EZCORP INC
Form 10-K
December 24, 2015
Table of Contents

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

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

For the Fiscal Year Ended September 30, 2015
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, 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 þ No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o
Indicate by check mark if disclosures of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer þ	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 $493 million, based on the closing price on the NASDAQ Stock Market on March 31, 2015.

As of November 30, 2015, 51,868,607 shares of the registrant's Class A Non-voting Common Stock, par value $.01 per share, and 2,970,171 shares of the registrant's Class B Voting Common Stock, par value $.01 per share, were outstanding.

Documents incorporated by reference: None

Table of Contents

EZCORP, INC.
YEAR ENDED SEPTEMBER 30, 2015
INDEX TO FORM 10-K

Table of Contents

PART I

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

Unless otherwise specified, references to the “company,” “we,” “our,” “us” and “EZCORP” 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 2015” refers to the fiscal year ended September 30, 2015. All currency amounts preceded with “$” are stated in U.S. dollars, except otherwise indicated.

ITEM 1 — BUSINESS

Overview

EZCORP, Inc. is a Delaware corporation headquartered in Austin, Texas. We are a leading provider of pawn loans in the United States and Mexico and consumer loans in Mexico.

Our vision is to be the market leader in North America, within three years, in responsibly and respectfully meeting our customers’ desire for access to cash when they want it. That vision is supported by four key imperatives:

- Market Leading Customer Satisfaction;
- Exceptional Staff Engagement;
- Attractive Shareholder Returns; and
- Most Efficient Provider of Cash.

At our pawn stores (522 in the U.S. and 232 in Mexico), we offer pawn loans, which are non-recourse loans collateralized by tangible property, and we sell merchandise, primarily collateral forfeited from pawn lending operations and used merchandise purchased from customers.

Through our 94%-owned subsidiary, Prestaciones Finmart, S.A.P.I. de C.V., SOFOM, E.N.R. ("Grupo Finmart"), headquartered in Mexico City, we offer unsecured installment loans to employees of various Mexican employers (principally federal, state and local government agencies), which are repaid through payroll deductions. Grupo Finmart has over 100 active payroll withholding agreements (called “convenios”) with Mexican employers, giving it access to over five million potential customers.

In addition to our three core businesses (U.S. Pawn, Mexico Pawn and Grupo Finmart), we operate 27 CASHMAX financial services locations in Canada and we own 32% of Cash Converters International Limited (“Cash Converters International”), based in Australia, which franchises and operates a worldwide network of over 700 locations that provide financial services and also buy and sell second-hand goods.

During fiscal 2015, we announced and implemented a plan to exit our U.S. Financial Services business (“USFS”), ceasing all payday, installment and auto title lending in the U.S. As a result, our USFS operations have been included as discontinued operations. For additional information about our discontinued operations and restructuring plans, see Note 2 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

Table of Contents

Revenue for fiscal 2015 was comprised of the following:

Table of Contents

Segment and Geographic Information

Our business consists of four reportable segments: "U.S. Pawn," which includes our EZPAWN, Value Pawn & Jewelry and other branded pawn operations in the United States; "Mexico Pawn," which includes our Empeño Fácil pawn operations and Cash Converters buy/sell store operations in Mexico; "Grupo Finmart," which includes our Crediamigo and Adex payroll withholding loan operations in Mexico; and "Other International," which includes our CASHMAX financial services operations in Canada and our equity interest in the net income (loss) of Cash Converters International. The following tables present store data by segment:

	Company-owned Stores*					
	U.S. Pawn	Mexico Pawn	Grupo Finmart	Other International	Consolidated	Franchises
As of September 30, 2012	477	230	45	68	820	10
New locations opened	14	66	7	1	88	—
Locations acquired	12	20	6	—	38	—
Locations sold, combined or closed	—	(1)	(4)	(1)	(6)	(2)
Discontinued operations**	(1)	(57)	—	(29)	(87)	—
As of September 30, 2013	502	258	54	39	853	8
New locations opened	9	3	—	—	12	—
Locations sold, combined or closed	(7)	—	(1)	—	(8)	(3)
As of September 30, 2014	504	261	53	39	857	5
New locations opened	5	3	—	—	8	—
Locations acquired	25	—	—	—	25	—
Locations sold, combined or closed	(12)	(32)	—	(12)	(56)	(4)
As of September 30, 2015	522	232	53	27	834	1

* USFS stores are excluded from presentation.

** During the third quarter of fiscal 2013, we implemented a plan to close 87 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 2 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data."

For additional information about our segments and geographic areas, see Note 19 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data."

Pawn Activities

At our North American pawn stores, we offer secured loans, which are typically small, non-recourse loans collateralized by tangible personal property. As of September 30, 2015, we had a closing pawn loan principal balance of $160.0 million. We earn pawn service charge revenue on our pawn loans. In fiscal 2015, pawn service charges accounted for approximately 31% of our total revenues and 56% of our net revenues.

While allowable service charges vary by state and loan size, our United States pawn loans primarily earn 18% to 25% per month. The total United States pawn loan term ranges between 30 and 120 days, with an additional grace period up to 90 days. Individual loans vary depending on the valuation of each item pawned, but United States pawn loans made typically average approximately $100 to $120.

In Mexico, pawn loans earn 15% to 21% per month. The Mexico pawn loan primary term is 30 days, with an additional grace period up to 10 days. Individual loans are made in Mexican pesos and vary depending on the valuation of each item pawned, but Mexico pawn loans typically average approximately $1,000 Mexican pesos, or approximately $66 using the average exchange rate for fiscal 2015.

Collateral for our pawn loans consists of tangible personal property, generally jewelry, consumer electronics, power tools, sporting goods and musical instruments. Security for our pawn loans is provided via the estimated resale value of the collateral and the perceived probability of the loan's redemption. We generally lend from 40% to 80% of the collateral's estimated resale value depending on an evaluation of these factors.

5

Table of Contents

If a customer does not repay, renew or extend a loan, the collateral is forfeited 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. If the subsequent sale of the forfeited collateral is less than the loan value, this is reflected in gross margin.

The following table presents our pawn loan redemption rates by segment:

	Fiscal Year Ended September 30,		
	2015	2014	2013
U.S. Pawn loan redemption rate	84 %	83 %	83 %
Mexico Pawn loan redemption rate	77 %	77 %	75 %

Our ability to offer quality second-hand 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. As over half 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.

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 5.4% of gross inventory as of September 30, 2015 compared to 10.4% as of September 30, 2014 due to the lower levels of aged inventory outstanding at the end of fiscal 2015.

Payroll Withholding Loans

In Mexico, Grupo Finmart offers payroll withholding loans or unsecured consumer loans. Grupo Finmart enters into payroll withholding agreements (called “convenios”) with Mexican employers, primarily federal, state and local governments and agencies, and provides unsecured installment consumer loans to the employees of the various employers. Interest and principal payments are collected through payroll deductions. The average loan is approximately MXP 19,000 to MXP 23,000 (approximately $1,300 to $1,500 using the average exchange rate for fiscal 2015), with a stated term of 30 months. Stated interest rates approximate 74% annually.

Other

We also operate financial services stores in Canada under the CASHMAX brand, all located in the Ontario province. These small footprint locations offer payday loan services.

Operations

Our pawn operations structure is built to provide the maximum level of support to the store team, providing coaching, mentoring and problem solving to identify opportunities to better serve our customers and position us to be the leader in customer service and satisfaction.

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. We had 53 such offices in operation as of September 30, 2015. A centralized corporate office provides the lending approval function, processing of loans and repayments, collections, sales support and other administrative functions. 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.

Our asset protection and compliance departments monitor the 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 estimates during interim periods, and as discovered during cycle counts. Asset protection monitors all shrink adjustments for exceptions.

Table of Contents

Our success is dependent upon our team members' ability to provide prompt and courteous customer service and to execute our operating procedures and standards. 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.

Seasonality and Quarterly Results

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 with jewelry sales surrounding Valentine's Day and additionally impacted by tax refunds in the United States.

Growth and Expansion

We plan to expand the number of locations we operate primarily through acquisitions and the opening of de novo locations. We continually evaluate and test new products and formats, which may result in expansion opportunities or strategic investments.

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

Acquisitions

For information about our acquisitions, see Note 3 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data."

International Growth

We intend to open new stores as well as pursue acquisitions 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 United States 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. Given that we have a bias towards general merchandise, we believe this structural shift will be beneficial to the business.

We anticipate Grupo Finmart will continue to sign new convenios with federal, state and local governments, as well as further penetrate its existing convenios. As of September 30, 2015, Grupo Finmart had over 100 active convenios, and the lending penetration into the existing convenios was approximately 4%, which indicates further growth opportunities.

Competition

We encounter significant competition in connection with all of our activities. These competitive conditions may have an impact on our revenues, profitability and ability to expand. We compete with other pawn stores, credit service organizations, banks, credit unions and other financial institutions, such as consumer finance companies. We believe that the primary elements of competition are the quality of customer service and relationship management, convenience, store location and a customer friendly environment. 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 coupled with exceptional customer service.

The pawn industry in the United States is large and highly fragmented. The industry consists of pawn stores owned primarily by independent operators who own one to three locations, and the industry is relatively mature. We are the second largest public operator of 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 pawn stores owned by independent operators and chains, including some not-for-profit organizations. The pawn industry, particularly full-

7

Table of Contents

line stores offering general merchandise and jewelry loans and resale, remains in more of an expansion stage in Mexico than in the United States due to the shift in focus to general merchandise.

The unsecured payroll lending industry in Mexico is 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.

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.” In Mexico, we offer payroll withholding loans under the names “Crediamigo” and “Adex." Our financial services stores in Canada operate under the name “CASHMAX.” We have a few stores in Mexico that operate under the name “Cash Converters.” We have registered with the United States Patent and Trademark Office the names EZPAWN and EZCORP, among others. We hold a trademark in Mexico for the name “EMPEÑO FÁCIL.”

Regulation

Compliance with federal, state and local laws and regulations is an integral part of how we manage our business, and 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.”

U.S. Regulations

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 Regulations” below.

A number 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 and those losses are included in our shrinkage. Historically, we have not experienced a material number of claims of this nature.

Some of our pawn stores in the U.S. handle firearms and each of those stores 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.

Other Regulations — Our pawn lending activities 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

Table of Contents

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.”

- 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.

Mexico Pawn Regulations

Federal Regulation — Federal law in Mexico provides for administrative regulation of the pawnshop industry by Procuraduría Federal del Consumidor (PROFECO), Mexico’s primary federal consumer protection agency. PROFECO regulates the form and terms of pawn loan contracts (but not interest or service charge rates) and defines certain operating standards and procedures for pawnshops, including retail operations, and establishes registration, disclosure, bonding and reporting requirements. There are significant fines and sanctions, including operating suspensions, for failure to comply with PROFECO’s rules and regulations. We believe that we comply with the rules and regulations, as currently administered, and believe that when fully implemented, the PROFECO registration requirements should have limited impact on our operations or profitability.

PROFECO requires that we report certain transactions (or series of transactions) that exceed certain monetary limits. Anti-money laundering regulations restrict the use of cash in certain transactions. Relevant aspects of the law specifically affecting the pawn industry include monthly reporting on “vulnerable activities,” which includes certain high-value pawn and precious metal transactions.

The Federal Personal Information Protection Law requires us to protect our customers’ personal information. Specifically, the law requires us to inform customers if we share customer personal information with third parties and to post (both on-line and in-store) our privacy policy.

State and Local Regulation — Our pawn business in Mexico is also subject to regulation at the state and local level through state laws and local zoning and permitting ordinances. For example, some states require permits for pawn stores to operate, certification of employees as trained in the valuation of merchandise, and strict customer identification controls. State and local agencies often have authority to suspend store operations pending resolution of actual or alleged regulatory, licensing and permitting issues.

General Regulation — In addition to the above, our pawn business in Mexico is subject to various general business regulations in the areas of tax compliance, customs, consumer protections, money laundering, public safety and employment matters, among others, by various federal, state and local governmental agencies.

Mexico Financial Services Regulations

Our Grupo Finmart operations are primarily regulated by the General Law of Auxiliary Credit Organizations and Credit Activities (Ley General de Organizaciones y Actividades Auxiliares del Cre dito), certain regulations of the Banco de Me xico, the Law for the Protection and Defense of Financial Service Users (Ley de Proteccio n y Defensa al Usuario de Servicios Financieros), the Law for the Transparency and Ordering of Financial Services (Ley para la Transparencia y Ordenamiento de los Servicios Financieros), regulations issued by the National Commission for the Protection of the Users of Financial Services (Comisio n Nacional para la Defensa de los Usuarios de los Servicios Financieros or “CONDUSEF”), General Provisions in Terms of Transparency Applicable to Multiple Purpose Financial Institutions, Non-Regulated Entities (Disposiciones de Cara cter General en Materia de Transparencia Aplicables a las Sociedades Financerieras de Objeto Mu ltiple, Entidades No Reguladas) and the General Provisions Applicable to Credit Institutions, Exchange Houses, Credit Unions, Limited Purpose Financial Institutions and Regulated Multiple Purpose Financial Institutions (Disposiciones de Cara cter General Aplicables a las Organizaciones Auxiliares del

Cre dito, Casas de Cambio, Uniones de Cre dito, Sociedades Financieras de Objeto Limitado y Sociedades Financieras de Objeto Mu ltiple Reguladas), as well as other regulations issued by the National Banking and Securities Commission (La Comisio n Nacional Bancaria y de Valores or “CNBV”).

Table of Contents

- General Law of Auxiliary Credit Organizations and Credit Activities — As a Non-Regulated SOFOM, Grupo Finmart is not subject to the supervision of the CNBV, except with respect to provisions related to money laundering.
- Law for the Protection and Defense of Financial Service Users — The purpose of this law is to protect and defend the rights and interests of users of financial services. To this end, the law provides for the creation of CONDUSEF, an autonomous entity that protects the interests of users of financial services. CONDUSEF acts as arbitrator with respect to disputes submitted to its jurisdiction and seeks to promote better relationships among users of financial institutions and the financial institutions. As a SOFOM, Grupo Finmart must submit to CONDUSEF's jurisdiction in all conciliation proceedings and may choose to submit to CONDUSEF's jurisdiction in all arbitration proceedings that may be brought before it. We may be required to provide reserves against contingencies that could arise from proceedings pending before CONDUSEF. We may also be subject to recommendations by CONDUSEF regarding our adhesion agreements or information used to provide our services. We may be subject to coercive measures or sanctions imposed by CONDUSEF.

The Law for the Protection and Defense of Financial Service Users requires non-regulated SOFOMs, such as Grupo Finmart, to maintain an internal unit designated to resolve any and all controversies submitted by customers. Grupo Finmart maintains such a unit. CONDUSEF also maintains a Registry of Financial Service Providers that assists CONDUSEF in the performance of its activities. CONDUSEF is required to publicly disclose the products and services offered by financial service providers, including interest rates. To satisfy this duty, CONDUSEF has wide authority to request any and all necessary information from financial institutions. All SOFOMs are required to register their forms of adhesion agreements with CONDUSEF. All of our standard forms of agreement have been registered before CONDUSEF.

- Law for the Transparency and Ordering of Financial Services — The purpose of this law is to regulate certain fees and other aspects related to financial services in an effort to make financial services more transparent and to protect the interests of the users of such services.
- General Provisions in Terms of Transparency Applicable to Multiple Purpose Financial Institutions, Non-Regulated Entities — The purpose of this law is to regulate the contract with customers, account statements and advertising.
- Law for the Protection of Personal Data — The purpose of this law is to protect personal data and to enforce processing of personal data in order to ensure privacy and the right to consent with respect to the use of protected information.
- Money Laundering Regulations — Mexico's current anti-money laundering rules impose various requirements, including:
  - The establishment and implementation of procedures and policies, including client identification and know-your-customer policies, to prevent and detect actions, omissions or transactions that might favor, assist or cooperate in any manner with terrorism or money laundering activities;
  - Implementing procedures for detecting relevant, unusual and internal suspicious transactions;
  - Reporting of relevant, unusual and internal suspicious transactions to the CNBV and the Ministry of Finance and Public Credit;
  - The establishment of a communication and control committee (which, in turn, must appoint a compliance officer) in charge of, among other matters, supervising compliance with anti-money laundering provisions; and
  - Certain audit, training and reporting requirements.

Under the anti-money laundering rules, we must provide to the Ministry of Finance and Public Credit, through the CNBV, (i) quarterly reports with respect to transactions equal to, or exceeding, $10,000, (ii) monthly reports with respect to international funds transfers, received or sent by a client, with respect to transactions equal to, or exceeding, $10,000, (iii) reports of unusual transactions and (iv) periodic reports of suspicious transactions.

In connection with Mexico's efforts against drug-trafficking organizations, the Mexican government recently announced several measures to further curtail money laundering. These measures are yet to be implemented but are expected to include (i) restricting transactions involving automobiles, real estate, jewelry and other highly-priced assets with cash, (ii) requiring certain persons to disclose transactions, such as gambling outlets, grantors of any types of loans, real estate and automobile agencies, jewelers, lawyers and accountants, carriers of cash and securities and art

Table of Contents

galleries, and (iii) modifying applicable laws to avoid the use of nominees and increase access to information by Mexican authorities.

Regulations Associated with Discontinued Businesses

In general, the regulatory burden on consumer financial services businesses has increased significantly in the last few years at the national, state and local levels. For example, some aspects of the business have been specifically prohibited in certain jurisdictions; the economic terms of 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, compliance costs have increased; the risk of regulatory inquiries, audits and fines or other penalties have increased; and we have chosen to exit substantially all of our payday, installment and auto title lending businesses (including our U.S. Financial Services business in the fourth quarter of fiscal 2015 and our online lending operations in the U.S. and U.K. in the fourth quarter of fiscal 2014).

These businesses were also subject to a variety of U.S. federal regulations generally governing consumer financial services, such as the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Servicemembers Civil Relief Act, Warner National Defense Act, the Electronic Funds Transfer Act, the Bank Secrecy Act - USA Patriot Act, the Gramm-Leach-Bliley Act, Title X of the Dodd-Frank Act (including prohibitions against potentially unfair, deceptive or abusive acts or practices), the Truth-in-Lending Act, the Telephone Consumer Protection Act of 1991 and the CAN SPAM Act.

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 (the “Restatement”). For a description of the material weaknesses in our internal control over financial reporting identified by management in connection with the Restatement 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 17 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,” in connection with the Restatement, management identified control deficiencies that, collectively, represent material weaknesses (which had not been remediated as of September 30, 2015). In addition, in connection with the preparation of this Report, management identified other control deficiencies that,

Table of Contents

collectively, represent an additional material weakness. 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 the identified material weaknesses, management has concluded that we did not maintain effective internal control over financial reporting as of September 30, 2015. See "Part II, Item 9A — Controls and Procedures."

We are 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 products and services could have a material adverse effect on our operations and financial performance.

Our products and services are subject to extensive regulation under various federal, state and local laws and regulations. Adverse legislation or regulations could be adopted in any country, state or municipality in which we operate. If such legislation or regulation is adopted in any particular jurisdiction, we generally evaluate our business in the context of the new rules 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 rules, we may decide to close or consolidate stores, resulting in decreased revenues, earnings and assets. For example, the U.S. Department of Defense recently issued a final rule that expands certain protections under the Military Lending Act (MLA) to a wider range of credit products, including pawn loans. As a result, effective October 2016, pawn loans to active duty service members and their dependents will be subject to a 36% APR rate cap.

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

We are currently subject to various litigation and regulatory actions, including those described in Note 17 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data." 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 in Note 17 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data." However, under the terms of those policies, we bear the first $1 million of costs or liability associated with each claim. Consequently, our results of operations will be adversely affected by the current litigation until we exhaust the 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.

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. Those changes, which are described in the Company's Current Report on Form 8-K dated July 18, 2014, permit the voting stockholders to fill vacancies on the Board of Directors and appoint and remove the Chairman of the Board and officers of the Company; provide that the presence of 100% of the directors is necessary to constitute a quorum at any meeting of the Board; and provide that the affirmative vote of 100% of the directors is necessary to approve any resolution of the Board.

Table of Contents

A significant portion of our business is concentrated in Texas.
As of September 30, 2015, a significant portion of our U.S. pawn stores were located in Texas, and those stores account for a significant portion of our revenues and profitability. The legislative, regulatory and general business environment in Texas has been relatively favorable for our pawn business activities, but a negative legislative or regulatory change in Texas could have a material adverse effect on our overall operations and financial performance.
A significant or sudden decrease in gold values or the volume of gold transactions may have a material impact on our earnings and financial position.
Gold jewelry comprises a large portion of the collateral security for our pawn loans and our inventory. 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 impact our business. Over the fiscal 2013 to 2015 periods, we experienced a significant softening of gold prices and volumes, which had a 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 an equity investment 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 potentially material adverse impact on our financial position, results of operations and cash flows.
In part, achievement of our growth objectives is dependent upon our ability to open and acquire new stores.
Our expansion strategy includes acquiring existing stores and opening de novo store locations. Our acquisition strategy is dependent upon the availability of attractive acquisition candidates, while 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. 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 could adversely affect our prospects and future results of operations.
Changes in the business, regulatory or political climate in Mexico could adversely affect our operations there, which could adversely affect our growth plans.
Our growth plans include potential 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 and pawn redemption 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.
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 restrict or limit our ability to achieve our growth objectives, which could adversely affect our financial condition and results of operations.

Table of Contents

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, other consumer lending companies and other retailers, many of which have significantly greater financial resources than we do. Increases in the number or size of competitors or other changes in competitive influences could adversely affect our operations.
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 wrote down a portion of our investment in Cash Converters International Limited during the fourth quarter of fiscal 2015. See Note 5 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplemental Data."
We may incur property, casualty or other losses not covered by insurance.
We maintain a program of insurance coverage for various types of property, casualty and other risks. The types and amounts of insurance that we obtain vary from time to time, depending on availability, cost and our decisions with respect to risk retention. The policies are subject to deductibles and exclusions that result in our retention of a level of risk on a self-insurance basis. Losses not covered by insurance could be substantial and may increase our expenses, which could harm our results of operations and financial condition.
Our acquisitions, investments and other transactions could disrupt our ongoing business and harm our results of operations.
In pursuing our business strategy, we routinely conduct discussions, evaluate opportunities and enter into agreements regarding possible acquisitions, investments and other transactions. These transactions may involve significant challenges and risks, including risks that we may not realize the expected return on an acquisition or investment, that we may not be able to retain key personnel of an acquired business, or that we may experience difficulty in integrating acquired businesses into our business systems and processes. If we do enter into agreements with respect to acquisitions, investments or other transactions, we may fail to complete them due to inability to obtain required regulatory or other approvals or other factors. Furthermore, acquisitions, investments and other transactions require substantial management resources and have the potential to divert our attention from our existing business. These factors could harm our business and results of operations.
We could be subject to changes in tax rates, the adoption of new tax laws in the U.S. or other countries, or exposure to additional tax liabilities.
We are subject to taxes in the U.S. and several foreign jurisdictions. Current economic and political conditions make tax rates in any of these jurisdictions subject to significant change. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities or changes in tax laws or their interpretation.
Events beyond our control could result in business interruption or other adverse effects on our operations and growth.
Our business or operations could be subject to interruption or damage due to inclement weather, natural disaster, power loss, acts of violence, terrorist attacks, war or similar events. Such events could impair our customers' access to

our business, impact our ability to expand or continue our operations or otherwise have an adverse effect on our financial condition.

Table of Contents

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 $327.5 million, or approximately 27% of our total assets, as of September 30, 2015. 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. See Note 7 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data” for a discussion of the impairment of goodwill and indefinite-lived intangible assets during fiscal 2015.
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, as described under “Bad Debt and Allowance for Losses” in Note 1 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data.” As of September 30, 2015, our aggregate reserve and allowance for losses on loans was $65.0 million. See Note 20 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.” 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.
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."

Table of Contents

ITEM 1B — UNRESOLVED STAFF COMMENTS
None.

Table of Contents

ITEM 2 — PROPERTIES

Our typical pawn store is a freestanding building or part of a retail strip center with contiguous parking. Store interiors are designed to resemble small retail operations and attractively display merchandise by category. Distinctive exterior design and attractive in-store signage provide an appealing atmosphere to customers. We maintain property and general liability insurance for each of our stores. Our stores are open six or seven days a week.

We lease 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 2015 and February 2030, 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.

On an ongoing basis, we may close or consolidate under-performing store locations. For additional information about our discontinued operations and restructuring plans, see Note 2 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

The following table presents the number of store locations by state or province as of September 30, 2015:

	Pawn Locations	Payroll Withholding Services Locations	Total Locations
United States:			
Texas	212	—	212
Florida	100	—	100
Colorado	37	—	37
Illinois	27	—	27
Oklahoma	21	—	21
Arizona	20	—	20
Nevada	16	—	16
Indiana	16	—	16
Tennessee	13	—	13
Iowa	11	—	11
Utah	10	—	10
Georgia	8	—	8
Minnesota	7	—	7
Alabama	5	—	5
Oregon	5	—	5
Virginia	5	—	5
Wisconsin	3	—	3
New York	2	—	2
Pennsylvania	2	—	2
Mississippi	1	—	1
Arkansas	1	—	1
Total United States Locations	522	—	522
Mexico:			
Distrito Federal	39	4	43
Estado de Mexico	39	5	44
Veracruz	30	1	31
Jalisco	15	1	16

Guanajuato	15	—	15
Puebla	11	—	11
Nuevo León	10	2	12
Chiapas	7	4	11
Guerrero	7	—	7
Tabasco	7	2	9
Tamaulipas	6	1	7

Table of Contents

Coahuila	3	2	5
Quintana Roo	4	4	8
Michoacán	11	1	12
Hidalgo	6	—	6
Queretaro	6	—	6
Baja California	—	5	5
Baja California Sur	—	2	2
Oaxaca	4	2	6
Campeche	4	1	5
Morelos	—	2	2
Aguascalientes	4	—	4
Sinaloa	—	5	5
Tlaxcala	3	1	4
Sonora	—	4	4
San Luis Potosí	1	—	1
Zacatecas	—	4	4
Total Mexico Locations	232	53	285
Canada:			
Ontario (1)	27	—	27
Total Canada Locations	27	—	27
Total Company	781	53	834

(1) The Canadian locations exclude 1 store that is franchised by the company to third parties.

In addition to our store locations, we lease corporate office space primarily in Austin, Texas (179,400 square feet), Querétaro, Mexico (8,400 square feet) and Ontario, Canada (8,400 square feet). Grupo Finmart leases corporate office space in Mexico City (20,800 square feet).

For additional information about store locations during fiscal 2015, 2014 and 2013, see "Segment and Geographic Information" included in "Part I, Item 1 — Business."

ITEM 3 — LEGAL PROCEEDINGS

For a discussion of legal proceedings, see Note 17 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data."

ITEM 4 — MINE SAFETY DISCLOSURES

Not applicable.

Table of Contents

PART II

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

Market Information

Our Class A Non-voting Common Stock ("Class A Common Stock") is traded on the NASDAQ Stock Market under the symbol "EZPW." As of November 30, 2015, there were 97 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 November 30, 2015.

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 2015:		
Fourth quarter ended September 30, 2015	$7.58	$5.29
Third quarter ended June 30, 2015	9.88	7.10
Second quarter ended March 31, 2015	12.35	9.08
First quarter ended December 31, 2014	12.08	8.25
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

As of September 30, 2015, the closing sales price of our Class A Common Stock, as reported by the NASDAQ Stock Market, was $6.17 per share.

We have not declared or paid any dividends and currently do not anticipate paying any dividends in the immediate future. As described in Note 9 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data," payment of a dividend requires an adjustment to the conversion rate of our 2.125% Cash Convertible Senior Notes due 2019. Should we pay dividends in the future, our certificate of incorporation provides that cash dividends on common stock, when declared, must be declared and paid at the same per share amounts on both classes of stock. Any future determination to pay cash dividends will be at the discretion of our Board of Directors.

Table of Contents

Stock Performance Graph

The following table compares cumulative total stockholder returns for our Class A Common Stock for the last five fiscal years, with the cumulative total return on the NASDAQ Composite Index (ticker symbol: IXIC) and the NASDAQ Other Financial Index (ticker symbol: IXFN) over the same period. The graph shows the value, at the end of each of the last five fiscal years, of $100 invested in our Class A Common Stock or the indices on September 30, 2010. The graph depicts the change in the value of our Class A Common Stock relative to the indices at the end of each fiscal year and not for any interim period. Historical stock price performance is not necessarily indicative of future stock price performance.

Table of Contents

ITEM 6 — SELECTED FINANCIAL DATA

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

	Fiscal Year Ended September 30,				
	2015	2014	2013	2012*	2011
	(in thousands, except per share and store figures)				
Operating data:					
Total revenues	$788,369	$800,292	$809,525	$805,653	$697,366
Net revenues	444,943	456,774	480,433	474,512	404,896
Restructuring	17,080	6,664	—	—	—
Impairment of investments	29,237	7,940	43,198	—	—
(Loss) income from continuing operations, net of tax	(64,148)	(3,993)	22,527	110,819	85,770
(Loss) income from discontinued operations, net of tax	(27,316)	(68,093)	(1,517)	30,296	36,389
Net (loss) income	(91,464)	(72,086)	21,010	141,115	122,159
Net (loss) income from continuing operations attributable to redeemable noncontrolling interest	(5,015)	(7,387)	(1,222)	4,119	—
Net (loss) income from discontinued operations attributable to redeemable noncontrolling interest	—	—	(76)	151	—
Net (loss) income attributable to EZCORP, Inc.	(86,449)	(64,699)	22,308	136,845	122,159
Basic (loss) earnings per share attributable to EZCORP, Inc.:					
Continuing operations	$(1.09)	$0.05	$0.44	$2.10	$1.72
Discontinued operations	(0.50)	(1.25)	(0.03)	0.59	0.73
Basic (loss) earnings per share	$(1.59)	$(1.20)	$0.41	$2.69	$2.45
Diluted (loss) earnings per share attributable to EZCORP, Inc.:					
Continuing operations	$(1.09)	$0.06	$0.44	$2.09	$1.70
Discontinued operations	(0.50)	(1.25)	(0.03)	0.59	0.73
Diluted (loss) earnings per share	$(1.59)	$(1.19)	$0.41	$2.68	$2.43
Weighted average shares outstanding:					
Basic	54,369	54,148	53,657	50,877	49,917
Diluted	54,369	54,292	53,737	51,133	50,369
Stores attributable to continuing operations at end of period	834	857	853	820	617

*We acquired a 60% interest in Grupo Finmart in January 2012 and began consolidating its results of operations.

	September 30, 2015	2014	2013	2012*	2011
	(in thousands)				
Balance sheet data:					
Pawn loans	$159,964	$162,444	$156,637	$157,648	$145,318
Current consumer loans, net	36,533	63,995	56,880	45,036	14,611
Inventory, net	124,084	138,175	145,200	109,214	90,373
Working capital	347,811	486,649	376,360	381,567	291,968
Non-current consumer loans, net	75,824	85,004	65,488	46,704	—
Total assets	1,212,230	1,410,544	1,332,968	1,209,075	756,450
Long-term debt, less current maturities	306,337	392,054	215,939	198,836	17,500
Redeemable noncontrolling interest	3,235	22,800	47,297	50,998	—
Class A Non-voting Common Stock, subject to possible redemption	11,696	—	—	—	—
Total equity	676,735	832,304	895,883	827,791	664,248

* We acquired a 60% controlling interest in Grupo Finmart in January 2012 and began consolidating its results of operations.

Table of Contents

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

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

This discussion and analysis should be read in conjunction with the consolidated financial statements and the accompanying notes included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

Fiscal 2015 Financial Highlights

- Core pawn revenue (pawn service charges and merchandise sales) from the U.S. Pawn and Mexico Pawn segments increased 1% and 6%, respectively, from fiscal 2014. The Mexico Pawn core pawn revenue growth rate was 22% on a constant currency basis. See “Part II, Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Non-GAAP Financial Information” below.
- We acquired an additional 25 pawn stores (12 in Central Texas, 8 in Arizona and 5 in Oregon). The Central Texas stores solidify our market-leading presence there, including our home market of Austin, Texas. The Arizona stores are located in the Phoenix area, which is a new market for us, and make EZCORP the second largest pawnshop operator in Arizona. The Oregon stores give us our first-ever presence in the Pacific Northwest, which we consider to be a significant opportunity.
- Grupo Finmart revenue increased 25% (45% on a constant currency basis) from fiscal 2014.
- We completed the acquisition of an additional 18% of Grupo Finmart, bringing our ownership to 94%.
- We exited our U.S. Financial Services business to focus on growing our core pawn operations in the United States and Mexico and our Grupo Finmart business in Mexico.
- We streamlined our structure and operating model to improve overall efficiency and reduce costs by moving from a divisional to a functional business model.
- Aged inventory (inventory held for a year or more) decreased from 20% overall in the prior-year to 11% in the current year.
- Consolidated cash flow from operations was $79.4 million, an increase of 6% over fiscal 2014.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States (“GAAP”) 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.

The critical accounting policies and estimates that could have a significant impact on our results of operations, as well as relevant recent accounting pronouncements, are described in Note 1 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplemental Data.”

Results of Operations

Non-GAAP Financial Information

In addition to the financial information prepared in conformity with generally accepted accounting principles in the United States of America ("GAAP"), we provide certain other non-GAAP financial information on a constant currency basis ("constant currency"). We use constant currency to evaluate results of our Mexico Pawn and Grupo Finmart segment operations, which are denominated in Mexican pesos, and believe that presentation of constant currency results is meaningful and useful in understanding the activities and business metrics of our Mexico Pawn and Grupo Finmart operations and reflect an additional

way of viewing aspects of our business that, when viewed with GAAP results, provide a more complete understanding of factors and trends affecting our business. We provide non-GAAP financial information for informational purposes and to enhance understanding of our GAAP consolidated financial statements. Readers should consider the information in addition to, but not instead of or superior to, our financial statements prepared in accordance with GAAP. This non-GAAP financial information may be determined or calculated differently by other companies, limiting the usefulness of those measures for comparative purposes.

Constant currency results reported herein are calculated by translating consolidated balance sheet and consolidated statement of operations items denominated in Mexican pesos to U.S. dollars using the exchange rate from the prior-year comparable period, as opposed to the current period, in order to exclude the effects of foreign currency rate fluctuations. We used the end-of-period rate for balance sheet items and the average closing daily exchange rate during the appropriate period for statement of operations items. The end-of-period exchange rate as of September 30, 2015 and 2014 was 17.1 to 1 and 13.5 to 1, respectively. The average exchange rate for the years ended September 30, 2015, 2014 and 2013 was 15.1 to 1, 13.1 to 1, and 12.7 to 1, respectively. Constant currency results, where presented, also exclude the foreign currency gain or loss and the related foreign currency derivative gain or loss impact.

Table of Contents

Fiscal 2015 Compared to Fiscal 2014

Summary Financial Data

The following table presents selected summary consolidated financial data for our fiscal years ended September 30, 2015 (the “current year”) and September 30, 2014 (the "prior-year"). This table, as well as the discussion that follows, should be read with the consolidated financial statements and related notes included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

	Fiscal Year Ended September 30,		Percentage Change	
	2015	2014		
	(in thousands)			
Revenues:				
Merchandise sales	$402,118	$388,022	4	%
Jewelry scrapping sales	57,973			