities	124,996	23,218	148,214
Long-term debt, less current maturities	356,430	35,624	392,054
Deferred gains and other long-term liabilities	11,359	3,813	15,172
Total liabilities	492,785	62,655	555,440
Commitments and contingencies			
Temporary equity:			
Redeemable noncontrolling interest	35,498	(12,698)	22,800
Stockholders’ equity:			
	506	—	506

Class A Non-voting Common Stock, par value $.01 per share; shares authorized: 100 million at September 30, 2014; issued and outstanding: 50,614,767 at September 30, 2014			
Class B Voting Common Stock, convertible, par value $.01 per share; 3 million shares authorized; issued and outstanding: 2,970,171	30	—	30
Additional paid-in capital	339,666	(7,402)	332,264
Retained earnings	547,177	(37,591)	509,586
Accumulated other comprehensive loss	(12,191)	2,109	(10,082)
EZCORP, Inc. stockholders' equity	875,188	(42,884)	832,304
Total liabilities and stockholders' equity	$1,403,471	$7,073	$1,410,544

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EZCORP, Inc.
CONSOLIDATED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30, 2014 (in thousands, except per share amounts)		
	As Previously Reported	Restatement Adjustments	As Restated
Revenues:			
Merchandise sales	$387,331	$691	$388,022
Jewelry scrapping sales	96,243	—	96,243
Pawn service charges	248,378	—	248,378
Consumer loan fees and interest	219,535	606	220,141
Other revenues	37,045	(32,183)	4,862
Total revenues	988,532	(30,886)	957,646
Merchandise cost of goods sold	247,393	1,244	248,637
Jewelry scrapping cost of goods sold	72,836	—	72,836
Consumer loan bad debt	53,206	12,738	65,944
Net revenues	615,097	(44,868)	570,229
Operating expenses:			
Operations	420,350	(3,284)	417,066
Administrative	61,819	277	62,096
Depreciation	29,801	—	29,801
Amortization	5,475	—	5,475
Gain on sale or disposal of assets	(5,629)	—	(5,629)
Restructuring	6,664	—	6,664
Total operating expenses	518,480	(3,007)	515,473
Operating income	96,617	(41,861)	54,756
Interest expense, net	22,832	4,258	27,090
Equity in net income of unconsolidated affiliates	(5,948)	—	(5,948)
Impairment of investments	7,940	—	7,940
Other expense (income)	(907)	1,387	480
Income from continuing operations before income taxes	72,700	(47,506)	25,194
Income tax expense	20,806	(15,550)	5,256
Income from continuing operations, net of tax	51,894	(31,956)	19,938
Loss from discontinued operations, net of tax	(93,426)	1,402	(92,024)
Net loss	(41,532)	(30,554)	(72,086)
Net (loss) income from continuing operations attributable to redeemable noncontrolling interest	4,208	(11,595)	(7,387)
Net loss attributable to EZCORP, Inc.	$(45,740)	$(18,959)	$(64,699)
Basic (loss) earnings per share attributable to EZCORP, Inc.:			
Continuing operations	$0.88	$(0.38)	$0.50
Discontinued operations	(1.72)	0.02	