

EZCORP INC  
Form 10-Q  
August 09, 2013  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2013

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File No. 0-19424

EZCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware

74-2540145

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

1901 Capital Parkway

78746

Austin, Texas

(Address of principal executive offices)

(Zip Code)

(512) 314-3400

Registrant's telephone number, including area code:

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) 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  No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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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.

As of June 30, 2013, 51,230,843 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.

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## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements and Supplementary Data (unaudited)

EZCORP, Inc.

## CONDENSED CONSOLIDATED BALANCE SHEETS

|                                                | June 30,<br>2013 | June 30,<br>2012 | September<br>30,<br>2012 |
|------------------------------------------------|------------------|------------------|--------------------------|
|                                                | (in thousands)   |                  |                          |
| Assets:                                        |                  |                  |                          |
| Current assets:                                |                  |                  |                          |
| Cash and cash equivalents                      | \$45,955         | \$50,774         | \$48,477                 |
| Restricted cash                                | 3,132            | 1,051            | 1,145                    |
| Pawn loans                                     | 154,095          | 147,477          | 157,648                  |
| Consumer loans, net                            | 42,717           | 28,764           | 34,152                   |
| Pawn service charges receivable, net           | 28,590           | 26,092           | 29,401                   |
| Consumer loan fees receivable, net             | 35,610           | 25,729           | 30,416                   |
| Inventory, net                                 | 122,503          | 94,421           | 109,214                  |
| Deferred tax asset                             | 15,716           | 18,226           | 14,984                   |
| Income tax receivable                          | 12,937           | 9,383            | 10,511                   |
| Prepaid expenses and other assets              | 37,377           | 40,268           | 45,451                   |
| Total current assets                           | 498,632          | 442,185          | 481,399                  |
| Investments in unconsolidated affiliates       | 146,707          | 125,309          | 126,066                  |
| Property and equipment, net                    | 110,312          | 100,242          | 108,131                  |
| Restricted cash, non-current                   | 2,182            | —                | 4,337                    |
| Goodwill                                       | 426,148          | 366,286          | 374,663                  |
| Intangible assets, net                         | 64,533           | 37,166           | 45,185                   |
| Non-current consumer loans, net                | 82,631           | 54,479           | 61,997                   |
| Other assets, net                              | 23,056           | 10,108           | 16,229                   |
| Total assets (1)                               | \$1,354,201      | \$1,135,775      | \$1,218,007              |
| Liabilities and stockholders' equity:          |                  |                  |                          |
| Current liabilities:                           |                  |                  |                          |
| Current maturities of long-term debt           | \$33,525         | \$31,126         | \$21,085                 |
| Current capital lease obligations              | 533              | 395              | 594                      |
| Accounts payable and other accrued expenses    | 68,960           | 54,487           | 64,104                   |
| Other current liabilities                      | 22,640           | 14,848           | 14,821                   |
| Customer layaway deposits                      | 7,912            | 6,740            | 7,238                    |
| Total current liabilities                      | 133,570          | 107,596          | 107,842                  |
| Long-term debt, less current maturities        | 198,374          | 175,740          | 198,836                  |
| Long-term capital lease obligations            | 521              | 764              | 995                      |
| Deferred tax liability                         | 8,948            | 7,788            | 7,922                    |
| Deferred gains and other long-term liabilities | 16,451           | 13,250           | 13,903                   |
| Total liabilities (2)                          | 357,864          | 305,138          | 329,498                  |
| Commitments and contingencies                  |                  |                  |                          |
| Temporary equity:                              |                  |                  |                          |
| Redeemable noncontrolling interest             | 56,837           | 44,864           | 53,681                   |
| Stockholders' equity:                          |                  |                  |                          |

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|                                                                                                                                                                                                                  |              |              |              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|
| Class A Non-voting Common Stock, par value \$.01 per share; authorized 54 million shares; issued and outstanding: 51,230,843 at June 30, 2013, 48,223,698 at June 30, 2012; and 48,255,536 at September 30, 2012 | 512          | 482          | 482          |
| Class B Voting Common Stock, convertible, par value \$.01 per share; 3 million shares authorized; issued and outstanding: 2,970,171                                                                              | 30           | 30           | 30           |
| Additional paid-in capital                                                                                                                                                                                       | 317,258      | 266,653      | 268,626      |
| Retained earnings                                                                                                                                                                                                | 624,620      | 527,231      | 565,803      |
| Accumulated other comprehensive loss                                                                                                                                                                             | (2,920 )     | (8,623 )     | (113 )       |
| EZCORP, Inc. stockholders' equity                                                                                                                                                                                | 939,500      | 785,773      | 834,828      |
| Total liabilities and stockholders' equity                                                                                                                                                                       | \$ 1,354,201 | \$ 1,135,775 | \$ 1,218,007 |

Assets and Liabilities of Grupo Finmart Securitization Trust

(1) Our consolidated assets as of June 30, 2013 and September 30, 2012 include the following assets of Grupo Finmart's securitization trust that can only be used to settle its liabilities: Restricted cash, non-current, \$2.2 million as of June 30, 2013 and \$4.3 million as of September 30, 2012; Consumer loans, net, \$34.3 million as of June 30, 2013 and \$33.6 million as of September 30, 2012; Consumer loan fees receivable, net, \$7.4 million as of June 30, 2013 and \$7.7 million as of September 30, 2012; Intangible assets, net, \$2.2 million as of June 30, 2013 and \$2.6 million as of September 30, 2012; and total assets, \$46.1 million as of June 30, 2013 and \$48.2 million as of September 30, 2012.

(2) Our consolidated liabilities as of June 30, 2013 and September 30, 2012 include \$32.3 million and \$32.7 million, respectively, of long-term debt for which the creditors of Grupo Finmart's securitization trust do not have recourse to EZCORP, Inc.

See accompanying notes to interim condensed consolidated financial statements.

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EZCORP, Inc.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

|                                                                                          | Three Months Ended                       |           | Nine Months Ended |           |
|------------------------------------------------------------------------------------------|------------------------------------------|-----------|-------------------|-----------|
|                                                                                          | June 30,                                 |           | June 30,          |           |
|                                                                                          | 2013                                     | 2012      | 2013              | 2012      |
|                                                                                          | (in thousands, except per share amounts) |           |                   |           |
| Revenues:                                                                                |                                          |           |                   |           |
| Merchandise sales                                                                        | \$86,576                                 | \$75,286  | \$281,262         | \$256,271 |
| Jewelry scrapping sales                                                                  | 26,288                                   | 40,530    | 113,579           | 147,066   |
| Pawn service charges                                                                     | 60,397                                   | 55,656    | 187,812           | 170,880   |
| Consumer loan fees                                                                       | 59,234                                   | 51,753    | 183,119           | 143,594   |
| Other revenues                                                                           | 2,671                                    | 1,348     | 10,169            | 3,351     |
| Total revenues                                                                           | 235,166                                  | 224,573   | 775,941           | 721,162   |
| Merchandise cost of goods sold                                                           | 51,050                                   | 43,842    | 164,711           | 147,621   |
| Jewelry scrapping cost of goods sold                                                     | 20,377                                   | 27,116    | 80,993            | 92,807    |
| Consumer loan bad debt                                                                   | 12,518                                   | 10,689    | 34,496            | 27,269    |
| Net revenues                                                                             | 151,221                                  | 142,926   | 495,741           | 453,465   |
| Operating expenses:                                                                      |                                          |           |                   |           |
| Operations                                                                               | 104,230                                  | 85,200    | 309,346           | 248,014   |
| Administrative                                                                           | 12,644                                   | 9,857     | 34,918            | 33,509    |
| Depreciation and amortization                                                            | 8,968                                    | 7,019     | 24,629            | 18,965    |
| Loss on sale or disposal of assets                                                       | 178                                      | 313       | 220               | 108       |
| Total operating expenses                                                                 | 126,020                                  | 102,389   | 369,113           | 300,596   |
| Operating income                                                                         | 25,201                                   | 40,537    | 126,628           | 152,869   |
| Interest income                                                                          | (471 )                                   | (133 )    | (787 )            | (486 )    |
| Interest expense                                                                         | 4,108                                    | 1,030     | 11,814            | 4,180     |
| Equity in net income of unconsolidated affiliates                                        | (4,328 )                                 | (4,197 )  | (13,491 )         | (12,935 ) |
| Other expense (income)                                                                   | 96                                       | 160       | —                 | (157 )    |
| Income from continuing operations before income taxes                                    | 25,796                                   | 43,677    | 129,092           | 162,267   |
| Income tax expense                                                                       | 9,139                                    | 12,718    | 42,084            | 52,664    |
| Income from continuing operations, net of tax                                            | 16,657                                   | 30,959    | 87,008            | 109,603   |
| Loss from discontinued operations, net of tax                                            | (21,497 )                                | (1,248 )  | (24,813 )         | (3,167 )  |
| Net (loss) income                                                                        | (4,840 )                                 | 29,711    | 62,195            | 106,436   |
| Net income from continuing operations attributable to redeemable noncontrolling interest | 1,041                                    | 1,188     | 3,378             | 1,300     |
| Net (loss) income attributable to EZCORP, Inc.                                           | \$(5,881 )                               | \$28,523  | \$58,817          | \$105,136 |
| Basic (loss) earnings per share attributable to EZCORP, Inc.:                            |                                          |           |                   |           |
| Continuing operations                                                                    | \$0.29                                   | \$0.58    | \$1.56            | \$2.13    |
| Discontinued operations                                                                  | \$(0.40 )                                | \$(0.02 ) | \$(0.46 )         | \$(0.06 ) |
| Basic (loss) earnings per share                                                          | \$(0.11 )                                | \$0.56    | \$1.10            | \$2.07    |
| Diluted (loss) earnings per share attributable to EZCORP, Inc.:                          |                                          |           |                   |           |
| Continuing operations                                                                    | \$0.29                                   | \$0.58    | \$1.56            | \$2.12    |
| Discontinued operations                                                                  | \$(0.40 )                                | \$(0.02 ) | \$(0.46 )         | \$(0.06 ) |
| Diluted (loss) earnings per share                                                        | \$(0.11 )                                | \$0.56    | \$1.10            | \$2.06    |
| Weighted average shares outstanding:                                                     |                                          |           |                   |           |
| Basic                                                                                    | 54,196                                   | 51,162    | 53,465            | 50,769    |

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|                                                                                |            |           |           |            |
|--------------------------------------------------------------------------------|------------|-----------|-----------|------------|
| Diluted                                                                        | 54,255     | 51,340    | 53,540    | 51,042     |
| Net income from continuing operations attributable to EZCORP, Inc.             | \$ 15,616  | \$ 29,771 | \$ 83,630 | \$ 108,303 |
| Loss from discontinued operations attributable to EZCORP, Inc.                 | (21,497 )  | (1,248 )  | (24,813 ) | (3,167 )   |
| Net (loss) income attributable to EZCORP, Inc.                                 | \$(5,881 ) | \$ 28,523 | \$ 58,817 | \$ 105,136 |
| See accompanying notes to interim condensed consolidated financial statements. |            |           |           |            |

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EZCORP, Inc.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

|                                                                                   | Three Months Ended June<br>30, |             | Nine Months Ended June<br>30, |            |
|-----------------------------------------------------------------------------------|--------------------------------|-------------|-------------------------------|------------|
|                                                                                   | 2013                           | 2012        | 2013                          | 2012       |
|                                                                                   | (in thousands)                 |             |                               |            |
| Net (loss) income                                                                 | \$ (4,840                      | ) \$ 29,711 | \$ 62,195                     | \$ 106,436 |
| Other comprehensive income (loss):                                                |                                |             |                               |            |
| Foreign currency translation loss                                                 | (15,529                        | ) (8,513    | ) (950                        | ) (10,887  |
| Effective portion of cash flow hedge                                              | 500                            | —           | 500                           | —          |
| Unrealized holding loss arising during period                                     | (1,457                         | ) (108      | ) (1,721                      | ) (846     |
| Income tax benefit (provision)                                                    | 1,189                          | (948        | ) (1,848                      | ) 1,563    |
| Other comprehensive loss, net of tax                                              | (15,297                        | ) (9,569    | ) (4,019                      | ) (10,170  |
| Comprehensive (loss) income                                                       | \$ (20,137                     | ) \$ 20,142 | \$ 58,176                     | \$ 96,266  |
| Attributable to redeemable noncontrolling interest:                               |                                |             |                               |            |
| Net income                                                                        | 1,041                          | 1,188       | 3,378                         | 1,300      |
| Foreign currency translation loss                                                 | (3,321                         | ) (2,789    | ) (1,212                      | ) (2,293   |
| Comprehensive (loss) income attributable to redeemable<br>noncontrolling interest | (2,280                         | ) (1,601    | ) 2,166                       | (993       |
| Comprehensive (loss) income attributable to EZCORP, Inc.                          | \$ (17,857                     | ) \$ 21,743 | \$ 56,010                     | \$ 97,259  |
| See accompanying notes to interim condensed consolidated financial statements.    |                                |             |                               |            |



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EZCORP, Inc.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

|                                                                                   | Nine Months Ended June 30, |           |
|-----------------------------------------------------------------------------------|----------------------------|-----------|
|                                                                                   | 2013                       | 2012      |
|                                                                                   | (in thousands)             |           |
| Operating Activities:                                                             |                            |           |
| Net income                                                                        | \$62,195                   | \$106,436 |
| Adjustments to reconcile net income to net cash provided by operating activities: |                            |           |
| Depreciation and amortization                                                     | 25,732                     | 19,891    |
| Consumer loan loss provision                                                      | 19,982                     | 12,136    |
| Deferred income taxes                                                             | 245                        | (644)     |
| Other adjustments                                                                 | 73                         | —         |
| Loss on sale or disposal of assets                                                | 6,060                      | 138       |
| Stock compensation                                                                | 5,202                      | 5,191     |
| Income from investments in unconsolidated affiliates                              | (13,491)                   | (12,935)  |
| Changes in operating assets and liabilities, net of business acquisitions:        |                            |           |
| Service charges and fees receivable, net                                          | (4,203)                    | 1,150     |
| Inventory, net                                                                    | (51)                       | (874)     |
| Prepaid expenses, other current assets, and other assets, net                     | (13,119)                   | (4,845)   |
| Accounts payable and accrued expenses                                             | 7,330                      | (12,100)  |
| Customer layaway deposits                                                         | 588                        | (182)     |
| Deferred gains and other long-term liabilities                                    | 439                        | 722       |
| Excess tax benefit from stock compensation                                        | (321)                      | (1,582)   |
| Income taxes receivable/payable                                                   | (5,664)                    | (8,370)   |
| Dividends from unconsolidated affiliates                                          | 8,418                      | 5,560     |
| Net cash provided by operating activities                                         | 99,415                     | 109,692   |
| Investing Activities:                                                             |                            |           |
| Loans made                                                                        | (682,184)                  | (571,683) |
| Loans repaid                                                                      | 451,182                    | 382,854   |
| Recovery of pawn loan principal through sale of forfeited collateral              | 181,461                    | 179,681   |
| Additions to property and equipment                                               | (33,351)                   | (33,193)  |
| Acquisitions, net of cash acquired                                                | (14,940)                   | (125,249) |
| Investments in unconsolidated affiliates                                          | (11,018)                   | —         |
| Net cash used in investing activities                                             | (108,850)                  | (167,590) |
| Financing Activities:                                                             |                            |           |
| Proceeds from exercise of stock options                                           | 45                         | 647       |
| Excess tax benefit from stock compensation                                        | 321                        | 1,582     |
| Taxes paid related to net share settlement of equity awards                       | (3,596)                    | (1,153)   |
| Change in restricted cash                                                         | 96                         | (1,085)   |
| Proceeds from revolving line of credit                                            | 403,131                    | 594,809   |
| Payments on revolving line of credit                                              | (385,964)                  | (502,575) |
| Proceeds from bank borrowings                                                     | 21,637                     | 343       |
| Payments on bank borrowings and capital lease obligations                         | (28,001)                   | (8,164)   |
| Net cash provided by used in financing activities                                 | 7,669                      | 84,404    |
| Effect of exchange rate changes on cash and cash equivalents                      | (756)                      | 299       |
| Net increase (decrease) in cash and cash equivalents                              | (2,522)                    | 26,805    |
| Cash and cash equivalents at beginning of period                                  | 48,477                     | 23,969    |
| Cash and cash equivalents at end of period                                        | \$45,955                   | \$50,774  |
| Non-cash Investing and Financing Activities:                                      |                            |           |

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|                                                                                |            |            |
|--------------------------------------------------------------------------------|------------|------------|
| Pawn loans forfeited and transferred to inventory                              | \$ 192,150 | \$ 177,490 |
| Issuance of common stock due to acquisitions                                   | \$38,705   | \$17,984   |
| Deferred consideration                                                         | \$25,872   | \$916      |
| Contingent consideration                                                       | \$248      | \$23,000   |
| Accrued additions to property and equipment                                    | \$107      | \$177      |
| See accompanying notes to interim condensed consolidated financial statements. |            |            |

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EZCORP, Inc.

## CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

|                                                                                            | Common Stock   |           | Additional | Retained  | Accumulated   | EZCORP,       |
|--------------------------------------------------------------------------------------------|----------------|-----------|------------|-----------|---------------|---------------|
|                                                                                            | Shares         | Par Value | Paid-in    | Earnings  | Other         | Inc.          |
|                                                                                            |                |           | Capital    |           | Comprehensive | Stockholders' |
|                                                                                            |                |           |            |           | Income (Loss) | Equity        |
|                                                                                            | (in thousands) |           |            |           |               |               |
| Balances at September 30, 2011                                                             | 50,199         | \$ 501    | \$242,398  | \$422,095 | \$ (746 )     | \$ 664,248    |
| Stock compensation                                                                         | —              | —         | 5,191      | —         | —             | 5,191         |
| Stock options exercised                                                                    | 201            | 2         | 645        | —         | —             | 647           |
| Issuance of common stock due to acquisitions                                               | 635            | 7         | 17,992     | —         | —             | 17,999        |
| Release of restricted stock                                                                | 159            | 2         | —          | —         | —             | 2             |
| Excess tax benefit from stock compensation                                                 | —              | —         | 1,580      | —         | —             | 1,580         |
| Taxes paid related to net share settlement of equity awards                                | —              | —         | (1,153 )   | —         | —             | (1,153 )      |
| Unrealized loss on available-for-sale securities                                           | —              | —         | —          | —         | (550 )        | (550 )        |
| Foreign currency translation adjustment                                                    | —              | —         | —          | —         | (7,327 )      | (7,327 )      |
| Net income attributable to EZCORP, Inc.                                                    | —              | —         | —          | 105,136   | —             | 105,136       |
| Balances at June 30, 2012                                                                  | 51,194         | \$ 512    | \$266,653  | \$527,231 | \$ (8,623 )   | \$ 785,773    |
| Balances at September 30, 2012                                                             | 51,226         | \$ 512    | \$268,626  | \$565,803 | \$ (113 )     | \$ 834,828    |
| Stock compensation                                                                         | —              | —         | 5,202      | —         | —             | 5,202         |
| 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                                 | —              | —         | (2,423 )   | —         | 85            | (2,338 )      |
| Release of restricted stock                                                                | 400            | 4         | —          | —         | —             | 4             |
| Excess tax benefit from stock compensation                                                 | —              | —         | 321        | —         | —             | 321           |
| Taxes paid related to net share settlement of equity awards                                | —              | —         | (3,596 )   | —         | —             | (3,596 )      |
| Effective portion of cash flow hedge                                                       | —              | —         | —          | —         | 500           | 500           |
| Unrealized loss on available-for-sale securities                                           | —              | —         | —          | —         | (1,120 )      | (1,120 )      |
| Foreign currency translation adjustment                                                    | —              | —         | —          | —         | (2,272 )      | (2,272 )      |
| Net income attributable to EZCORP, Inc.                                                    | —              | —         | —          | 58,817    | —             | 58,817        |
| Balances at June 30, 2013                                                                  | 54,201         | \$ 542    | \$317,258  | \$624,620 | \$ (2,920 )   | \$ 939,500    |

See accompanying notes to interim condensed consolidated financial statements.

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EZCORP, INC.

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

June 30, 2013

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. Our management has included all adjustments it considers necessary for a fair presentation. These adjustments are of a normal, recurring nature except for those related to discontinued operations (described in Note 2) and acquired businesses (described in Note 3). The accompanying financial statements should be read with the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended September 30, 2012. The balance sheet at September 30, 2012 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Our business is subject to seasonal variations, and operating results for the three and nine months ended June 30, 2013 (the "current quarter" and "current nine-month period") are not necessarily indicative of the results of operations for the full fiscal year. Certain prior period balances have been reclassified to conform to the current presentation and to reflect adjustments to purchase price allocations that were updated as additional information became available.

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 June 30, 2013, we own 60% of the outstanding equity interests in Prestaciones Finmart, S.A. de C.V., SOFOM, E.N.R. ("Grupo Finmart"), doing business under the brands "Crediamigo" and "Adex," 95% of Ariste Holding Limited and its affiliates ("Cash Genie"), and 51% of Renueva Comercial S.A. de C.V. ("TUYO"), and therefore, include their results in our consolidated financial statements. We account for our investments in Albemarle & Bond Holdings, PLC and Cash Converters International Limited using the equity method.

Significant Accounting Policies

With the exception of the policies described below, there have been no changes in significant accounting policies as described in our Annual Report on Form 10-K for the year ended September 30, 2012.

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 was completed on December 20, 2012 and accounted for as an asset purchase. Since the acquisition, Go Cash (now EZCORP Online) has modified the following consumer loan policies:

Unsecured Consumer Loan Revenue and Bad Debt — 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 fee receivables greater than 60 days past due are considered defaulted. Upon default, we charge consumer loan principal to consumer loan bad debt and reverse accrued unsecured consumer loan fee revenue.

Derivative Instruments and Hedging Activities — We recognize all derivative instruments as either assets or liabilities in the balance sheet 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.

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

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

**Recently Adopted Accounting Pronouncements**

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

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

**Recently Issued Accounting Pronouncements**

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

In October 2012, the FASB issued ASU 2012-04, Technical Corrections and Improvements. This update clarifies the Codification or corrects unintended application of guidance and includes amendments identifying when the use of fair value should be linked to the definition of fair value in Topic 820, Fair Value Measurement. Amendments to the Codification without transition guidance are effective upon issuance for both public and nonpublic entities. For public entities, amendments subject to transition guidance will be effective for fiscal periods beginning after December 15, 2012. We do not anticipate that the adoption of ASU 2012-04 will have a material effect on our financial position, results of operations or cash flows.

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

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

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

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

**NOTE 2: DISCONTINUED OPERATIONS**

During the third quarter of fiscal 2013, our Board of Directors approved a plan to close 107 legacy stores in a variety of locations (the “Reorganization”). These stores are generally older, smaller stores that do not fit our future growth profile. We will continue to execute our growth plan by adding approximately 15 new stores during our fourth fiscal quarter, broadening our online selling and lending channels, and adding numerous new products across the portfolio of companies in order to better serve our customers in the formats they desire and with the products and services they want.

The Reorganization includes:

57 stores in Mexico, 52 of which are small, jewelry-only asset group formats. We will continue to operate 235 full-service SWS stores under the Empeño Fácil brand, and expect to continue our rapid storefront growth in Mexico, ending fiscal year 2013 with approximately 245 locations. Neither Empeño Fácil, TUYO, nor Grupo Finmart are gold dependent and together they make up Latin America, our fastest growing segment.

29 stores in Canada, where we are in the process of transitioning to an integrated buy/sell and financial services model under the Cash Converters brand. The affected asset group consists of stores that are not optimal for that model because of location or size. We will continue to operate 46 full-service buy/sell and financial services center stores under the Cash Converters brand in Canada and the United States.

20 financial services stores in Dallas, Texas and the State of Florida, where we are exiting both locations primarily to onerous regulatory requirements. After the Reorganization we will continue to operate 472 financial services stores in the United States. In addition, one jewelry-only concept store will be closed, which was our only jewelry-only store in the United States.

In connection with the Reorganization, we incurred charges for lease termination costs, asset and inventory write-down to net realizable liquidation value, uncollectible receivables, and employee severance costs. We



recognized \$23.8 million of pre-tax charges related to the Reorganization during the third quarter ended June 30, 2013. These exit costs have been recorded as part of loss from discontinued operations in our condensed consolidated statements of operations.

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The following table summarizes the termination costs recognized in our third quarter ended June 30, 2013 financial statements related to the Reorganization:

|                                                       | Three Months Ended June 30, 2013<br>(in thousands) |
|-------------------------------------------------------|----------------------------------------------------|
| Lease termination costs                               | \$9,099                                            |
| Employee severance                                    | 1,023                                              |
| Inventory write-down to liquidation value             | 7,801                                              |
| Fixed asset write-down to liquidation value           | 5,840                                              |
| Total termination costs related to the reorganization | \$23,763                                           |

As of June 30, 2013, no cash payments had been made with regard to the recorded termination costs.

The accrued Reorganization charges are included in “Accounts payable and accrued liabilities” in our consolidated balance sheets and in “Loss from discontinued operations, net of tax” in the condensed consolidated statements of operations.

Discontinued operations in the three-month periods ended June 30, 2013 and 2012 include \$3.2 million and \$4.4 million of revenues and \$1.8 million and \$1.4 million pre-tax operating losses from stores being closed respectively. The nine-month periods ended June 30, 2013 and 2012 include \$11.6 million and \$12.9 million of revenues and \$5.5 million and \$3.2 of pre-tax operating losses from stores being closed.

The table below summarizes the pre-tax operating losses by operating segment:

|                                                          | Three Months Ended June 30, |            | Nine Months Ended June 30, |            |
|----------------------------------------------------------|-----------------------------|------------|----------------------------|------------|
|                                                          | 2013                        | 2012       | 2013                       | 2012       |
|                                                          | (in thousands)              |            |                            |            |
| <b>U.S. &amp; Canada</b>                                 |                             |            |                            |            |
| Net revenues                                             | \$1,495                     | \$1,510    | \$4,519                    | \$4,667    |
| Operating expenses                                       | 2,942                       | 2,576      | 8,980                      | 7,334      |
| Operating loss from discontinued operations before taxes | (1,447                      | ) (1,066   | ) (4,461                   | ) (2,667   |
| Total termination costs related to the reorganization    | 13,427                      | —          | 13,427                     | —          |
| Loss from discontinued operations before taxes           | (14,874                     | ) (1,066   | ) (17,888                  | ) (2,667   |
| Income tax benefit (provision)                           | 839                         | 33         | 1,010                      | (107       |
| Loss from discontinued operations, net of tax            | \$(14,035                   | ) \$(1,033 | ) \$(16,878                | ) \$(2,774 |
| <b>Latin America</b>                                     |                             |            |                            |            |
| Net revenues                                             | \$752                       | \$821      | \$2,483                    | \$2,775    |
| Operating expenses                                       | 1,076                       | 1,128      | 3,482                      | 3,337      |
| Operating loss from discontinued operations before taxes | (324                        | ) (307     | ) (999                     | ) (562     |
| Total termination costs related to the reorganization    | 10,336                      | —          | 10,336                     | —          |
| Loss from discontinued operations before taxes           | (10,660                     | ) (307     | ) (11,335                  | ) (562     |
| Income tax benefit                                       | 3,198                       | 92         | 3,400                      | 169        |
| Loss from discontinued operations, net of tax            | \$(7,462                    | ) \$(215   | ) \$(7,935                 | ) \$(393   |
| <b>Consolidated</b>                                      |                             |            |                            |            |
| Net revenues                                             | \$2,247                     | \$2,331    | \$7,002                    | \$7,442    |
| Operating expenses                                       | 4,018                       | 3,704      | 12,462                     | 10,671     |
| Operating loss from discontinued operations before taxes | (1,771                      | ) (1,373   | ) (5,460                   | ) (3,229   |
| Total termination costs related to the reorganization    | 23,763                      | —          | 23,763                     | —          |
| Loss from discontinued operations before taxes           | (25,534                     | ) (1,373   | ) (29,223                  | ) (3,229   |
| Income tax benefit                                       | 4,037                       | 125        | 4,410                      | 62         |
| Loss from discontinued operations, net of tax            | \$(21,497                   | ) \$(1,248 | ) \$(24,813                | ) \$(3,167 |

### NOTE 3: ACQUISITIONS

#### Go Cash

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

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

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The total purchase price is performance-based and will be determined over a period of four years following the closing. A minimum of \$50.8 million will be paid, of which \$27.8 million was paid at closing, \$11.0 million will be paid on November 10, 2013, \$6.0 million will be paid on November 10, 2014, and \$6.0 million will be paid on November 10, 2015. The performance consideration element will be based on the net income generated by the "Post-Closing Business Unit" (which will include all of our online consumer lending business). Within a specified period after the end of each of the first four years following the closing, we will make a contingent supplemental payment equal to the difference between (a) the adjusted net income for such year, multiplied by 6.0, and (b) all consideration payments previously paid. Each payment may be made, in our sole discretion, in cash or in the form of shares of EZCORP Class A Non-Voting Common Stock. The initial payment was made in the form of 1,400,198 shares of EZCORP Class A Non-Voting Common Stock.

The contingent consideration element of the purchase price, which is the amount in excess of the guaranteed \$50.8 million, has been preliminarily valued at zero as of June 30, 2013. The three and nine month periods ended June 30, 2013 include \$2.3 million and \$3.9 million in total revenues and \$2.4 million and \$5.6 million in operating losses related to EZCORP Online.

TUYO

On November 1, 2012, we acquired a 51% interest in Renueva Comercial S.A. de C.V., a company headquartered in Mexico City and doing business under the name "TUYO", for approximately \$1.1 million. As of June 30, 2013, TUYO owned and operated 19 stores in Mexico City and the surrounding metropolitan area. In these stores, TUYO buys quality used merchandise from customers and then resells that merchandise to other customers. TUYO also sells refurbished or other merchandise acquired in bulk from wholesalers. As this acquisition was individually immaterial, we present its related information, other than information related to the redeemable noncontrolling interest, on a consolidated basis.

Pursuant to the acquisition agreement, the sellers have a put option with respect to their remaining shares of TUYO. The sellers have the right to sell their TUYO shares to EZCORP during a specified exercise period, with specified limitations on the number of shares that may be sold within a consecutive 12-month period. Under the guidance in ASC 480-10-S99, securities that are redeemable for cash or other assets are to be classified outside of permanent equity; therefore, we have included the redeemable noncontrolling interest related to TUYO in temporary equity.

The fair value of the TUYO redeemable noncontrolling interest was estimated by applying an income and market approach. This fair value measurement is based on significant inputs that are not observable in the market and thus represents a Level 3 measurement. Key assumptions include discount rates of 10% and 18% representing discounts for lack of control and lack of marketability respectively that market participants would consider when estimating the fair value of the noncontrolling interest. The fair market value of TUYO was determined using a multiple of future earnings. We expect the recorded values related to the noncontrolling interest at June 30, 2013 to approximate fair value.

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## Other

On April 26, 2013, Grupo Finmart, our 60% owned subsidiary, purchased 100% of the outstanding shares of Fondo ACH, S.A. de C.V., a specialty consumer finance company. The total purchase price is performance-based and will be determined over a period of four years. A minimum of \$3.5 million will be paid, of which \$2.7 million was paid at closing with the remaining due on January 2, 2017. The performance consideration element will be based on interest income generated by the acquired portfolios and new loans made through Fondo ACH's contractual relationships. The contingent consideration element of the purchase price, which is the amount in excess of the guaranteed \$3.5 million, has been preliminarily valued at zero as of June 30, 2013. As this acquisition was individually immaterial, we present its related information on a consolidated basis.

On June 30, 2013, Grupo Finmart, purchased a consumer loan portfolio for total consideration of approximately \$1.3 million. The total purchase price is performance-based and will be determined over the life of the loan portfolio. As this acquisition was individually immaterial, we present its related information on a consolidated basis.

The nine-month period ended June 30, 2013, includes the December 2012 acquisition of 12 pawn locations in Arizona, which was a new state of operation for EZCORP. As this acquisition was individually immaterial, we present its related information on a consolidated basis.

The following tables provide information related to the acquisitions of domestic and foreign retail and financial services locations during the nine months ended June 30, 2013:

|                                               | Nine Months Ended June 30,<br>2013 |                       |
|-----------------------------------------------|------------------------------------|-----------------------|
|                                               | Go Cash                            | Other<br>Acquisitions |
| Number of asset purchase acquisitions         | 1                                  | 1                     |
| Number of stock purchase acquisitions         | —                                  | 3                     |
| U.S. stores acquired                          | —                                  | 12                    |
| Foreign stores acquired                       | —                                  | 26                    |
| Total stores acquired                         | —                                  | 38                    |
|                                               |                                    |                       |
|                                               | Nine Months Ended June 30,<br>2013 |                       |
|                                               | Go Cash                            | Other<br>Acquisitions |
|                                               | (in thousands)                     |                       |
| Consideration:                                |                                    |                       |
| Cash                                          | \$—                                | \$17,980              |
| Equity instruments                            | 27,776                             | 10,929                |
| Contingent consideration                      | —                                  | 248                   |
| Deferred consideration                        | 23,000                             | 2,872                 |
| Fair value of total consideration transferred | 50,776                             | 32,029                |
| Cash acquired                                 | —                                  | (3,040 )              |
| Total purchase price                          | \$50,776                           | \$28,989              |

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|                                                | Nine Months Ended June 30,<br>2013 |                       |
|------------------------------------------------|------------------------------------|-----------------------|
|                                                | Go Cash                            | Other<br>Acquisitions |
|                                                | (in thousands)                     |                       |
| Current assets:                                |                                    |                       |
| Pawn loans                                     | \$—                                | \$5,714               |
| Consumer loans, net                            | —                                  | 902                   |
| Service charges and fees receivable, net       | 23                                 | 714                   |
| Inventory, net                                 | —                                  | 2,441                 |
| Prepaid expenses and other assets              | 120                                | 508                   |
| Total current assets                           | 143                                | 10,279                |
| Property and equipment, net                    | 268                                | 1,078                 |
| Goodwill                                       | 38,128                             | 17,187                |
| Intangible assets                              | 12,315                             | 619                   |
| Non-current consumer loans, net                | —                                  | 3,011                 |
| Other assets                                   | 124                                | 314                   |
| Total assets                                   | 50,978                             | 32,488                |
| Current liabilities:                           |                                    |                       |
| Accounts payable and other accrued expenses    | 202                                | 560                   |
| Customer layaway deposits                      | —                                  | 103                   |
| Total current liabilities                      | 202                                | 663                   |
| Total liabilities                              | 202                                | 663                   |
| Redeemable noncontrolling interest             | —                                  | 2,836                 |
| Net assets acquired                            | \$50,776                           | \$28,989              |
| Goodwill deductible for tax purposes           | \$38,128                           | \$—                   |
| Indefinite-lived intangible assets acquired:   |                                    |                       |
| Domain name                                    | \$215                              | \$—                   |
| Definite-lived intangible assets acquired (1): |                                    |                       |
| Non-compete agreements                         | \$—                                | \$30                  |
| Internally developed software                  | \$12,100                           | \$66                  |
| Contractual relationship                       | \$—                                | \$523                 |

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

All acquisitions were made as part of our continuing strategy to enhance and diversify our earnings over the long-term. The factors contributing to the recognition of goodwill were based on several strategic and synergistic benefits we expect to realize from the acquisitions. These benefits include our initial entry into several markets and a greater presence in others, as well as the ability to further leverage our expense structure through increased scale. The purchase price allocation of assets acquired in the most recent twelve month period is preliminary as we continue to receive information regarding the acquired assets. Transaction related expenses for the nine-month periods ended June 30, 2013 and 2012 of approximately \$0.5 million and \$1.7 million, respectively, were expensed as incurred and recorded as administrative expenses. These amounts exclude costs related to transactions that did not close and future acquisitions. The results of all acquisitions have been consolidated with our results since their respective closing. Pro forma results of operations have not been presented because it is impracticable to do so, as historical audited financial statements in U.S. GAAP are not readily available.

#### Grupo Finmart

On January 30, 2012, we acquired a 60% interest in Grupo Finmart (formerly known as Crediamigo), a specialty consumer finance company headquartered in Mexico City, with 45 loan servicing locations throughout the country,

for total consideration of \$60.1 million, net of cash acquired. This amount includes contingent consideration related to two earn out payments. If certain financial performance targets are achieved, during calendar years 2012 and 2013, we will make a payment to the sellers of \$12.0 million, each year, for a total amount of \$24.0 million. The Grupo Finmart purchase price allocation presented below includes a fair value amount of \$23.0 million attributable to the contingent consideration payments. The first contingent consideration payment of approximately \$12.0 million was paid in April 2013.

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Pursuant to the Master Transaction Agreement, the sellers have a put option with respect to their remaining shares of Grupo Finmart. Under the guidance in ASC 480-10-S99, securities that are redeemable for cash or other assets are to be classified outside of permanent equity; therefore, we have included the redeemable noncontrolling interest related to Grupo Finmart in temporary equity. The fair value of the Grupo Finmart redeemable noncontrolling interest was estimated by applying an income and market approach. This fair value measurement at acquisition was based on significant inputs that are not observable in the market and thus represents a Level 3 measurement. We expect the recorded values related to the noncontrolling interest at June 30, 2013 to approximate fair value.

Cash Genie

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

Pursuant to the acquisition agreement, the sellers have a put option with respect to their remaining shares of Cash Genie. Each seller has the right to sell their Cash Genie shares to EZCORP during the exercise period. Under the guidance in ASC 480-10-S99, securities that are redeemable for cash or other assets are to be classified outside of permanent equity; therefore, we have included the redeemable noncontrolling interest related to Cash Genie in temporary equity.

On November 14, 2012, a seller exercised his option with respect to his remaining shares. This transaction increased our ownership percentage to 95%, and was treated as an equity transaction and not an adjustment to the purchase price of our initial controlling interest acquisition of Cash Genie. The details of the transaction are described further in Note 9.

On August 1, 2013, a seller exercised his option with respect to his remaining shares. As of August 1, 2013, we own 100% of Cash Genie's ordinary shares. The details of the transaction are described further in Note 18.

Other

In fiscal 2012, we acquired 50 locations in the U.S. and one in Canada. As these acquisitions were individually immaterial, we present their related information on a consolidated basis.



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The following table provides information related to the acquisitions of domestic and foreign retail and financial services locations in fiscal 2012:

|                                             | Fiscal Year Ended<br>September 30, 2012 |                       |
|---------------------------------------------|-----------------------------------------|-----------------------|
|                                             | Grupo<br>Finmart                        | Other<br>Acquisitions |
|                                             | (in thousands)                          |                       |
| Current assets:                             |                                         |                       |
| Pawn loans                                  | \$—                                     | \$ 6,781              |
| Consumer loans, net                         | 8,935                                   | 3,641                 |
| Service charges and fees receivable, net    | 18,844                                  | 1,940                 |
| Inventory, net                              | —                                       | 5,911                 |
| Deferred tax asset                          | —                                       | 238                   |
| Prepaid expenses and other assets           | 3,543                                   | 204                   |
| Total current assets                        | 31,322                                  | 18,715                |
| Property and equipment, net                 | 2,326                                   | 4,061                 |
| Goodwill                                    | 99,486                                  | 99,747                |
| Non-current consumer loans, net             | 56,120                                  | —                     |
| Intangible assets                           | 16,400                                  | 3,980                 |
| Other assets                                | 7,497                                   | 294                   |
| Total assets                                | 213,151                                 | 126,797               |
| Current liabilities:                        |                                         |                       |
| Accounts payable and other accrued expenses | 6,853                                   | 5,496                 |
| Customer layaway deposits                   | —                                       | 808                   |
| Current maturities of long-term debt        | 22,810                                  | —                     |
| Other current liabilities                   | —                                       | 257                   |
| Total current liabilities                   | 29,663                                  | 6,561                 |
| Long-term debt, less current maturities     | 86,872                                  | —                     |
| Deferred tax liability                      | 171                                     | 113                   |
| Total liabilities                           | 116,706                                 | 6,674                 |
| Redeemable noncontrolling interest          | 36,300                                  | 9,557                 |
| Net assets acquired                         | \$60,145                                | \$ 110,566            |

Per FASB ASC 805-10-25, adjustments to provisional purchase price allocation amounts made during the measurement period, shall be recorded as if the accounting for the business combination had been completed at the acquisition date. Thus, the acquirer shall revise comparative information for prior periods presented in financial statements. The amounts above and our consolidated balance sheet as of June 30, 2012 reflect all measurement period adjustments recorded since the acquisition date. These adjustments include a \$0.3 million decrease in current assets, a \$47.0 million decrease in other assets, a \$1.4 million decrease in current liabilities, and a \$1.0 million decrease in long-term liabilities, for a net change in goodwill of \$44.9 million.

**NOTE 4: EARNINGS PER SHARE**

We compute basic earnings per share on the basis of the weighted average number of shares of common stock outstanding during the period. We compute diluted earnings per share on the basis of the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options and restricted stock awards.

Potential common shares are required to be excluded from the computation of diluted earnings per share if the assumed proceeds upon exercise or vest, as defined by FASB ASC 718-10-25, are greater than the cost to re-acquire

the same number of shares at the average market price, and therefore the effect would be anti-dilutive.

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

|                                                                                     | Three Months Ended June 30,              |          | Nine Months Ended June 30, |           |
|-------------------------------------------------------------------------------------|------------------------------------------|----------|----------------------------|-----------|
|                                                                                     | 2013                                     | 2012     | 2013                       | 2012      |
|                                                                                     | (in thousands, except per share amounts) |          |                            |           |
| Net income from continuing operations attributable to EZCORP, Inc.                  | \$15,616                                 | \$29,771 | \$83,630                   | \$108,303 |
| Loss from discontinued operations, net of tax                                       | (21,497                                  | ) (1,248 | ) (24,813                  | ) (3,167  |
| Net (loss) income attributable to EZCORP (A)                                        | (5,881                                   | ) 28,523 | 58,817                     | 105,136   |
| Weighted average outstanding shares of common stock (B)                             | 54,196                                   | 51,162   | 53,465                     | 50,769    |
| Dilutive effect of stock options and restricted stock                               | 59                                       | 178      | 75                         | 273       |
| Weighted average common stock and common stock equivalents (C)                      | 54,255                                   | 51,340   | 53,540                     | 51,042    |
| Basic (loss) earnings per share attributable to EZCORP, Inc.:                       |                                          |          |                            |           |
| Continuing operations attributable to EZCORP, Inc.                                  | \$0.29                                   | \$0.58   | \$1.56                     | \$2.13    |
| Discontinued operations                                                             | (0.40                                    | ) (0.02  | ) (0.46                    | ) (0.06   |
| Basic (loss) earnings per share                                                     | \$(0.11                                  | ) \$0.56 | \$1.10                     | \$2.07    |
| Diluted earnings per share attributable to EZCORP, Inc.:                            |                                          |          |                            |           |
| Continuing operations attributable to EZCORP, Inc.                                  | \$0.29                                   | \$0.58   | \$1.56                     | \$2.12    |
| Discontinued operations                                                             | (0.40                                    | ) (0.02  | ) (0.46                    | ) (0.06   |
| Diluted (loss) earnings per share                                                   | \$(0.11                                  | ) \$0.56 | \$1.10                     | \$2.06    |
| Potential common shares excluded from the calculation of diluted earnings per share | —                                        | 117      | —                          | 36        |

## NOTE 5: STRATEGIC INVESTMENTS

At June 30, 2013, we owned 16,644,640 ordinary shares of Albemarle & Bond Holdings, PLC ("Albemarle & Bond"), representing almost 30% of its total outstanding shares. Our total cost for those shares was approximately \$27.6 million. Albemarle & Bond is primarily engaged in pawnbroking, retail jewelry sales, check cashing and lending in the United Kingdom. We account for the investment using the equity method. Since Albemarle & Bond's fiscal year ends three months prior to ours, we report the income from this investment on a three-month lag. Albemarle & Bond files semi-annual financial reports for its fiscal periods ending December 31 and June 30. Due to the three-month lag, income reported for our nine-month periods ended June 30, 2013 and 2012 represents our percentage interest in the results of Albemarle & Bond's operations from July 1, 2012 to March 31, 2013 and July 1, 2011 to March 31, 2012, respectively.

Conversion of Albemarle & Bond's financial statements into U.S. GAAP resulted in no material differences from those reported by Albemarle & Bond following IFRS.

In its functional currency of British pounds, Albemarle & Bond's total assets increased 13% from December 31, 2011 to December 31, 2012 and its net income decreased 31% for the six months ended December 31, 2012. The following table presents summary financial information for Albemarle & Bond's most recently reported results after translation to U.S. dollars (using the exchange rate as of December 31 of each year for balance sheet items and average exchange rates for the income statement items for the periods indicated):

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|                                            | As of December 31, |            |
|--------------------------------------------|--------------------|------------|
|                                            | 2012               | 2011       |
|                                            | (in thousands)     |            |
| Current assets                             | \$ 162,078         | \$ 134,387 |
| Non-current assets                         | 74,711             | 65,354     |
| Total assets                               | \$ 236,789         | \$ 199,741 |
| Current liabilities                        | \$ 22,267          | \$ 21,021  |
| Non-current liabilities                    | 83,332             | 62,169     |
| Shareholders' equity                       | 131,190            | 116,551    |
| Total liabilities and shareholders' equity | \$ 236,789         | \$ 199,741 |

|                                  | Six Months Ended December 31, |           |
|----------------------------------|-------------------------------|-----------|
|                                  | 2012                          | 2011      |
|                                  | (in thousands)                |           |
| Gross revenues                   | \$ 93,793                     | \$ 99,804 |
| Gross profit                     | 53,612                        | 58,165    |
| Profit for the year (net income) | 9,796                         | 14,208    |

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

We account for our investment in Cash Converters International using the equity method. Since Cash Converters International's fiscal year ends three months prior to ours, we report the income from this investment on a three-month lag. Cash Converters International files semi-annual financial reports for its fiscal periods ending December 31 and June 30. Due to the three-month lag, income reported for our nine-month periods ended June 30, 2013 and 2012 represents our percentage interest in the results of Cash Converters International's operations from July 1, 2012 to March 31, 2013 and July 1, 2011 to March 31, 2012, respectively.

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

In its functional currency of Australian dollars, Cash Converters International's total assets increased 22% from December 31, 2011 to December 31, 2012 and its net income improved 39% for the six months ended December 31, 2012. The following table presents summary financial information for Cash Converters International's most recently reported results after translation to U.S. dollars (using the exchange rate as of December 31 of each year for balance sheet items and average exchange rates for the income statement items for the periods indicated):

|                         | As of December 31, |            |
|-------------------------|--------------------|------------|
|                         | 2012               | 2011       |
|                         | (in thousands)     |            |
| Current assets          | \$ 169,739         | \$ 128,289 |
| Non-current assets      | 141,258            | 121,835    |
| Total assets            | \$ 310,997         | \$ 250,124 |
| Current liabilities     | \$ 38,735          | \$ 33,290  |
| Non-current liabilities | 31,591             | 37,797     |
| Shareholders' equity    | 240,671            | 179,037    |

|                                            |           |           |
|--------------------------------------------|-----------|-----------|
| Total liabilities and shareholders' equity | \$310,997 | \$250,124 |
|--------------------------------------------|-----------|-----------|

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|                                  | Six Months Ended December 31, |            |
|----------------------------------|-------------------------------|------------|
|                                  | 2012                          | 2011       |
|                                  | (in thousands)                |            |
| Gross revenues                   | \$ 140,123                    | \$ 115,256 |
| Gross profit                     | 95,149                        | 76,405     |
| Profit for the year (net income) | 19,143                        | 13,668     |

The table below summarizes the recorded value and fair value of each of these strategic investments at the dates indicated. These fair values are considered Level 1 estimates within the fair value hierarchy of FASB ASC 820-10-50, and were calculated as (a) the quoted stock price on each company's principal market multiplied by (b) the number of shares we owned multiplied by (c) the applicable foreign currency exchange rate at the dates indicated.

|                                | June 30,<br>2013               | 2012     | September 30,<br>2012 |
|--------------------------------|--------------------------------|----------|-----------------------|
|                                | (in thousands of U.S. dollars) |          |                       |
| Albemarle & Bond:              |                                |          |                       |
| Recorded value                 | \$52,252                       | \$51,156 | \$51,812              |
| Fair value                     | 33,920                         | 63,677   | 65,109                |
| Cash Converters International: |                                |          |                       |
| Recorded value                 | \$94,455                       | \$74,153 | \$74,254              |
| Fair value                     | 133,732                        | 80,894   | 100,705               |

On April 19, 2013, Albemarle & Bond announced that it expected profits for their full fiscal year (ending June 30, 2013) to be materially below market expectations, citing reduction in gold buying profit and pressures on its pawn loan business due to the challenging gold environment and increased competition. In addition Albemarle & Bond's Board of Directors announced that their CEO would step down earlier than planned and their former CEO and non-executive Chairman would assume the CEO role until a permanent replacement is found.

At June 30, 2013, the fair value of our investment in Albemarle & Bond Holdings, PLC was less than our recorded value. We currently believe that the fair value decline is temporary due to the recent global gold environment challenges and the absence of a permanent CEO.

**NOTE 6: GOODWILL AND OTHER INTANGIBLE ASSETS**

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

|               | June 30,<br>2013 | 2012      | September 30,<br>2012 |
|---------------|------------------|-----------|-----------------------|
|               | (in thousands)   |           |                       |
| Pawn licenses | \$8,836          | \$8,836   | \$8,836               |
| Trade name    | 9,654            | 9,621     | 9,845                 |
| Domain name   | 215              | —         | —                     |
| Goodwill      | 426,148          | 366,286   | 374,663               |
| Total         | \$444,853        | \$384,743 | \$393,344             |

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

|                                                | U.S. &<br>Canada<br>(in thousands) | Latin<br>America | Other<br>International | Consolidated |
|------------------------------------------------|------------------------------------|------------------|------------------------|--------------|
| Balances at September 30, 2012                 | \$224,306                          | \$110,401        | \$39,956               | \$374,663    |
| Acquisitions                                   | 53,033                             | 2,282            | —                      | 55,315       |
| Goodwill impairment                            | (29)                               | ) —              | —                      | (29)         |
| Effect of foreign currency translation changes | (2)                                | ) (1,446)        | ) (2,353)              | ) (3,801)    |
| Balances at June 30, 2013                      | \$277,308                          | \$111,237        | \$37,603               | \$426,148    |

|                                                | U.S. &<br>Canada<br>(in thousands) | Latin<br>America | Other<br>International | Consolidated |
|------------------------------------------------|------------------------------------|------------------|------------------------|--------------|
| Balances at September 30, 2011                 | \$163,897                          | \$9,309          | \$—                    | \$173,206    |
| Acquisitions                                   | 57,750                             | 99,486           | 39,338                 | 196,574      |
| Effect of foreign currency translation changes | (1)                                | ) (2,752)        | ) (741)                | ) (3,494)    |
| Balances at June 30, 2012                      | \$221,646                          | \$106,043        | \$38,597               | \$366,286    |

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

|                               | June 30,<br>2013   |                             |                      | 2012               |                             |                      | September 30,<br>2012 |                             |                      |
|-------------------------------|--------------------|-----------------------------|----------------------|--------------------|-----------------------------|----------------------|-----------------------|-----------------------------|----------------------|
|                               | Carrying<br>Amount | Accumulated<br>Amortization | Net<br>Book<br>Value | Carrying<br>Amount | Accumulated<br>Amortization | Net<br>Book<br>Value | Carrying<br>Amount    | Accumulated<br>Amortization | Net<br>Book<br>Value |
|                               | (in thousands)     |                             |                      |                    |                             |                      |                       |                             |                      |
| Real estate finders' fees     | \$1,518            | \$ (578)                    | ) \$940              | \$1,373            | \$ (553)                    | ) \$820              | \$1,457               | \$ (590)                    | ) \$867              |
| Non-compete agreements        | 4,079              | (3,290)                     | ) 789                | 4,356              | (2,993)                     | ) 1,363              | 4,504                 | (3,290)                     | ) 1,214              |
| Favorable lease               | 1,001              | (361)                       | ) 640                | 1,159              | (409)                       | ) 750                | 1,159                 | (436)                       | ) 723                |
| Franchise rights              | 1,519              | (143)                       | ) 1,376              | 1,559              | (82)                        | ) 1,477              | 1,625                 | (102)                       | ) 1,523              |
| Deferred financing costs      | 11,647             | (5,868)                     | ) 5,779              | 9,441              | (4,874)                     | ) 4,567              | 10,584                | (3,459)                     | ) 7,125              |
| Contractual relationship      | 14,818             | (2,217)                     | ) 12,601             | 11,726             | (2,299)                     | ) 9,427              | 14,517                | (1,075)                     | ) 13,442             |
| Internally developed software | 25,399             | (1,934)                     | ) 23,465             | —                  | —                           | —                    | 1,344                 | (19)                        | ) 1,325              |
| Other                         | 280                | (42)                        | ) 238                | 333                | (28)                        | ) 305                | 321                   | (36)                        | ) 285                |
| Total                         | \$60,261           | \$ (14,433)                 | ) \$45,828           | \$29,947           | \$ (11,238)                 | ) \$18,709           | \$35,511              | \$ (9,007)                  | ) \$26,504           |

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The amortization of most definite-lived intangible assets is recorded as amortization expense. The favorable lease asset and other intangibles are amortized to operations expense (rent expense) over the related lease terms. The deferred financing costs are amortized to interest expense over the life of the related debt instruments. The following table presents the amount and classification of amortization recognized as expense in each of the periods presented:

|                                                                         | Three Months Ended June 30, |         | Nine Months Ended June 30, |         |
|-------------------------------------------------------------------------|-----------------------------|---------|----------------------------|---------|
|                                                                         | 2013                        | 2012    | 2013                       | 2012    |
|                                                                         | (in thousands)              |         |                            |         |
| Amortization expense                                                    | \$1,598                     | \$1,162 | \$3,643                    | \$3,086 |
| Operations expense                                                      | 64                          | 49      | 131                        | 103     |
| Interest expense                                                        | 820                         | 569     | 2,344                      | 1,164   |
| Total expense from the amortization of definite-lived intangible assets | \$2,482                     | \$1,780 | \$6,118                    | \$4,353 |

The following table presents our estimate of future amortization expense for definite-lived intangible assets:

| Fiscal Years Ended September 30, | Amortization expense | Operations expense | Interest expense |
|----------------------------------|----------------------|--------------------|------------------|
|                                  | (in thousands)       |                    |                  |
| 2013                             | \$1,754              | \$31               | \$867            |
| 2014                             | 6,887                | 121                | 2,485            |
| 2015                             | 6,213                | 109                | 1,425            |
| 2016                             | 6,157                | 106                | 559              |
| 2017                             | 5,874                | 106                | 443              |

As acquisitions and dispositions occur in the future, amortization expense may vary from these estimates.



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## NOTE 7: LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

The following table presents our long-term debt instruments and balances under capital lease obligations outstanding at June 30, 2013 and 2012 and September 30, 2012:

|                                                                 | June 30, 2013      |                 | June 30, 2012      |                 | September 30, 2012 |                 |
|-----------------------------------------------------------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|
|                                                                 | Carrying<br>Amount | Debt<br>Premium | Carrying<br>Amount | Debt<br>Premium | Carrying<br>Amount | Debt<br>Premium |
|                                                                 | (in thousands)     |                 |                    |                 |                    |                 |
| Recourse to EZCORP:                                             |                    |                 |                    |                 |                    |                 |
| Domestic line of credit up to \$200,000 due 2015                | \$122,500          | \$ —            | \$114,700          | \$ —            | \$130,000          | \$ —            |
| Capital lease obligations                                       | 1,054              | —               | 1,159              | —               | 1,589              | —               |
| Non-recourse to EZCORP:                                         |                    |                 |                    |                 |                    |                 |
| Secured foreign currency line of credit up to \$3,840 due 2014  | 1,562              | 124             | 2,803              | 210             | 2,629              | 199             |
| Secured foreign currency line of credit up to \$19,200 due 2015 | 8,929              | —               | 58,455             | 9,004           | 16,073             | —               |
| Secured foreign currency line of credit up to \$23,035 due 2017 | 23,035             | —               | 6,903              | —               | 11,263             | —               |
| Consumer loans facility due 2017                                | 32,251             | —               | —                  | —               | 32,679             | —               |
| 10% unsecured notes due 2013                                    | 508                | —               | 1,570              | —               | 1,766              | —               |
| 15% unsecured notes due 2013                                    | 13,272             | 514             | —                  | —               | 14,262             | 1,334           |
| 16% unsecured notes due 2013                                    | —                  | —               | 5,013              | 174             | 5,248              | 108             |
| 20% unsecured notes due 2013                                    | —                  | —               | 11,725             | 1,511           | —                  | —               |
| 10% unsecured notes due 2014                                    | 9,008              | —               | 906                | —               | 963                | —               |
| 11% unsecured notes due 2014                                    | 111                | —               | —                  | —               | —                  | —               |
| 8.5 % unsecured notes due 2015                                  | 15,905             | —               | —                  | —               | —                  | —               |
| 10% unsecured notes due 2015                                    | 421                | —               | 402                | —               | 427                | —               |
| 15% secured notes due 2015                                      | 4,275              | 436             | —                  | —               | 4,488              | 597             |
| 18% secured notes due 2015                                      | —                  | —               | 4,273              | 611             | —                  | —               |
| 10% unsecured notes due 2016                                    | 122                | —               | 116                | —               | 123                | —               |
| Total long-term obligations                                     | 232,953            | 1,074           | 208,025            | 11,510          | 221,510            | 2,238           |
| Less current portion                                            | 34,058             | 815             | 31,521             | —               | 21,679             | 1,497           |
| Total long-term and capital lease obligations                   | \$198,895          | \$ 259          | \$176,504          | \$11,510        | \$199,831          | \$741           |

On May 10, 2011, we entered into a new senior secured credit agreement with a syndicate of five banks, replacing our previous credit agreement. Among other things, the new credit agreement provides for a four-year \$175 million revolving credit facility that we may, under the terms of the agreement, request to be increased to a total of \$225 million. Upon entering the new credit agreement, we repaid and retired our \$17.5 million outstanding debt. On May 31, 2013, we amended the senior secured credit agreement to increase our revolving credit facility from \$175 million to \$200 million. The new credit facility increases our available credit and provides greater flexibility to make investments and acquisitions both domestically and internationally. No other terms of our senior secured credit agreement were modified.

Pursuant to the credit agreement, we may choose to pay interest to the lenders for outstanding borrowings at LIBOR plus 200 to 275 basis points or the banks' base rate plus 100 to 175 basis points, depending on our leverage ratio computed at the end of each calendar quarter. On the unused amount of the credit facility, we pay a commitment fee of 37.5 to 50 basis points depending on our leverage ratio calculated at the end of each quarter. Terms of the credit agreement require, among other things, that we meet certain financial covenants, restrict dividend payments and limit other and non-recourse debt. At June 30, 2013, we were in compliance with all covenants. We expect the recorded value of our debt to approximate its fair value, as it is all variable rate debt and carries no pre-payment penalty, and

would be considered a Level 2 estimate within the fair value hierarchy.

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At June 30, 2013, \$122.5 million was outstanding under our revolving credit agreement. We also issued a \$1.8 million letter of credit, leaving \$75.7 million available on our revolving credit facility. The outstanding bank letters of credit were required under our workers' compensation insurance program and for our international office in Miami, Florida. Deferred financing costs related to our credit agreement are included in intangible assets, net on the balance sheet and are being amortized to interest expense over the term of the agreement.

On January 30, 2012, we acquired a 60% ownership interest in Grupo Finmart. Non-recourse debt amounts in the table above represent Grupo Finmart's third party debt. All lines of credit are guaranteed by Grupo Finmart's loan portfolio. Interest on lines of credit due 2014 and 2015 is charged at the Mexican Interbank Equilibrium ("TIIE") plus a margin varying from 6% to 9%. The line of credit due 2014 requires monthly payments of \$0.1 million with remaining principal due at maturity. The line of credit due 2015 requires monthly payments of \$0.9 million with the remaining principal due at maturity. The 15% secured notes require monthly payments of \$0.1 million with remaining principal due at maturity.

At acquisition, we performed a valuation to determine the fair value of Grupo Finmart's debt. As a result, we recorded a debt premium on Grupo Finmart's debt. This debt premium is being amortized as a reduction of interest expense over the life of the debt. The fair value was determined by using an income approach, specifically the discounted cash flows method based on the contractual terms of the debt and risk adjusted discount rates. The significant inputs used for the valuation are not observable in the market and thus this fair value measurement represents a Level 3 measurement within the fair value hierarchy. We expect the recorded value of our debt at June 30, 2013 to approximate its fair value and to be considered a Level 3 estimate within the fair value hierarchy.

On July 10, 2012, Grupo Finmart entered into a securitization transaction to transfer the collection rights of certain eligible consumer loans to a bankruptcy remote trust in exchange for cash on a non-recourse basis. The trust received financing as a result of the issuance of debt securities and delivered the proceeds of the financing to Grupo Finmart. The securitization agreement calls for a two-year revolving period in which the trust will use principal collections of the consumer loan portfolio to acquire additional collection rights up to \$115.2 million in eligible loans from Grupo Finmart. Upon the termination of the revolving period, the collection received by the trust will be used to repay the debt. Grupo Finmart will continue to service the underlying loans in the trust.

Grupo Finmart is the primary beneficiary of the securitization trust because Grupo Finmart has the power to direct the most significant activities of the trust through its role as servicer of all the receivables held by the trust and through its obligation to absorb losses or receive benefits that could potentially be significant to the trust. Consequently, we consolidate the trust.

As of June 30, 2013, borrowings under the securitization borrowing facility amounted to \$32.3 million. Interest is charged at TIIE plus a 2.5% margin, or a total of 6.8% as of June 30, 2013. The debt issued by the trust will be paid solely from the collections of the consumer loans transferred to the trust, and therefore there is no recourse to Grupo Finmart or EZCORP.

On May 15, 2013, Grupo Finmart issued and sold \$30.0 million of 8.5% Global Registered Notes due November 16, 2015. Notes with an aggregate principal amount of \$14.0 million were purchased by EZCORP and therefore eliminated in consolidation. Grupo Finmart used a portion of the net proceeds of the offering to repay existing indebtedness, and used the remaining portion for general operating purposes.

**NOTE 8: COMMON STOCK, OPTIONS AND STOCK COMPENSATION**

Our net income includes the following compensation costs related to our stock compensation arrangements:

|                          | Three Months Ended |         | Nine Months Ended |         |
|--------------------------|--------------------|---------|-------------------|---------|
|                          | June 30,           |         | June 30,          |         |
|                          | 2013               | 2012    | 2013              | 2012    |
|                          | (in thousands)     |         |                   |         |
| Gross compensation costs | \$2,148            | \$1,953 | \$5,202           | \$5,191 |
| Income tax benefits      | (727)              | (650)   | (1,746)           | (1,666) |
| Net compensation expense | \$1,421            | \$1,303 | \$3,456           | \$3,525 |

In the current three-month period ended June 30, 2013, stock option exercises resulted in the issuance of 15,000 shares for nominal proceeds. In the current nine-month period ended June 30, 2013, stock option exercises resulted in the issuance of 18,000 shares for nominal proceeds. In the prior year three-month period ended June 30, 2012, stock option exercises resulted in the issuance of 5,400 shares for nominal proceeds. In the prior year nine-month period ended June 30, 2012, stock option

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exercises resulted in the issuance of 201,298 shares for total proceeds of \$0.6 million. All options and restricted stock are related to our Class A Non-voting Common Stock.

**NOTE 9: REDEEMABLE NONCONTROLLING INTEREST**

The following table provides a summary of the activities in our redeemable noncontrolling interests as of June 30, 2013 and 2012:

|                                                                                  | Redeemable<br>Noncontrolling<br>Interests<br>(in thousands) |   |
|----------------------------------------------------------------------------------|-------------------------------------------------------------|---|
| Balance as of September 30, 2011                                                 | \$—                                                         |   |
| Acquisition of redeemable noncontrolling interest                                | 45,857                                                      |   |
| Net income attributable to redeemable noncontrolling interests                   | 1,300                                                       |   |
| Foreign currency translation adjustment attributable to noncontrolling interests | (2,293                                                      | ) |
| Balance as of June 30, 2012                                                      | \$44,864                                                    |   |
| <br>                                                                             |                                                             |   |
| Balance as of September 30, 2012                                                 | \$53,681                                                    |   |
| Acquisition of redeemable noncontrolling interest                                | 2,836                                                       |   |
| Sale of additional shares to parent                                              | (7,981                                                      | ) |
| Net income attributable to redeemable noncontrolling interests                   | 3,378                                                       |   |
| Contribution to maintain ownership percentage                                    | 6,135                                                       |   |
| Foreign currency translation adjustment attributable to noncontrolling interests | (1,212                                                      | ) |
| Balance as of June 30, 2013                                                      | \$56,837                                                    |   |

On November 1, 2012, we acquired a 51% interest in TUYO (see Note 3 for details).

On November 14, 2012, we acquired an additional 23% of the ordinary shares outstanding of Cash Genie, our U.K. online lending business, for \$10.4 million, increasing our ownership percentage from 72% to 95%, with the remaining 5% held by local management. The consideration paid to the selling shareholder was paid in the form of 592,461 shares of EZCORP Class A Non-Voting Common Stock. This transaction was treated as an equity transaction and not an adjustment to the purchase price of the initial controlling interest acquisition of Cash Genie. On August 1, 2013, we acquired the remaining ordinary shares that were held by local management for \$0.6 million. As of August 1, 2013, we own 100% of Cash Genie's ordinary shares.

On April 1, 2013, Grupo Finmart completed a \$15.3 million equity offering to its existing shareholders for the purpose of strengthening its balance sheet as it continues to seek additional debt to fund loan originations. EZCORP invested \$9.2 million with the noncontrolling interest shareholders investing the remaining \$6.1 million, which maintained our ownership at 60% and the noncontrolling shareholders' ownership at 40%.

**NOTE 10: INCOME TAXES**

Income tax expense is provided at the U.S. tax rate on financial statement earnings, adjusted for the difference between the U.S. tax rate and the rate of tax in effect for non-U.S. earnings deemed to be permanently reinvested in our non-U.S. operations. Deferred income taxes have not been provided for the potential remittance of non-U.S. undistributed earnings to the extent those earnings are deemed to be permanently reinvested, or to the extent such recognition would result in a deferred tax asset.

The current quarter's effective tax rate from continuing operations is 35.4% of pretax income compared to 29.1% for the prior year quarter. The effective rate for the quarter ended June 30, 2012 was lower due to the decision in that quarter to treat foreign earnings as being permanently reinvested, with a resultant reversal of prior period deferred tax liabilities in that quarter. The current quarter's effective tax rate for the tax benefit from discontinued operations is 15.8% compared to 9.1% for the prior year quarter.

For the current nine-month period, the effective tax rate from continuing operations is 32.6% compared to 32.5% in the prior year nine-month period. For the current nine-month period, the effective tax rate for the tax benefit from discontinued operations is 15.1% compared to 1.9% for the prior year nine-month period.



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The effective tax rate for discontinued operations is lower than the effective tax rate from continuing operations due to the inclusion of discontinued operations in Canada for which a valuation allowance has previously been recognized, resulting in no current benefit.

The effective tax rate for the three-month period ended June 30, 2013 was higher due to a reduction in foreign taxable income which is taxed at a lower rate than the U.S. rate. The effective tax rate from continuing operations for the nine-month period ended June 30, 2013 was lowered by a recognition of a tax benefit from tax credits not previously reported.

**NOTE 11: CONTINGENCIES**

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.

**NOTE 12: OPERATING SEGMENT INFORMATION**

Segment information is prepared on the same basis that our management reviews financial information for operational decision-making purposes. Our business consists of three reportable segments:

• U.S. & Canada – Includes all business activities in the United States and Canada

• Latin America – Includes all business activities in Mexico and other parts of Latin America

• Other International – Includes all business activities in the rest of the world (currently consisting of consumer loans online in the U.K. and our equity interests in the net income of Albemarle & Bond and Cash Converters International)

In connection with our decentralization strategy, we have changed the accountability for, and reporting of, certain items in administrative expenses, depreciation and amortization. When directly related to a segment, these items have been included in segment contribution. When shared by multiple segments, these items are being allocated to the segment and included in their segment contribution. Prior year figures have been reclassified to conform to this presentation.

There are no inter-segment revenues, and the amounts below were determined in accordance with the same accounting principles used in our consolidated financial statements. The following tables present operating segment information for the three and nine-month periods ending June 30, 2013 and 2012:

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|                                                                                          | Three Months Ended June 30, 2013 |                  |                        |              |
|------------------------------------------------------------------------------------------|----------------------------------|------------------|------------------------|--------------|
|                                                                                          | U.S. &<br>Canada                 | Latin<br>America | Other<br>International | Consolidated |
|                                                                                          | (in thousands)                   |                  |                        |              |
| Revenues:                                                                                |                                  |                  |                        |              |
| Merchandise sales                                                                        | \$71,464                         | \$15,112         | \$—                    | \$ 86,576    |
| Jewelry scrapping sales                                                                  | 26,288                           | —                | —                      | 26,288       |
| Pawn service charges                                                                     | 52,505                           | 7,892            | —                      | 60,397       |
| Consumer loan fees                                                                       | 40,279                           | 12,864           | 6,091                  | 59,234       |
| Other revenues                                                                           | 1,058                            | 1,034            | 579                    | 2,671        |
| Total revenues                                                                           | 191,594                          | 36,902           | 6,670                  | 235,166      |
| Merchandise cost of goods sold                                                           | 41,795                           | 9,255            | —                      | 51,050       |
| Jewelry scrapping cost of goods sold                                                     | 20,285                           | 92               | —                      | 20,377       |
| Consumer loan bad debt                                                                   | 9,994                            | 685              | 1,839                  | 12,518       |
| Net revenues                                                                             | 119,520                          | 26,870           | 4,831                  | 151,221      |
| Segment expenses:                                                                        |                                  |                  |                        |              |
| Operations                                                                               | 84,194                           | 16,513           | 3,523                  | 104,230      |
| Depreciation and amortization                                                            | 4,905                            | 1,854            | 118                    | 6,877        |
| Loss on sale or disposal of assets                                                       | 174                              | 4                | —                      | 178          |
| Interest (income) expense, net                                                           | (25                              | ) 2,790          | —                      | 2,765        |
| Equity in net income of unconsolidated affiliates                                        | —                                | —                | (4,328                 | ) (4,328     |
| Other expense                                                                            | —                                | 57               | —                      | 57           |
| Segment contribution                                                                     | \$30,272                         | \$5,652          | \$ 5,518               | \$ 41,442    |
| Corporate expenses:                                                                      |                                  |                  |                        |              |
| Administrative                                                                           |                                  |                  |                        | 12,644       |
| Depreciation and amortization                                                            |                                  |                  |                        | 2,091        |
| Interest expense, net                                                                    |                                  |                  |                        | 872          |
| Other expense                                                                            |                                  |                  |                        | 39           |
| Income from continuing operations before income taxes                                    |                                  |                  |                        | 25,796       |
| Income tax expense                                                                       |                                  |                  |                        | 9,139        |
| Income from continuing operations, net of tax                                            |                                  |                  |                        | 16,657       |
| Loss from discontinued operations, net of tax                                            |                                  |                  |                        | (21,497      |
| Net loss                                                                                 |                                  |                  |                        | (4,840       |
| Net income from continuing operations attributable to redeemable noncontrolling interest |                                  |                  |                        | 1,041        |
| Net loss attributable to EZCORP, Inc.                                                    |                                  |                  |                        | \$ (5,881    |



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## Three Months Ended June 30, 2012

|  | U.S. &<br>Canada | Latin<br>America | Other<br>International | Consolidated |
|--|------------------|------------------|------------------------|--------------|
|--|------------------|------------------|------------------------|--------------|

(in thousands)

|                                                                                          |          |          |          |           |
|------------------------------------------------------------------------------------------|----------|----------|----------|-----------|
| Revenues:                                                                                |          |          |          |           |
| Merchandise sales                                                                        | \$65,221 | \$10,065 | \$—      | \$ 75,286 |
| Jewelry scrapping sales                                                                  | 37,298   | 3,232    | —        | 40,530    |
| Pawn service charges                                                                     | 49,969   | 5,687    | —        | 55,656    |
| Consumer loan fees                                                                       | 37,492   | 10,381   | 3,880    | 51,753    |
| Other revenues                                                                           | 643      | 547      | 158      | 1,348     |
| Total revenues                                                                           | 190,623  | 29,912   | 4,038    | 224,573   |
| Merchandise cost of goods sold                                                           | 38,174   | 5,668    | —        | 43,842    |
| Jewelry scrapping cost of goods sold                                                     | 24,337   | 2,779    | —        | 27,116    |
| Consumer loan bad debt                                                                   | 8,806    | 632      | 1,251    | 10,689    |
| Net revenues                                                                             | 119,306  | 20,833   | 2,787    | 142,926   |
| Segment expenses:                                                                        |          |          |          |           |
| Operations                                                                               | 70,666   | 11,722   | 2,812    | 85,200    |
| Depreciation and amortization                                                            | 3,608    | 1,942    | 94       | 5,644     |
| Loss (gain) on sale or disposal of assets                                                | 93       | (3       | ) 223    | 313       |
| Interest expense (income), net                                                           | 16       | 22       | (1       | ) 37      |
| Equity in net income of unconsolidated affiliates                                        | —        | —        | (4,197   | ) (4,197  |
| Other expense (income)                                                                   | 497      | (14      | ) (441   | ) 42      |
| Segment contribution                                                                     | \$44,426 | \$7,164  | \$ 4,297 | \$ 55,887 |
| Corporate expenses:                                                                      |          |          |          |           |
| Administrative                                                                           |          |          |          | 9,857     |
| Depreciation and amortization                                                            |          |          |          | 1,375     |
| Interest expense, net                                                                    |          |          |          | 860       |
| Other expense                                                                            |          |          |          | 118       |
| Income from continuing operations before income taxes                                    |          |          |          | 43,677    |
| Income tax expense                                                                       |          |          |          | 12,718    |
| Income from continuing operations, net of tax                                            |          |          |          | 30,959    |
| Loss from discontinued operations, net of tax                                            |          |          |          | (1,248    |
| Net income                                                                               |          |          |          | 29,711    |
| Net income from continuing operations attributable to redeemable noncontrolling interest |          |          |          | 1,188     |
| Net income attributable to EZCORP, Inc.                                                  |          |          |          | \$ 28,523 |

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|                                                                                          | Nine Months Ended June 30, 2013 |                  |                        |              |
|------------------------------------------------------------------------------------------|---------------------------------|------------------|------------------------|--------------|
|                                                                                          | U.S. &<br>Canada                | Latin<br>America | Other<br>International | Consolidated |
|                                                                                          | (in thousands)                  |                  |                        |              |
| Revenues:                                                                                |                                 |                  |                        |              |
| Merchandise sales                                                                        | \$237,577                       | \$43,685         | \$—                    | \$ 281,262   |
| Jewelry scrapping sales                                                                  | 108,777                         | 4,802            | —                      | 113,579      |
| Pawn service charges                                                                     | 165,202                         | 22,610           | —                      | 187,812      |
| Consumer loan fees                                                                       | 126,873                         | 36,583           | 19,663                 | 183,119      |
| Other revenues                                                                           | 5,469                           | 2,880            | 1,820                  | 10,169       |
| Total revenues                                                                           | 643,898                         | 110,560          | 21,483                 | 775,941      |
| Merchandise cost of goods sold                                                           | 138,936                         | 25,775           | —                      | 164,711      |
| Jewelry scrapping cost of goods sold                                                     | 76,922                          | 4,071            | —                      | 80,993       |
| Consumer loan bad debt                                                                   | 27,363                          | (1,024)          | ) 8,157                | 34,496       |
| Net revenues                                                                             | 400,677                         | 81,738           | 13,326                 | 495,741      |
| Segment expenses:                                                                        |                                 |                  |                        |              |
| Operations                                                                               | 251,593                         | 46,483           | 11,270                 | 309,346      |
| Depreciation and amortization                                                            | 13,395                          | 5,067            | 337                    | 18,799       |
| Loss on sale or disposal of assets                                                       | 202                             | 18               | —                      | 220          |
| Interest expense (income), net                                                           | 7                               | 8,205            | (1                     | ) 8,211      |
| Equity in net income of unconsolidated affiliates                                        | —                               | —                | (13,491                | ) (13,491)   |
| Other income                                                                             | (5                              | ) (238           | ) (69                  | ) (312)      |
| Segment contribution                                                                     | \$135,485                       | \$22,203         | \$ 15,280              | \$ 172,968   |
| Corporate expenses:                                                                      |                                 |                  |                        |              |
| Administrative                                                                           |                                 |                  |                        | 34,918       |
| Depreciation and amortization                                                            |                                 |                  |                        | 5,830        |
| Interest expense, net                                                                    |                                 |                  |                        | 2,816        |
| Other expense                                                                            |                                 |                  |                        | 312          |
| Income from continuing operations before taxes                                           |                                 |                  |                        | 129,092      |
| Income tax expense                                                                       |                                 |                  |                        | 42,084       |
| Income from continuing operations, net of tax                                            |                                 |                  |                        | 87,008       |
| Loss from discontinued operations, net of tax                                            |                                 |                  |                        | (24,813)     |
| Net income                                                                               |                                 |                  |                        | 62,195       |
| Net income from continuing operations attributable to redeemable noncontrolling interest |                                 |                  |                        | 3,378        |
| Net income attributable to EZCORP, Inc.                                                  |                                 |                  |                        | \$ 58,817    |

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|                                                                                          | Nine Months Ended June 30, 2012 |                  |                        | Consolidated |
|------------------------------------------------------------------------------------------|---------------------------------|------------------|------------------------|--------------|
|                                                                                          | U.S. &<br>Canada                | Latin<br>America | Other<br>International |              |
|                                                                                          | (in thousands)                  |                  |                        |              |
| Revenues:                                                                                |                                 |                  |                        |              |
| Merchandise sales                                                                        | \$226,507                       | \$29,764         | \$—                    | \$ 256,271   |
| Jewelry scrapping sales                                                                  | 139,252                         | 7,814            | —                      | 147,066      |
| Pawn service charges                                                                     | 154,823                         | 16,057           | —                      | 170,880      |
| Consumer loan fees                                                                       | 121,744                         | 17,764           | 4,086                  | 143,594      |
| Other revenues                                                                           | 2,430                           | 763              | 158                    | 3,351        |
| Total revenues                                                                           | 644,756                         | 72,162           | 4,244                  | 721,162      |
| Merchandise cost of goods sold                                                           | 131,682                         | 15,939           | —                      | 147,621      |
| Jewelry scrapping cost of goods sold                                                     | 86,848                          | 5,959            | —                      | 92,807       |
| Consumer loan bad debt                                                                   | 24,663                          | 1,140            | 1,466                  | 27,269       |
| Net revenues                                                                             | 401,563                         | 49,124           | 2,778                  | 453,465      |
| Segment expenses:                                                                        |                                 |                  |                        |              |
| Operations                                                                               | 216,653                         | 27,781           | 3,580                  | 248,014      |
| Depreciation and amortization                                                            | 9,862                           | 4,907            | 130                    | 14,899       |
| (Gain) loss on sale or disposal of assets                                                | (113                            | ) (2             | ) 223                  | 108          |
| Interest expense (income), net                                                           | 20                              | 1,755            | (1                     | ) 1,774      |
| Equity in net income of unconsolidated affiliates                                        | —                               | —                | (12,935                | ) (12,935    |
| Other expense (income)                                                                   | 346                             | 2                | (505                   | ) (157       |
| Segment contribution                                                                     | \$174,795                       | \$14,681         | \$ 12,286              | \$ 201,762   |
| Corporate expenses:                                                                      |                                 |                  |                        |              |
| Administrative                                                                           |                                 |                  |                        | 33,509       |
| Depreciation and amortization                                                            |                                 |                  |                        | 4,066        |
| Interest expense, net                                                                    |                                 |                  |                        | 1,920        |
| Income from continuing operations before taxes                                           |                                 |                  |                        | 162,267      |
| Income tax expense                                                                       |                                 |                  |                        | 52,664       |
| Income from continuing operations, net of tax                                            |                                 |                  |                        | 109,603      |
| Loss from discontinued operations, net of tax                                            |                                 |                  |                        | (3,167       |
| Net income                                                                               |                                 |                  |                        | 106,436      |
| Net income from continuing operations attributable to redeemable noncontrolling interest |                                 |                  |                        | 1,300        |
| Net income attributable to EZCORP, Inc.                                                  |                                 |                  |                        | \$ 105,136   |

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The following table presents separately identified segment assets:

|                                                      | U.S. &<br>Canada<br>(in thousands) | Latin<br>America | Other<br>International | Consolidated |
|------------------------------------------------------|------------------------------------|------------------|------------------------|--------------|
| Assets at June 30, 2013                              |                                    |                  |                        |              |
| Cash and cash equivalents                            | \$ 11,245                          | \$ 29,494        | \$ 2,434               | \$ 43,173    |
| Restricted cash                                      | —                                  | 3,132            | —                      | 3,132        |
| Pawn loans                                           | 137,237                            | 16,858           | —                      | 154,095      |
| Consumer loans, net                                  | 22,155                             | 98,224           | 4,969                  | 125,348      |
| Service charges and fees receivable, net             | 33,974                             | 28,535           | 1,691                  | 64,200       |
| Inventory, net                                       | 102,411                            | 20,092           | —                      | 122,503      |
| Property and equipment, net                          | 64,356                             | 27,669           | 1,507                  | 93,532       |
| Restricted cash, non-current                         | —                                  | 2,182            | —                      | 2,182        |
| Goodwill                                             | 277,308                            | 111,237          | 37,603                 | 426,148      |
| Intangibles, net                                     | 28,027                             | 20,067           | 2,704                  | 50,798       |
| Total separately identified recorded segment assets  | \$ 676,713                         | \$ 357,490       | \$ 50,908              | \$ 1,085,111 |
| Consumer loans outstanding from unaffiliated lenders | \$ 25,302                          | \$ —             | \$ —                   | \$ 25,302    |
| Assets at June 30, 2012                              |                                    |                  |                        |              |
| Cash and cash equivalents                            | \$ 18,789                          | \$ 15,963        | \$ 1,638               | \$ 36,390    |
| Restricted cash                                      | —                                  | 1,051            | —                      | 1,051        |
| Pawn loans                                           | 134,038                            | 13,439           | —                      | 147,477      |
| Consumer loans, net                                  | 17,247                             | 64,158           | 1,838                  | 83,243       |
| Service charges and fees receivable, net             | 30,555                             | 20,721           | 545                    | 51,821       |
| Inventory, net                                       | 82,631                             | 11,790           | —                      | 94,421       |
| Property and equipment, net                          | 56,951                             | 20,164           | 1,446                  | 78,561       |
| Goodwill                                             | 221,646                            | 106,043          | 38,597                 | 366,286      |
| Intangibles, net                                     | 17,555                             | 15,041           | 2,872                  | 35,468       |
| Total separately identified recorded segment assets  | \$ 579,412                         | \$ 268,370       | \$ 46,936              | \$ 894,718   |
| Consumer loans outstanding from unaffiliated lenders | \$ 21,689                          | \$ —             | \$ —                   | \$ 21,689    |
| Assets at September 30, 2012                         |                                    |                  |                        |              |
| Cash and cash equivalents                            | \$ 14,820                          | \$ 16,365        | \$ 1,789               | \$ 32,974    |
| Restricted cash                                      | —                                  | 1,145            | —                      | 1,145        |
| Pawn loans                                           | 140,885                            | 16,763           | —                      | 157,648      |
| Consumer loans, net                                  | 18,960                             | 73,422           | 3,767                  | 96,149       |
| Service charges and fees receivable, net             | 34,066                             | 24,637           | 1,114                  | 59,817       |
| Inventory, net                                       | 94,449                             | 14,765           | —                      | 109,214      |
| Property and equipment, net                          | 60,476                             | 23,005           | 1,503                  | 84,984       |
| Restricted cash, non-current                         | —                                  | 4,337            | —                      | 4,337        |
| Goodwill                                             | 224,306                            | 110,401          | 39,956                 | 374,663      |
| Intangibles, net                                     | 17,498                             | 21,867           | 2,946                  | 42,311       |
| Total separately identified recorded segment assets  | \$ 605,460                         | \$ 306,707       | \$ 51,075              | \$ 963,242   |
| Consumer loans outstanding from unaffiliated lenders | \$ 23,636                          | \$ —             | \$ —                   | \$ 23,636    |

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The following table reconciles separately identified recorded segment assets, as shown above, to our consolidated total assets:

|                                                     | June 30,<br>2013 | 2012        | September 30,<br>2012 |
|-----------------------------------------------------|------------------|-------------|-----------------------|
|                                                     | (in thousands)   |             |                       |
| Total separately identified recorded segment assets | \$1,085,111      | \$894,718   | \$963,242             |
| Corporate assets                                    | 269,090          | 241,057     | 254,765               |
| Total assets                                        | \$1,354,201      | \$1,135,775 | \$1,218,007           |

The following tables provide geographic information required by ASC 280-10-50-41:

|           | Three Months Ended June<br>30, |           | Nine Months Ended June<br>30, |           |
|-----------|--------------------------------|-----------|-------------------------------|-----------|
|           | 2013                           | 2012      | 2013                          | 2012      |
|           | (in thousands)                 |           |                               |           |
| Revenues: |                                |           |                               |           |
| U.S.      | \$188,524                      | \$187,746 | \$634,900                     | \$636,780 |
| Mexico    | 36,902                         | 29,912    | 110,560                       | 72,162    |
| Canada    | 3,070                          | 2,877     | 8,998                         | 7,976     |
| U.K.      | 6,670                          | 4,038     | 21,483                        | 4,244     |
| Total     | 235,166                        | 224,573   | 775,941                       | 721,162   |

|                    | June 30,<br>2013 | 2012      | September 30,<br>2012 |
|--------------------|------------------|-----------|-----------------------|
|                    | (in thousands)   |           |                       |
| Long-lived assets: |                  |           |                       |
| U.S.               | \$394,875        | \$309,223 | \$317,887             |
| Mexico             | 159,546          | 141,423   | 155,488               |
| Canada             | 4,758            | 10,133    | 10,199                |
| U.K.               | 41,772           | 42,873    | 44,363                |
| Other              | 42               | 42        | 42                    |
| Total              | \$600,993        | \$503,694 | \$527,979             |

**NOTE 13: ALLOWANCE FOR LOSSES AND CREDIT QUALITY OF FINANCING RECEIVABLES**

We offer a variety of loan products and credit services to customers who do not have cash resources or access to credit to meet their cash needs. Our customers are considered to be in a higher risk pool with regard to creditworthiness when compared to those of typical financial institutions. As a result, our receivables do not have a credit risk profile that can easily be measured by the normal credit quality indicators used by the financial markets. We manage the risk through closely monitoring the performance of the portfolio and through our underwriting process. This process includes 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 customers may be contacted. For auto title loans, we also inspect the automobile, title and reference to market values of used automobiles.

The accuracy of our allowance estimates is dependent upon several factors, including our ability to predict future default rates based on historical trends and expected future events. We base our estimates on observable trends and various other assumptions that we believe to be reasonable under the circumstances. We review and analyze our loan portfolios based on aggregation of loans by type and duration of the loan products. Loan repayment trends and default rates are evaluated each month based on each loan portfolio and adjustments to loss allowance are made accordingly. A documented and systematic process is followed.

We consider consumer loans made at our storefronts by our wholly owned subsidiaries to be defaulted if they have 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

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defaulted loans may be collected later, we charge the loan principal to consumer loan bad debt upon default, leaving only active loans in the reported balance. Accrued fees related to defaulted loans reduce fee revenue upon loan default, and increase fee revenue upon collection.

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.

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

The Grupo Finmart acquisition marked our initial entry into unsecured consumer lending in Mexico. Grupo Finmart's consumer loans are considered in current status as long as the customer is employed and Grupo Finmart receives payments via payroll withholdings. Loans made to customers no longer employed are considered current if payments are made by the due date. If one payment of a loan is delinquent, that one payment is considered defaulted. If two or more payments are delinquent at any time, the entire loan is considered defaulted. Although defaulted loans may be collected later, Grupo Finmart charges the loan principal to consumer loan bad debt upon default, leaving only active loans in the reported balance. Subsequent collections of principal are recorded as a reduction of consumer loan bad debt when collected. Accrued fees related to defaulted loans reduce fee revenue upon default, and increase fee revenue upon collection.

The following table presents changes in the allowance for credit losses, as well as the recorded investment in our financing receivables by portfolio segment for the periods presented:

| Description                           | Allowance<br>Balance<br>at<br>Beginning<br>of Period<br>(in thousands) | Charge-offs  | Recoveries | Provision | Translation<br>Adjustment | Allowance<br>Balance at<br>End of<br>Period | Financing<br>Receivable<br>at End of<br>Period |
|---------------------------------------|------------------------------------------------------------------------|--------------|------------|-----------|---------------------------|---------------------------------------------|------------------------------------------------|
| *Unsecured short-term consumer loans: |                                                                        |              |            |           |                           |                                             |                                                |
| Three Months Ended June 30, 2013      | \$2,234                                                                | \$ (11,302 ) | \$ 5,512   | \$ 6,540  | \$—                       | \$ 2,984                                    | \$ 23,720                                      |
| Three Months Ended June 30, 2012      | \$ 1,442                                                               | \$ (8,451 )  | \$ 4,200   | \$ 5,047  | \$ (12 )                  | \$ 2,226                                    | \$ 17,640                                      |
| Nine Months Ended June 30, 2013       | \$ 2,390                                                               | \$ (34,231 ) | \$ 15,796  | \$ 19,029 | \$—                       | \$ 2,984                                    | \$ 23,720                                      |
| Nine Months Ended June 30, 2012       | \$ 1,727                                                               | \$ (17,403 ) | \$ 7,902   | \$ 10,012 | \$ (12 )                  | \$ 2,226                                    | \$ 17,640                                      |
| Secured short-term consumer loans:    |                                                                        |              |            |           |                           |                                             |                                                |
| Three Months Ended June 30, 2013      | \$ 1,358                                                               | \$ (10,272 ) | \$ 9,301   | \$ 916    | \$—                       | \$ 1,303                                    | \$ 7,691                                       |
| Three Months Ended June 30, 2012      | \$ 708                                                                 | \$ (5,410 )  | \$ 4,836   | \$ 462    | \$—                       | \$ 596                                      | \$ 4,267                                       |
| Nine Months Ended June 30, 2013       | \$ 942                                                                 | \$ (64,652 ) | \$ 59,093  | \$ 5,920  | \$—                       | \$ 1,303                                    | \$ 7,691                                       |
| Nine Months Ended June 30, 2012       | \$ 538                                                                 | \$ (13,177 ) | \$ 11,478  | \$ 1,757  | \$—                       | \$ 596                                      | \$ 4,267                                       |

\*Unsecured long-term consumer loans:

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|                                  |        |             |          |               |          |        |           |
|----------------------------------|--------|-------------|----------|---------------|----------|--------|-----------|
| Three Months Ended June 30, 2013 | \$ 330 | \$ (604 )   | \$ 253   | \$ 680        | \$ (32 ) | \$ 627 | \$ 98,851 |
| Three Months Ended June 30, 2012 | \$ 166 | \$ (780 )   | \$ 288   | \$ 603        | \$ (11 ) | \$ 266 | \$ 64,424 |
| Nine Months Ended June 30, 2013  | \$ 623 | \$ (1,556 ) | \$ 2,610 | \$ (1,036 )** | \$ (14 ) | \$ 627 | \$ 98,851 |
| Nine Months Ended June 30, 2012  | \$—    | \$ (1,351 ) | \$ 519   | \$ 1,111      | \$ (13 ) | \$ 266 | \$ 64,424 |

\*Comparative information includes activity since Grupo Finmart's January 30, 2012 and Cash Genie's April 14, 2012 acquisitions as applicable.

\*\* Benefit in unsecured long-term consumer loan provision is due to the sale of past due loans and recoveries of loans previously written-off.

The provisions presented in the table above include only principal and exclude items such as non-sufficient funds fees, repossession fees, auction fees and interest. In addition, all credit service expenses and fees related to loans made by our unaffiliated lenders are excluded, as we do not own the loans made in connection with our credit services and they are not recorded as assets on our balance sheets. Expected losses on credit services are accrued and reported in "Accounts payable and other accrued expenses" on our balance sheets.

Auto title loans remain as recorded investments when in delinquent or nonaccrual status. We consider an auto title loan past due if it has not been repaid or renewed by the maturity date. Based on experience, we establish a reserve on all auto title loans. On auto title loans more than 90 days past due, we reserve the percentage we estimate will not be recoverable through auction and



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reserve 100% of loans for which we have not yet repossessed the underlying collateral. No fees are accrued on any auto title loans more than 90 days past due.

Short-term unsecured consumer loans made online by EZCORP Online remain as recorded investments when in delinquent or nonaccrual status. We consider these loans past due if they have not been repaid or renewed by the maturity date. Valuation reserves are based on days past due and respective historical collection rates. We reserve 100% of loans once they are more than 60 days past due. No fees are accrued on short-term consumer loans more than 60 days past due.

Consumer loans made by Grupo Finmart remain on the balance sheet as recorded investments when in delinquent status. We consider a consumer loan past due if it has not been repaid or renewed by the maturity date; however, it is not unusual to have a lag in payments due to the time it takes the government agencies to setup the initial payroll withholding. Only those consumer loans made to customers that are no longer employed are considered in nonaccrual status. We establish a reserve on all consumer loans, based on historical experience. No fees are accrued on any consumer loans made to customers that are no longer employed.

The following table presents an aging analysis of past due financing receivables by portfolio segment:

|                                       | Days Past Due          |          |       |          | Total<br>Past Due | Current<br>Receivable | Fair Value<br>Adjustment | Total<br>Financing<br>Receivable | Allowance<br>Balance | Recorded<br>Investment<br>> 90<br>Days<br>Accruing |
|---------------------------------------|------------------------|----------|-------|----------|-------------------|-----------------------|--------------------------|----------------------------------|----------------------|----------------------------------------------------|
|                                       | 1-30<br>(in thousands) | 31-60    | 61-90 | >90      |                   |                       |                          |                                  |                      |                                                    |
| Unsecured short-term consumer loans:* |                        |          |       |          |                   |                       |                          |                                  |                      |                                                    |
| June 30, 2013                         |                        |          |       |          |                   |                       |                          |                                  |                      |                                                    |
| Consumer loans                        | \$87                   | \$35     | \$—   | \$—      | \$122             | \$122                 | \$—                      | \$244                            | \$61                 | \$—                                                |
| Secured short-term consumer loans:    |                        |          |       |          |                   |                       |                          |                                  |                      |                                                    |
| June 30, 2013                         |                        |          |       |          |                   |                       |                          |                                  |                      |                                                    |
| Consumer loans                        | \$1,717                | \$800    | \$544 | \$684    | \$3,745           | \$3,946               | \$—                      | \$7,691                          | \$1,303              | \$—                                                |
| June 30, 2012                         |                        |          |       |          |                   |                       |                          |                                  |                      |                                                    |
| Consumer loans                        | \$838                  | \$360    | \$239 | \$246    | \$1,683           | \$2,584               | \$—                      | \$4,267                          | \$596                | \$—                                                |
| September 30, 2012                    |                        |          |       |          |                   |                       |                          |                                  |                      |                                                    |
| Consumer loans                        | \$1,246                | \$708    | \$466 | \$391    | \$2,811           | \$3,140               | \$—                      | \$5,951                          | \$942                | \$—                                                |
| Unsecured long-term consumer loans:   |                        |          |       |          |                   |                       |                          |                                  |                      |                                                    |
| June 30, 2013                         |                        |          |       |          |                   |                       |                          |                                  |                      |                                                    |
| Consumer loans                        | \$13,027               | \$4,671  | \$865 | \$27,576 | \$46,139          | \$53,209              | \$(497)                  | \$98,851                         | \$627                | \$27,576                                           |
| June 30, 2012                         |                        |          |       |          |                   |                       |                          |                                  |                      |                                                    |
| Consumer loans                        | \$2,645                | \$23,532 | \$403 | \$4,282  | \$30,862          | \$36,555              | \$(2,993)                | \$64,424                         | \$266                | \$4,282                                            |
| September 30, 2012                    |                        |          |       |          |                   |                       |                          |                                  |                      |                                                    |
| Consumer loans                        | \$2,465                | \$28,783 | \$949 | \$7,507  | \$39,704          | \$37,120              | \$(2,779)                | \$74,045                         | \$623                | \$7,507                                            |

\* Unsecured short-term consumer loans amounts are included for periods after the acquisition of Go Cash.

**NOTE 14: FAIR VALUE MEASUREMENTS**

In accordance with FASB ASC 820-10, Fair Value Measurements and Disclosures, our assets and liabilities, which are carried at fair value, are classified in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Other observable inputs other than quoted market prices.

Level 3: Unobservable inputs that are not corroborated by market data.

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The tables below present our financial assets that are measured at fair value on a recurring basis as of June 30, 2013 and 2012 and September 30, 2012:

| Financial assets (liabilities or temporary equity):    | June 30, 2013<br>(in thousands) | Fair Value Measurements Using |         |             |
|--------------------------------------------------------|---------------------------------|-------------------------------|---------|-------------|
|                                                        |                                 | Level 1                       | Level 2 | Level 3     |
| Marketable equity securities                           | \$2,910                         | \$2,910                       | \$—     | \$—         |
| Forward contracts                                      | 2,395                           | —                             | 2,395   | —           |
| Contingent consideration                               | (11,178 )                       | —                             | —       | (11,178 )   |
| Redeemable noncontrolling interest                     | (56,837 )                       | —                             | —       | (56,837 )   |
| Net financial assets (liabilities or temporary equity) | \$(62,710 )                     | \$2,910                       | \$2,395 | \$(68,015 ) |

| Financial assets (liabilities or temporary equity):    | June 30, 2012<br>(in thousands) | Fair Value Measurements Using |         |             |
|--------------------------------------------------------|---------------------------------|-------------------------------|---------|-------------|
|                                                        |                                 | Level 1                       | Level 2 | Level 3     |
| Marketable equity securities                           | \$4,520                         | \$4,520                       | \$—     | \$—         |
| Contingent consideration                               | (23,270 )                       | —                             | —       | (23,270 )   |
| Redeemable noncontrolling interest                     | (44,864 )                       | —                             | —       | (44,864 )   |
| Net financial assets (liabilities or temporary equity) | \$(63,614 )                     | \$4,520                       | \$—     | \$(68,134 ) |

| Financial assets (liabilities or temporary equity):    | September 30, 2012<br>(in thousands) | Fair Value Measurements Using |         |             |
|--------------------------------------------------------|--------------------------------------|-------------------------------|---------|-------------|
|                                                        |                                      | Level 1                       | Level 2 | Level 3     |
| Marketable equity securities                           | \$4,631                              | \$4,631                       | \$—     | \$—         |
| Contingent consideration                               | (23,432 )                            | —                             | —       | (23,432 )   |
| Redeemable noncontrolling interest                     | (53,681 )                            | —                             | —       | (53,681 )   |
| Net financial assets (liabilities or temporary equity) | \$(72,482 )                          | \$4,631                       | \$—     | \$(77,113 ) |

We measure the value of our marketable equity securities under a Level 1 input. These assets are publicly traded equity securities for which market prices are readily available. There were no transfers of assets in or out of Level 1 or Level 2 fair value measurements in the periods presented. At June 30, 2013 our marketable equity securities were in an unrealized loss position. The aggregate amount of unrealized losses at June 30, 2013 was approximately \$1.5 million and we currently believe that the fair value decline is temporary.

Grupo Finmart measures the value of the forward contracts under a Level 2 input. To measure the fair value of the forward contracts, Grupo Finmart used estimations of expected cash flows, appropriately risk-adjusted discount rates and available observable inputs (term of the forward, notional amount, discount rates based on local and foreign rate curves, and a credit value adjustment to consider the likelihood of nonperformance).

We used an income approach to measure the fair value of the contingent consideration using a probability-weighted discounted cash flow approach, in which all outcomes were successful. The significant inputs used for the valuation are not observable in the market, as they are specifically related to Grupo Finmart, and thus this fair value measurement represents a Level 3 measurement within the fair value hierarchy. During three and nine month periods ended June 30, 2013, we recorded accretion expense of \$0.1 million and \$0.4 million respectively. In April 2013, we paid \$12.0 million in contingent consideration to Grupo Finmart's noncontrolling owners. On June 30, 2013 we recorded additional contingent consideration of \$0.2 million due to Grupo Finmart's acquisition of a loan portfolio, bringing the contingent consideration liability to \$11.2 million. During the three and nine month periods ended June 30, 2012, we recorded accretion expense of \$0.3 million to bring the contingent liability to \$23.3 million at June 30, 2012. These amounts are included in administrative expenses in our consolidated statement of operations.

The fair value of temporary equity was estimated by applying an income approach and a market approach. This fair value measurement is based on significant inputs that are not observable in the market and thus represents a Level 3 measurement. Key assumptions include discounts for lack of control and lack of marketability that market participants would consider when estimating the fair value of the noncontrolling interest.

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## NOTE 15: DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Our earnings and financial position are affected by changes in gold values. In fiscal year 2012, we used derivative financial instruments in order to manage our commodity price risk associated with the forecasted sales of gold scrap. These derivatives were not designated as hedges, and according to FASB ASC 815-20-25, "Derivatives and Hedging – Recognition," changes in their fair value were recorded directly in earnings. As of June 30, 2013 and 2012 and as of September 30, 2012, we did not have an outstanding balance of non-designated derivatives recorded on our balance sheet.

In the current quarter, Grupo Finmart completed a \$30 million cross-border debt offering for which it has to pay interest on a semiannual basis at a fixed rate. Grupo Finmart used derivative instruments (cross currency forwards) to manage its exposure related to changes in exchange rate. Grupo Finmart does not enter into derivative instruments for any purpose other than cash flow hedging.

Changes in the fair value of forward agreements designated as hedging instruments that effectively offset the variability of cash flows associated with exchange rate are reported in accumulated other comprehensive income. These amounts subsequently are reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

We assess the effectiveness of the hedges using linear regression for prospective testing, and the dollar offset method for retrospective testing. A hypothetical derivative with fair value of zero is created at the beginning of the hedge relationship; changes in actual derivative and hypothetical derivatives are used to carry out both testings.

The following tables set forth certain information regarding our derivative instruments:

| Derivative Instrument                                                                                                         | Balance Sheet Location               | Fair Value of Derivative Instruments |               |                    |                            |      |
|-------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|---------------|--------------------|----------------------------|------|
|                                                                                                                               |                                      | June 30, 2013                        | June 30, 2012 | September 30, 2012 |                            |      |
| (in thousands)                                                                                                                |                                      |                                      |               |                    |                            |      |
| Designated as cash flow hedging instruments:                                                                                  |                                      |                                      |               |                    |                            |      |
| Foreign currency forwards                                                                                                     | Other assets, net                    | \$2,395                              | \$—           | \$—                |                            |      |
| Amount of (Gain) Recognized in Income                                                                                         |                                      |                                      |               |                    |                            |      |
|                                                                                                                               |                                      | Three Months Ended June 30,          | 2013          | 2012               | Nine Months Ended June 30, | 2012 |
| (in thousands)                                                                                                                |                                      |                                      |               |                    |                            |      |
| Non-designated derivatives:                                                                                                   |                                      |                                      |               |                    |                            |      |
| Gold Collar                                                                                                                   | Other income                         | \$—                                  | \$—           | \$(151 ) \$—       |                            |      |
| Amount of (Gain) Recognized in Other Comprehensive Income on Derivatives (Effective Portion)                                  |                                      |                                      |               |                    |                            |      |
|                                                                                                                               |                                      | Three Months Ended June 30,          | 2013          | 2012               | Nine Months Ended June 30, | 2012 |
| (in thousands)                                                                                                                |                                      |                                      |               |                    |                            |      |
| Designated as cash flow hedging instruments:                                                                                  |                                      |                                      |               |                    |                            |      |
| Foreign currency forwards                                                                                                     | Effective portion of cash flow hedge | \$(500 )                             | \$—           | \$(500 ) \$—       |                            |      |
| Amount of (Gain) Loss on Derivatives Reclassified into Income from Accumulated Other Comprehensive Income (Effective Portion) |                                      |                                      |               |                    |                            |      |

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| Derivative Instrument                        | Location of<br>(Gain) | Three Months Ended June<br>30, |       | Nine Months Ended June<br>30, |       |
|----------------------------------------------|-----------------------|--------------------------------|-------|-------------------------------|-------|
|                                              |                       | 2013                           | 2012  | 2013                          | 2012  |
| (in thousands)                               |                       |                                |       |                               |       |
| Designated as cash flow hedging instruments: |                       |                                |       |                               |       |
| Foreign currency forwards                    | Other income          | \$(1,888                       | ) \$— | \$(1,888                      | ) \$— |

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| Derivative Instrument                           | Location of<br>(Gain) | Amount of (Gain) on Derivatives Recognized in<br>Income (Ineffective Portion Excluded from<br>Effectiveness Testing) |       |                               |       |
|-------------------------------------------------|-----------------------|----------------------------------------------------------------------------------------------------------------------|-------|-------------------------------|-------|
|                                                 |                       | Three Months Ended June<br>30,                                                                                       |       | Nine Months Ended June<br>30, |       |
|                                                 |                       | 2013                                                                                                                 | 2012  | 2013                          | 2012  |
|                                                 |                       | (in thousands)                                                                                                       |       |                               |       |
| Designated as cash flow hedging<br>instruments: |                       |                                                                                                                      |       |                               |       |
| Foreign currency forwards                       | Other income          | \$(41                                                                                                                | ) \$— | \$(41                         | ) \$— |

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**NOTE 16: CONDENSED CONSOLIDATING FINANCIAL INFORMATION**

On February 3, 2012, we filed with the United States Securities and Exchange Commission a “shelf” registration statement on Form S-3 registering the offer and sale of an indeterminate amount of a variety of securities, including debt securities. Unless otherwise indicated in connection with a particular offering of debt securities, each of our 100% owned domestic subsidiaries will fully and unconditionally guarantee on a joint and several basis our payment obligations under such debt securities issued by the parent.

In accordance with Rule 3-10(f) of Regulation S-X, the following presents condensed consolidating financial information as of June 30, 2013 and 2012 and for the current and prior three and nine-month periods then ended and as of September 30, 2012 for EZCORP, Inc. (the “Parent”), each of the Parent’s domestic subsidiaries (the “Subsidiary Guarantors”) on a combined basis and each of the Parent’s other subsidiaries (the “Other Subsidiaries”) on a combined basis. Eliminating entries presented are necessary to consolidate the groups of entities. Subsequent to the issuance of our consolidated financial statements for the year ended September 30, 2012, we identified certain errors in the presentation of the condensed consolidating financial statements contained in this footnote as of September 30, 2012, June 30, 2012 and for the three and nine months ended June 30, 2012. The condensed consolidating financial information presented on the following pages has been corrected for these errors. These adjustments did not have an impact on the consolidated financial statements as of September 30, 2012, June 30, 2012, or for the three and nine months ended June 30, 2012.



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## Condensed Consolidating Balance Sheets

|                                                                | June 30, 2013  |                          |                       |                |              |
|----------------------------------------------------------------|----------------|--------------------------|-----------------------|----------------|--------------|
|                                                                | Parent         | Subsidiary<br>Guarantors | Other<br>Subsidiaries | Eliminations   | Consolidated |
|                                                                | (in thousands) |                          |                       |                |              |
| Assets:                                                        |                |                          |                       |                |              |
| Current assets:                                                |                |                          |                       |                |              |
| Cash and cash equivalents                                      | \$ 703         | \$ 11,244                | \$ 34,008             | \$—            | \$ 45,955    |
| Restricted cash                                                | —              | —                        | 3,132                 | —              | 3,132        |
| Pawn loans                                                     | —              | 137,237                  | 16,858                | —              | 154,095      |
| Consumer loans, net                                            | —              | 19,035                   | 23,682                | —              | 42,717       |
| Pawn service charges receivable, net                           | —              | 26,022                   | 2,568                 | —              | 28,590       |
| Consumer loan fees receivable, net                             | —              | 7,294                    | 28,316                | —              | 35,610       |
| Inventory, net                                                 | —              | 101,283                  | 21,220                | —              | 122,503      |
| Deferred tax asset                                             | 9,484          | 6,232                    | —                     | —              | 15,716       |
| Intercompany receivables                                       | 313,387        | 84,649                   | —                     | (398,036 )     | —            |
| Income tax receivable                                          | 12,937         | —                        | —                     | —              | 12,937       |
| Prepaid expenses and other assets                              | 42             | 30,691                   | 6,644                 | —              | 37,377       |
| Total current assets                                           | 336,553        | 423,687                  | 136,428               | (398,036 )     | 498,632      |
| Investments in unconsolidated affiliates                       | 94,455         | 52,252                   | —                     | —              | 146,707      |
| Investments in subsidiaries                                    | 661,854        | 109,146                  | —                     | (771,000 )     | —            |
| Property and equipment, net                                    | —              | 77,207                   | 33,105                | —              | 110,312      |
| Restricted cash, non-current                                   | —              | —                        | 2,182                 | —              | 2,182        |
| Goodwill                                                       | —              | 277,307                  | 148,841               | —              | 426,148      |
| Intangible assets, net                                         | 1,165          | 39,195                   | 24,173                | —              | 64,533       |
| Non-current consumer loans, net                                | —              | —                        | 82,631                | —              | 82,631       |
| Other assets, net                                              | —              | 7,018                    | 16,038                | —              | 23,056       |
| Total assets                                                   | \$ 1,094,027   | \$ 985,812               | \$ 443,398            | \$ (1,169,036) | \$ 1,354,201 |
| Liabilities and stockholders' equity:                          |                |                          |                       |                |              |
| Current liabilities:                                           |                |                          |                       |                |              |
| Current maturities of long-term debt                           | \$—            | \$—                      | \$ 33,525             | \$—            | \$ 33,525    |
| Current capital lease obligations                              | —              | 533                      | —                     | —              | 533          |
| Accounts payable and other accrued expenses                    | 87             | 45,934                   | 22,939                | —              | 68,960       |
| Other current liabilities                                      | 11,500         | 24                       | 11,116                | —              | 22,640       |
| Customer layaway deposits                                      | —              | 6,863                    | 1,049                 | —              | 7,912        |
| Intercompany payables                                          | —              | 252,527                  | 124,304               | (376,831 )     | —            |
| Total current liabilities                                      | 11,587         | 305,881                  | 192,933               | (376,831 )     | 133,570      |
| Long-term debt, less current maturities                        | 122,500        | —                        | 97,080                | (21,206 )      | 198,374      |
| Long-term capital lease obligations                            | —              | 521                      | —                     | —              | 521          |
| Deferred tax liability                                         | 8,440          | 508                      | —                     | —              | 8,948        |
| Deferred gains and other long-term liabilities                 | 12,000         | 2,196                    | 2,255                 | —              | 16,451       |
| Total liabilities                                              | 154,527        | 309,106                  | 292,268               | (398,037 )     | 357,864      |
| Commitments and contingencies                                  |                |                          |                       |                |              |
| Temporary equity:                                              |                |                          |                       |                |              |
| Redeemable noncontrolling interest                             | —              | —                        | 56,837                | —              | 56,837       |
| Stockholders' equity:                                          |                |                          |                       |                |              |
| Class A Non-voting Common Stock, par value<br>\$.01 per share; | 512            | 12                       | —                     | (12 )          | 512          |
|                                                                | 30             | —                        | 1                     | (1 )           | 30           |

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Class B Voting Common Stock, convertible,  
par value \$.01 per share;

|                                                  |             |           |           |               |             |
|--------------------------------------------------|-------------|-----------|-----------|---------------|-------------|
| Additional paid-in capital                       | 317,258     | 155,527   | 112,968   | (268,495 )    | 317,258     |
| Retained earnings                                | 624,620     | 524,267   | (9,926 )  | (514,341 )    | 624,620     |
| Accumulated other comprehensive income<br>(loss) | (2,920 )    | (3,100 )  | (8,750 )  | 11,850        | (2,920 )    |
| EZCORP, Inc. stockholders' equity                | 939,500     | 676,706   | 94,293    | (770,999 )    | 939,500     |
| Total liabilities and stockholders' equity       | \$1,094,027 | \$985,812 | \$443,398 | \$(1,169,036) | \$1,354,201 |

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|                                                                         | June 30, 2012  |                          |                       |              |              |
|-------------------------------------------------------------------------|----------------|--------------------------|-----------------------|--------------|--------------|
|                                                                         | Parent         | Subsidiary<br>Guarantors | Other<br>Subsidiaries | Eliminations | Consolidated |
|                                                                         | (in thousands) |                          |                       |              |              |
| Assets:                                                                 |                |                          |                       |              |              |
| Current assets:                                                         |                |                          |                       |              |              |
| Cash and cash equivalents                                               | \$703          | \$28,674                 | \$21,397              | \$—          | \$50,774     |
| Restricted cash                                                         | —              | —                        | 1,051                 | —            | 1,051        |
| Pawn loans                                                              | —              | 134,038                  | 13,439                | —            | 147,477      |
| Consumer loans, net                                                     | —              | 14,928                   | 13,836                | —            | 28,764       |
| Pawn service charges receivable, net                                    | —              | 24,041                   | 2,051                 | —            | 26,092       |
| Consumer loan fees receivable, net                                      | —              | 6,026                    | 19,703                | —            | 25,729       |
| Inventory, net                                                          | —              | 81,355                   | 13,066                | —            | 94,421       |
| Deferred tax asset                                                      | 12,710         | 5,479                    | 37                    | —            | 18,226       |
| Intercompany receivables                                                | 292,506        | —                        | —                     | (292,506 )   | —            |
| Income tax receivable                                                   | 9,383          | —                        | —                     | —            | 9,383        |
| Prepaid expenses and other assets                                       | 42             | 35,840                   | 4,386                 | —            | 40,268       |
| Total current assets                                                    | 315,344        | 330,381                  | 88,966                | (292,506 )   | 442,185      |
| Investments in unconsolidated affiliates                                | 74,153         | 51,156                   | —                     | —            | 125,309      |
| Investments in subsidiaries                                             | 515,704        | 95,943                   | —                     | (611,647 )   | —            |
| Property and equipment, net                                             | —              | 69,911                   | 30,331                | —            | 100,242      |
| Goodwill                                                                | 42             | 221,574                  | 144,670               | —            | 366,286      |
| Intangible assets, net                                                  | 1,698          | 15,957                   | 19,511                | —            | 37,166       |
| Non-current consumer loans, net                                         | —              | —                        | 54,479                | —            | 54,479       |
| Other assets, net                                                       | —              | 8,634                    | 1,474                 | —            | 10,108       |
| Total assets                                                            | \$906,941      | \$793,556                | \$339,431             | \$(904,153 ) | \$1,135,775  |
| Liabilities and stockholders' equity:                                   |                |                          |                       |              |              |
| Current liabilities:                                                    |                |                          |                       |              |              |
| Current maturities of long-term debt                                    | —              | —                        | 31,126                | —            | 31,126       |
| Current capital lease obligations                                       | —              | 395                      | —                     | —            | 395          |
| Accounts payable and other accrued expenses                             | 95             | 43,643                   | 10,749                | —            | 54,487       |
| Other current liabilities                                               | —              | 2,925                    | 11,923                | —            | 14,848       |
| Customer layaway deposits                                               | —              | 5,884                    | 856                   | —            | 6,740        |
| Intercompany payables                                                   | —              | 209,979                  | 72,863                | (282,842 )   | —            |
| Total current liabilities                                               | 95             | 262,826                  | 127,517               | (282,842 )   | 107,596      |
| Long-term debt, less current maturities                                 | 114,700        | —                        | 70,704                | (9,664 )     | 175,740      |
| Long-term capital lease obligations                                     | —              | 764                      | —                     | —            | 764          |
| Deferred tax liability                                                  | 6,373          | 1,176                    | 239                   | —            | 7,788        |
| Deferred gains and other long-term liabilities                          | —              | 1,880                    | 11,370                | —            | 13,250       |
| Total liabilities                                                       | 121,168        | 266,646                  | 209,830               | (292,506 )   | 305,138      |
| Commitments and contingencies                                           |                |                          |                       |              |              |
| Temporary equity:                                                       |                |                          |                       |              |              |
| Redeemable noncontrolling interest                                      | —              | —                        | 44,864                | —            | 44,864       |
| Stockholders' equity:                                                   |                |                          |                       |              |              |
| Class A Non-voting Common Stock, par value<br>\$.01 per share;          | 482            | 12                       | —                     | (12 )        | 482          |
| Class B Voting Common Stock, convertible,<br>par value \$.01 per share; | 30             | —                        | 1                     | (1 )         | 30           |

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|                                               |           |           |           |              |             |
|-----------------------------------------------|-----------|-----------|-----------|--------------|-------------|
| Additional paid-in capital                    | 266,653   | 149,443   | 102,188   | (251,631 )   | 266,653     |
| Retained earnings                             | 527,231   | 378,251   | (5,010 )  | (373,241 )   | 527,231     |
| Accumulated other comprehensive income (loss) | (8,623 )  | (796 )    | (12,442 ) | 13,238       | (8,623 )    |
| EZCORP, Inc. stockholders' equity             | 785,773   | 526,910   | 84,737    | (611,647 )   | 785,773     |
| Total liabilities and stockholders' equity    | \$906,941 | \$793,556 | \$339,431 | \$(904,153 ) | \$1,135,775 |

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|                                                                | September 30, 2012 |                          |                       |               |              |
|----------------------------------------------------------------|--------------------|--------------------------|-----------------------|---------------|--------------|
|                                                                | Parent             | Subsidiary<br>Guarantors | Other<br>Subsidiaries | Eliminations  | Consolidated |
|                                                                | (in thousands)     |                          |                       |               |              |
| Assets:                                                        |                    |                          |                       |               |              |
| Current assets:                                                |                    |                          |                       |               |              |
| Cash and cash equivalents                                      | \$ 703             | \$ 27,686                | \$ 20,088             | \$—           | \$ 48,477    |
| Restricted cash                                                | —                  | —                        | 1,145                 | —             | 1,145        |
| Pawn loans                                                     | —                  | 140,885                  | 16,763                | —             | 157,648      |
| Consumer loans, net                                            | —                  | 16,562                   | 17,590                | —             | 34,152       |
| Pawn service charges receivable, net                           | —                  | 26,663                   | 2,738                 | —             | 29,401       |
| Consumer loan fees receivable, net                             | —                  | 6,899                    | 23,517                | —             | 30,416       |
| Inventory, net                                                 | —                  | 93,165                   | 16,049                | —             | 109,214      |
| Deferred tax asset                                             | 9,484              | 5,500                    | —                     | —             | 14,984       |
| Intercompany receivables                                       | 363,065            | —                        | —                     | (363,065 )    | —            |
| Income taxes receivable                                        | 10,209             | —                        | 302                   | —             | 10,511       |
| Prepaid expenses and other assets                              | 2,243              | 38,629                   | 4,579                 | —             | 45,451       |
| Total current assets                                           | 385,704            | 355,989                  | 102,771               | (363,065 )    | 481,399      |
| Investments in unconsolidated affiliates                       | 74,254             | 51,812                   | —                     | —             | 126,066      |
| Investments in subsidiaries                                    | 510,045            | 95,942                   | —                     | (605,987 )    | —            |
| Property and equipment, net                                    | —                  | 74,837                   | 33,294                | —             | 108,131      |
| Restricted cash, non-current                                   | —                  | —                        | 4,337                 | —             | 4,337        |
| Goodwill                                                       | —                  | 224,275                  | 150,388               | —             | 374,663      |
| Intangible assets, net                                         | 1,548              | 17,228                   | 26,409                | —             | 45,185       |
| Non-current consumer loans, net                                | —                  | —                        | 61,997                | —             | 61,997       |
| Other assets, net                                              | —                  | 8,585                    | 7,644                 | —             | 16,229       |
| Total assets                                                   | \$ 971,551         | \$ 828,668               | \$ 386,840            | \$ (969,052 ) | \$ 1,218,007 |
| Current liabilities:                                           |                    |                          |                       |               |              |
| Current maturities of long-term debt                           | \$—                | \$—                      | \$ 21,085             | \$—           | \$ 21,085    |
| Current capital lease obligations                              | —                  | 594                      | —                     | —             | 594          |
| Accounts payable and other accrued expenses                    | 128                | 53,169                   | 10,807                | —             | 64,104       |
| Other current liabilities                                      | —                  | 2,925                    | 11,896                | —             | 14,821       |
| Customer layaway deposits                                      | —                  | 6,251                    | 987                   | —             | 7,238        |
| Intercompany payables                                          | —                  | 257,571                  | 84,850                | (342,421 )    | —            |
| Total current liabilities                                      | 128                | 320,510                  | 129,625               | (342,421 )    | 107,842      |
| Long-term debt, less current maturities                        | 130,000            | —                        | 89,480                | (20,644 )     | 198,836      |
| Long-term capital lease obligations                            | —                  | 995                      | —                     | —             | 995          |
| Deferred tax liability                                         | 6,595              | 1,327                    | —                     | —             | 7,922        |
| Deferred gains and other long-term liabilities                 | —                  | 1,898                    | 12,005                | —             | 13,903       |
| Total liabilities                                              | 136,723            | 324,730                  | 231,110               | (363,065 )    | 329,498      |
| Commitments and contingencies                                  |                    |                          |                       |               |              |
| Temporary equity:                                              |                    |                          |                       |               |              |
| Redeemable noncontrolling interest                             | —                  | —                        | 53,681                | —             | 53,681       |
| Stockholders' equity:                                          |                    |                          |                       |               |              |
| Class A Non-voting Common Stock, par value<br>\$.01 per share; | 482                | 12                       | —                     | (12 )         | 482          |

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|                                                                         |           |           |           |            |               |   |
|-------------------------------------------------------------------------|-----------|-----------|-----------|------------|---------------|---|
| Class B Voting Common Stock, convertible,<br>par value \$.01 per share; | 30        | 1         | —         | (1         | ) 30          |   |
| Additional paid-in capital                                              | 268,626   | 80,210    | 102,188   | (182,398   | ) 268,626     |   |
| Retained earnings                                                       | 565,803   | 425,024   | 2,373     | (427,397   | ) 565,803     |   |
| Accumulated other comprehensive income<br>(loss)                        | (113      | ) (1,309  | ) (2,512  | ) 3,821    | (113          | ) |
| EZCORP, Inc. stockholders' equity                                       | 834,828   | 503,938   | 102,049   | (605,987   | ) 834,828     |   |
| Total liabilities and stockholders' equity                              | \$971,551 | \$828,668 | \$386,840 | \$(969,052 | ) \$1,218,007 |   |

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## Condensed Consolidating Statements of Operations

|                                                                                          | Three Months Ended June 30, 2013 |                          |                       |              |              |
|------------------------------------------------------------------------------------------|----------------------------------|--------------------------|-----------------------|--------------|--------------|
|                                                                                          | Parent                           | Subsidiary<br>Guarantors | Other<br>Subsidiaries | Eliminations | Consolidated |
|                                                                                          | (in thousands)                   |                          |                       |              |              |
| Revenues:                                                                                |                                  |                          |                       |              |              |
| Merchandise sales                                                                        | \$—                              | \$70,948                 | \$15,628              | \$—          | \$86,576     |
| Jewelry scrapping sales                                                                  | —                                | 26,141                   | 147                   | —            | 26,288       |
| Pawn service charges                                                                     | —                                | 52,505                   | 7,892                 | —            | 60,397       |
| Consumer loan fees                                                                       | —                                | 38,002                   | 21,232                | —            | 59,234       |
| Other revenues                                                                           | —                                | 930                      | 1,741                 | —            | 2,671        |
| Total revenues                                                                           | —                                | 188,526                  | 46,640                | —            | 235,166      |
| Merchandise cost of goods sold                                                           | —                                | 41,532                   | 9,518                 | —            | 51,050       |
| Jewelry scrapping cost of goods sold                                                     | —                                | 20,178                   | 199                   | —            | 20,377       |
| Consumer loan bad debt                                                                   | —                                | 9,398                    | 3,120                 | —            | 12,518       |
| Net revenues                                                                             | —                                | 117,418                  | 33,803                | —            | 151,221      |
| Operating expenses:                                                                      |                                  |                          |                       |              |              |
| Operations                                                                               | —                                | 82,075                   | 22,155                | —            | 104,230      |
| Administrative                                                                           | (34)                             | ) 12,343                 | 335                   | —            | 12,644       |
| Depreciation and amortization                                                            | —                                | 6,761                    | 2,207                 | —            | 8,968        |
| Loss on sale or disposal of assets                                                       | —                                | 133                      | 45                    | —            | 178          |
| Total operating expenses                                                                 | (34)                             | ) 101,312                | 24,742                | —            | 126,020      |
| Operating income                                                                         | 34                               | ) 16,106                 | 9,061                 | —            | 25,201       |
| Interest expense (income)                                                                | 982                              | (605)                    | ) 3,260               | —            | 3,637        |
| Equity in net income of unconsolidated affiliates                                        | (2,836)                          | ) (1,492)                | ) —                   | —            | (4,328)      |
| Equity of net income in subsidiaries                                                     | 1,242                            | —                        | —                     | (1,242)      | ) —          |
| Other expense                                                                            | —                                | 30                       | 66                    | —            | 96           |
| Income from continuing operations before income taxes                                    | 646                              | 18,173                   | 5,735                 | 1,242        | 25,796       |
| Income tax expense                                                                       | 7,365                            | 6                        | 1,768                 | —            | 9,139        |
| (Loss) income from continuing operations, net of tax                                     | (6,719)                          | ) 18,167                 | 3,967                 | 1,242        | 16,657       |
| Income (loss) from discontinued operations, net of tax                                   | 838                              | (3,149)                  | ) (19,186)            | ) —          | (21,497)     |
| Net (loss) income                                                                        | (5,881)                          | ) 15,018                 | (15,219)              | ) 1,242      | (4,840)      |
| Net income from continuing operations attributable to redeemable noncontrolling interest | —                                | —                        | 1,041                 | —            | 1,041        |
| Net (loss) income attributable to EZCORP, Inc.                                           | \$(5,881)                        | ) \$15,018               | \$(16,260)            | ) \$1,242    | \$(5,881)    |

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|                                                                                          | Three Months Ended June 30, 2012 |                          |                       |              |              |
|------------------------------------------------------------------------------------------|----------------------------------|--------------------------|-----------------------|--------------|--------------|
|                                                                                          | Parent                           | Subsidiary<br>Guarantors | Other<br>Subsidiaries | Eliminations | Consolidated |
|                                                                                          | (in thousands)                   |                          |                       |              |              |
| Revenues:                                                                                |                                  |                          |                       |              |              |
| Merchandise sales                                                                        | \$—                              | \$64,852                 | \$10,434              | \$—          | \$75,286     |
| Jewelry scrapping sales                                                                  | —                                | 37,108                   | 3,422                 | —            | 40,530       |
| Pawn service charges                                                                     | —                                | 49,969                   | 5,687                 | —            | 55,656       |
| Consumer loan fees                                                                       | —                                | 35,651                   | 16,102                | —            | 51,753       |
| Other revenues                                                                           | 5                                | 2,002                    | 939                   | (1,598)      | 1,348        |
| Total revenues                                                                           | 5                                | 189,582                  | 36,584                | (1,598)      | 224,573      |
| Merchandise cost of goods sold                                                           | —                                | 37,950                   | 5,892                 | —            | 43,842       |
| Jewelry scrapping cost of goods sold                                                     | —                                | 24,218                   | 2,898                 | —            | 27,116       |
| Consumer loan bad debt                                                                   | —                                | 8,740                    | 1,949                 | —            | 10,689       |
| Net revenues                                                                             | 5                                | 118,674                  | 25,845                | (1,598)      | 142,926      |
| Operating expenses:                                                                      |                                  |                          |                       |              |              |
| Operations                                                                               | —                                | 68,115                   | 17,085                | —            | 85,200       |
| Administrative                                                                           | —                                | 9,578                    | 1,877                 | (1,598)      | 9,857        |
| Depreciation and amortization                                                            | —                                | 4,752                    | 2,267                 | —            | 7,019        |
| Loss on sale or disposal of assets                                                       | —                                | 94                       | 219                   | —            | 313          |
| Total operating expenses                                                                 | —                                | 82,539                   | 21,448                | (1,598)      | 102,389      |
| Operating income                                                                         | 5                                | 36,135                   | 4,397                 | —            | 40,537       |
| Interest expense (income)                                                                | 877                              | (272)                    | 292                   | —            | 897          |
| Equity in net income of unconsolidated affiliates                                        | (2,247)                          | (1,950)                  | —                     | —            | (4,197)      |
| Equity of net income in subsidiaries                                                     | (38,479)                         | —                        | —                     | 38,479       | —            |
| Other expense (income)                                                                   | —                                | 501                      | (341)                 | —            | 160          |
| Income (loss) from continuing operations before income taxes                             | 39,854                           | 37,856                   | 4,446                 | (38,479)     | 43,677       |
| Income tax expense                                                                       | 11,363                           | 2                        | 1,353                 | —            | 12,718       |
| Income (loss) from continuing operations, net of tax                                     | 28,491                           | 37,854                   | 3,093                 | (38,479)     | 30,959       |
| Income (loss) from discontinued operations, net of tax                                   | 32                               | (97)                     | (1,183)               | —            | (1,248)      |
| Net income (loss)                                                                        | 28,523                           | 37,757                   | 1,910                 | (38,479)     | 29,711       |
| Net income from continuing operations attributable to redeemable noncontrolling interest | —                                | —                        | 1,188                 | —            | 1,188        |
| Net income (loss) attributable to EZCORP, Inc.                                           | \$28,523                         | \$37,757                 | \$722                 | \$(38,479)   | \$28,523     |



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|                                                                                          | Nine Months Ended June 30, 2013 |                          |                       |              |              |
|------------------------------------------------------------------------------------------|---------------------------------|--------------------------|-----------------------|--------------|--------------|
|                                                                                          | Parent                          | Subsidiary<br>Guarantors | Other<br>Subsidiaries | Eliminations | Consolidated |
|                                                                                          | (in thousands)                  |                          |                       |              |              |
| Revenues:                                                                                |                                 |                          |                       |              |              |
| Merchandise sales                                                                        | \$—                             | \$236,080                | \$45,182              | \$—          | \$ 281,262   |
| Jewelry scrapping sales                                                                  | —                               | 108,292                  | 5,287                 | —            | 113,579      |
| Pawn service charges                                                                     | —                               | 165,202                  | 22,610                | —            | 187,812      |
| Consumer loan fees                                                                       | —                               | 120,467                  | 62,652                | —            | 183,119      |
| Other revenues                                                                           | —                               | 4,859                    | 5,310                 | —            | 10,169       |
| Total revenues                                                                           | —                               | 634,900                  | 141,041               | —            | 775,941      |
| Merchandise cost of goods sold                                                           | —                               | 138,142                  | 26,569                | —            | 164,711      |
| Jewelry scrapping cost of goods sold                                                     | —                               | 76,621                   | 4,372                 | —            | 80,993       |
| Consumer loan bad debt                                                                   | —                               | 25,734                   | 8,762                 | —            | 34,496       |
| Net revenues                                                                             | —                               | 394,403                  | 101,338               | —            | 495,741      |
| Operating expenses:                                                                      |                                 |                          |                       |              |              |
| Operations                                                                               | —                               | 244,561                  | 64,785                | —            | 309,346      |
| Administrative                                                                           | (137                            | ) 34,211                 | 844                   | —            | 34,918       |
| Depreciation and amortization                                                            | —                               | 18,514                   | 6,115                 | —            | 24,629       |
| Loss on sale or disposal of assets                                                       | —                               | 160                      | 60                    | —            | 220          |
| Total operating expenses                                                                 | (137                            | ) 297,446                | 71,804                | —            | 369,113      |
| Operating income                                                                         | 137                             | 96,957                   | 29,534                | —            | 126,628      |
| Interest expense (interest)                                                              | 2,958                           | (1,337                   | ) 9,406               | —            | 11,027       |
| Equity in net income of unconsolidated affiliates                                        | (9,062                          | ) (4,429                 | ) —                   | —            | (13,491      |
| Equity of net income in subsidiaries                                                     | (86,944                         | ) —                      | —                     | 86,944       | —            |
| Other (income) expense                                                                   | —                               | (197                     | ) 197                 | —            | —            |
| Income (loss) from continuing operations before income taxes                             | 93,185                          | 102,920                  | 19,931                | (86,944      | ) 129,092    |
| Income tax expense                                                                       | 35,378                          | 6                        | 6,700                 | —            | 42,084       |
| Income (loss) from continuing operations, net of tax                                     | 57,807                          | 102,914                  | 13,231                | (86,944      | ) 87,008     |
| Income (loss) from discontinued operations, net of tax                                   | 1,010                           | (3,671                   | ) (22,152             | ) —          | (24,813      |
| Net income (loss)                                                                        | 58,817                          | 99,243                   | (8,921                | ) (86,944    | ) 62,195     |
| Net income from continuing operations attributable to redeemable noncontrolling interest | —                               | —                        | 3,378                 | —            | 3,378        |
| Net income (loss) attributable to EZCORP, Inc.                                           | \$58,817                        | \$99,243                 | \$(12,299             | ) \$(86,944  | ) \$ 58,817  |

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|                                                                                          | Nine Months Ended June 30, 2012 |                          |                       |              |              |
|------------------------------------------------------------------------------------------|---------------------------------|--------------------------|-----------------------|--------------|--------------|
|                                                                                          | Parent                          | Subsidiary<br>Guarantors | Other<br>Subsidiaries | Eliminations | Consolidated |
|                                                                                          | (in thousands)                  |                          |                       |              |              |
| Revenues:                                                                                |                                 |                          |                       |              |              |
| Merchandise sales                                                                        | \$—                             | \$225,481                | \$30,790              | \$—          | \$256,271    |
| Jewelry scrapping sales                                                                  | —                               | 138,600                  | 8,466                 | —            | 147,066      |
| Pawn service charges                                                                     | —                               | 154,823                  | 16,057                | —            | 170,880      |
| Consumer loan fees                                                                       | —                               | 116,351                  | 27,243                | —            | 143,594      |
| Other revenues                                                                           | 20,144                          | 3,833                    | 1,583                 | (22,209 )    | 3,351        |
| Total revenues                                                                           | 20,144                          | 639,088                  | 84,139                | (22,209 )    | 721,162      |
| Merchandise cost of goods sold                                                           | —                               | 131,084                  | 16,537                | —            | 147,621      |
| Jewelry scrapping cost of goods sold                                                     | —                               | 86,475                   | 6,332                 | —            | 92,807       |
| Consumer loan bad debt                                                                   | —                               | 23,753                   | 3,516                 | —            | 27,269       |
| Net revenues                                                                             | 20,144                          | 397,776                  | 57,754                | (22,209 )    | 453,465      |
| Operating expenses:                                                                      |                                 |                          |                       |              |              |
| Operations                                                                               | —                               | 209,803                  | 38,211                | —            | 248,014      |
| Administrative                                                                           | —                               | 31,313                   | 4,266                 | (2,070 )     | 33,509       |
| Depreciation and amortization                                                            | —                               | 13,295                   | 5,670                 | —            | 18,965       |
| (Gain) loss on sale or disposal of assets                                                | —                               | (129 )                   | 237                   | —            | 108          |
| Total operating expenses                                                                 | —                               | 254,282                  | 48,384                | (2,070 )     | 300,596      |
| Operating income                                                                         | 20,144                          | 143,494                  | 9,370                 | (20,139 )    | 152,869      |
| Interest (income) expense                                                                | (1,392 )                        | 2,870                    | 2,216                 | —            | 3,694        |
| Equity in net income of unconsolidated affiliates                                        | (6,725 )                        | (6,210 )                 | —                     | —            | (12,935 )    |
| Equity of net income in subsidiaries                                                     | (126,006 )                      | —                        | —                     | 126,006      | —            |
| Other expense (interest)                                                                 | —                               | 167                      | (324 )                | —            | (157 )       |
| Income (loss) from continuing operations before income taxes                             | 154,267                         | 146,667                  | 7,478                 | (146,145 )   | 162,267      |
| Income tax expense                                                                       | 49,024                          | 20,141                   | 3,638                 | (20,139 )    | 52,664       |
| Income (loss) from continuing operations, net of tax                                     | 105,243                         | 126,526                  | 3,840                 | (126,006 )   | 109,603      |
| (Loss) income from discontinued operations, net of tax                                   | (107 )                          | 307                      | (3,367 )              | —            | (3,167 )     |
| Net income (loss)                                                                        | 105,136                         | 126,833                  | 473                   | (126,006 )   | 106,436      |
| Net income from continuing operations attributable to redeemable noncontrolling interest | —                               | —                        | 1,300                 | —            | 1,300        |
| Net income (loss) attributable to EZCORP, Inc.                                           | \$105,136                       | \$126,833                | \$(827 )              | \$(126,006 ) | \$105,136    |

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## Condensed Consolidating Statements of Comprehensive Income

|                                                                       | Three Months Ended June 30, 2013 |                          |                       |              |              |
|-----------------------------------------------------------------------|----------------------------------|--------------------------|-----------------------|--------------|--------------|
|                                                                       | Parent                           | Subsidiary<br>Guarantors | Other<br>Subsidiaries | Eliminations | Consolidated |
|                                                                       | (in thousands)                   |                          |                       |              |              |
| (Loss) income from continuing operations, net of tax                  | \$ (6,719 )                      | \$ 18,167                | \$ 3,967              | \$ 1,242     | \$ 16,657    |
| Loss (income) from discontinued operations, net of tax                | 838                              | (3,149 )                 | (19,186 )             | —            | (21,497 )    |
| Net (loss) income                                                     | (5,881 )                         | 15,018                   | (15,219 )             | 1,242        | (4,840 )     |
| Other comprehensive income (loss):                                    |                                  |                          |                       |              |              |
| Foreign currency translation (loss) gain                              | (12,208 )                        | (2,371 )                 | (13,588 )             | 12,638       | (15,529 )    |
| Effective portion of cash flow hedge                                  | 500                              | —                        | 500                   | (500 )       | 500          |
| Unrealized holding (losses) gains arising during period               | (1,457 )                         | (1,457 )                 | —                     | 1,457        | (1,457 )     |
| Income tax benefit (provision)                                        | 1,189                            | 1,339                    | —                     | (1,339 )     | 1,189        |
| Other comprehensive (loss) income, net of tax                         | (11,976 )                        | (2,489 )                 | (13,088 )             | 12,256       | (15,297 )    |
| Comprehensive (loss) income                                           | \$ (17,857 )                     | \$ 12,529                | \$ (28,307 )          | \$ 13,498    | \$ (20,137 ) |
| Attributable to redeemable noncontrolling interest:                   |                                  |                          |                       |              |              |
| Net income                                                            | —                                | —                        | 1,041                 | —            | 1,041        |
| Foreign currency translation loss                                     | —                                | —                        | (3,321 )              | —            | (3,321 )     |
| Comprehensive loss attributable to redeemable noncontrolling interest | —                                | —                        | (2,280 )              | —            | (2,280 )     |
| Comprehensive (loss) income attributable to EZCORP, Inc.              | \$ (17,857 )                     | \$ 12,529                | \$ (26,027 )          | \$ 13,498    | \$ (17,857 ) |

|                                                         | Three Months Ended June 30, 2012 |                          |                       |              |              |
|---------------------------------------------------------|----------------------------------|--------------------------|-----------------------|--------------|--------------|
|                                                         | Parent                           | Subsidiary<br>Guarantors | Other<br>Subsidiaries | Eliminations | Consolidated |
|                                                         | (in thousands)                   |                          |                       |              |              |
| Income (loss) from continuing operations, net of tax    | \$ 28,491                        | \$ 37,854                | \$ 3,093              | \$ (38,479 ) | \$ 30,959    |
| Income (loss) from discontinued operations              | 32                               | (97 )                    | (1,183 )              | —            | (1,248 )     |
| Net income (loss)                                       | 28,523                           | 37,757                   | 1,910                 | (38,479 )    | 29,711       |
| Other comprehensive income (loss):                      |                                  |                          |                       |              |              |
| Foreign currency translation (loss) gain                | (5,724 )                         | 1,235                    | (11,326 )             | 7,302        | (8,513 )     |
| Unrealized holding (losses) gains arising during period | (108 )                           | (108 )                   | —                     | 108          | (108 )       |
| Income tax (provision) benefit                          | (948 )                           | (395 )                   | —                     | 395          | (948 )       |
| Other comprehensive (loss) income, net of tax           | (6,780 )                         | 732                      | (11,326 )             | 7,805        | (9,569 )     |
| Comprehensive income (loss)                             | \$ 21,743                        | \$ 38,489                | \$ (9,416 )           | \$ (30,674 ) | \$ 20,142    |
| Attributable to redeemable noncontrolling interest:     |                                  |                          |                       |              |              |
| Net income                                              | —                                | —                        | 1,188                 | —            | 1,188        |
| Foreign currency translation loss                       | —                                | —                        | (2,789 )              | —            | (2,789 )     |
|                                                         | —                                | —                        | (1,601 )              | —            | (1,601 )     |

Comprehensive loss attributable to redeemable  
noncontrolling interest

|                                                             |          |          |          |             |            |
|-------------------------------------------------------------|----------|----------|----------|-------------|------------|
| Comprehensive income (loss) attributable to<br>EZCORP, Inc. | \$21,743 | \$38,489 | \$(7,815 | ) \$(30,674 | ) \$21,743 |
|-------------------------------------------------------------|----------|----------|----------|-------------|------------|

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|                                                                         | Nine Months Ended June 30, 2013 |                          |                       |              |              |
|-------------------------------------------------------------------------|---------------------------------|--------------------------|-----------------------|--------------|--------------|
|                                                                         | Parent                          | Subsidiary<br>Guarantors | Other<br>Subsidiaries | Eliminations | Consolidated |
|                                                                         | (in thousands)                  |                          |                       |              |              |
| Income (loss) from continuing operations, net of tax                    | \$57,807                        | \$102,914                | \$13,231              | \$(86,944)   | ) \$87,008   |
| Income (loss) from discontinued operations                              | 1,010                           | (3,671)                  | ) (22,152)            | ) —          | (24,813)     |
| Net income (loss)                                                       | 58,817                          | 99,243                   | (8,921)               | ) (86,944)   | ) 62,195     |
| Other comprehensive income (loss):                                      |                                 |                          |                       |              |              |
| Foreign currency translation gain (loss)                                | 262                             | (1,034)                  | ) (7,950)             | ) 7,772      | (950)        |
| Effective portion of cash flow hedge                                    | 500                             | —                        | 500                   | (500)        | ) 500        |
| Unrealized holding (losses) gains arising during period                 | (1,721)                         | ) (1,721)                | ) —                   | 1,721        | (1,721)      |
| Income tax (provision) benefit                                          | (1,848)                         | ) 964                    | —                     | (964)        | ) (1,848)    |
| Other comprehensive (loss) income, net of tax                           | (2,807)                         | ) (1,791)                | ) (7,450)             | ) 8,029      | (4,019)      |
| Comprehensive income (loss)                                             | \$56,010                        | \$97,452                 | \$(16,371)            | ) \$(78,915) | ) \$58,176   |
| Attributable to redeemable noncontrolling interest:                     |                                 |                          |                       |              |              |
| Net income                                                              | —                               | —                        | 3,378                 | —            | 3,378        |
| Foreign currency translation loss                                       | —                               | —                        | (1,212)               | ) —          | (1,212)      |
| Comprehensive income attributable to redeemable noncontrolling interest | —                               | —                        | 2,166                 | —            | 2,166        |
| Comprehensive income (loss) attributable to EZCORP, Inc.                | \$56,010                        | \$97,452                 | \$(18,537)            | ) \$(78,915) | ) \$56,010   |

|                                                         | Nine Months Ended June 30, 2012 |                          |                       |               |              |
|---------------------------------------------------------|---------------------------------|--------------------------|-----------------------|---------------|--------------|
|                                                         | Parent                          | Subsidiary<br>Guarantors | Other<br>Subsidiaries | Eliminations  | Consolidated |
|                                                         | (in thousands)                  |                          |                       |               |              |
| Income (loss) from continuing operations, net of tax    | \$105,243                       | \$126,526                | \$3,840               | \$(126,006)   | ) \$109,603  |
| (Loss) income from discontinued operations              | (107)                           | ) 307                    | (3,367)               | ) —           | (3,167)      |
| Net income (loss)                                       | 105,136                         | 126,833                  | 473                   | (126,006)     | ) 106,436    |
| Other comprehensive income (loss):                      |                                 |                          |                       |               |              |
| Foreign currency translation (loss) gain                | (8,594)                         | ) (101)                  | ) (7,236)             | ) 5,044       | (10,887)     |
| Unrealized holding (losses) gains arising during period | (846)                           | ) (846)                  | ) —                   | 846           | (846)        |
| Income tax benefit (provision)                          | 1,563                           | 321                      | —                     | (321)         | ) 1,563      |
| Other comprehensive (loss) income, net of tax           | (7,877)                         | ) (626)                  | ) (7,236)             | ) 5,569       | (10,170)     |
| Comprehensive income (loss)                             | \$97,259                        | \$126,207                | \$(6,763)             | ) \$(120,437) | ) \$96,266   |
| Attributable to redeemable noncontrolling interest:     |                                 |                          |                       |               |              |
| Net income                                              | —                               | —                        | 1,300                 | —             | 1,300        |
| Foreign currency translation loss                       | —                               | —                        | (2,293)               | ) —           | (2,293)      |

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|                                                                       |          |           |          |   |            |      |          |
|-----------------------------------------------------------------------|----------|-----------|----------|---|------------|------|----------|
| Comprehensive loss attributable to redeemable noncontrolling interest | —        | —         | (993     | ) | —          | (993 | )        |
| Comprehensive income (loss) attributable to EZCORP, Inc.              | \$97,259 | \$126,207 | \$(5,770 | ) | \$(120,437 | )    | \$97,259 |

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## Condensed Consolidating Statements of Cash Flows

|                                                                         | Nine Months Ended June 30, 2013 |                          |                       |              | Consolidated |
|-------------------------------------------------------------------------|---------------------------------|--------------------------|-----------------------|--------------|--------------|
|                                                                         | Parent                          | Subsidiary<br>Guarantors | Other<br>Subsidiaries | Eliminations |              |
|                                                                         | (in thousands)                  |                          |                       |              |              |
| Net cash provided by (used in) operating activities                     | \$21,748                        | \$15,497                 | \$62,170              | \$—          | \$99,415     |
| Investing Activities:                                                   |                                 |                          |                       |              |              |
| Loans made                                                              | —                               | (499,101 )               | (183,083 )            | —            | (682,184 )   |
| Loans repaid                                                            | —                               | 338,112                  | 113,070               | —            | 451,182      |
| Recovery of pawn loan principal through sale of<br>forfeited collateral | —                               | 156,648                  | 24,813                | —            | 181,461      |
| Additions to property and equipment                                     | —                               | (22,064 )                | (11,287 )             | —            | (33,351 )    |
| Acquisitions, net of cash acquired                                      | —                               | (11,161 )                | (3,779 )              | —            | (14,940 )    |
| Proceeds on advances to subsidiaries                                    | —                               | 22,220                   | —                     | (22,220 )    | —            |
| Advances to subsidiaries                                                | —                               | (16,293 )                | —                     | 16,293       | —            |
| Investment in unconsolidated affiliates                                 | (11,018 )                       | —                        | —                     | —            | (11,018 )    |
| Net cash used in investing activities                                   | \$(11,018 )                     | \$(31,639 )              | \$(60,266 )           | \$(5,927 )   | \$(108,850 ) |
| Financing Activities:                                                   |                                 |                          |                       |              |              |
| Proceeds from exercise of stock options                                 | 45                              | —                        | —                     | —            | 45           |
| Excess tax benefit from stock compensation                              | 321                             | —                        | —                     | —            | 321          |
| Taxes paid related to net share settlement of equity<br>awards          | (3,596 )                        | —                        | —                     | —            | (3,596 )     |
| Change in restricted cash                                               | —                               | —                        | 96                    | —            | 96           |
| Proceeds from revolving line of credit                                  | 377,300                         | —                        | 25,831                | —            | 403,131      |
| Payments on revolving line of credit                                    | (384,800 )                      | —                        | (1,164 )              | —            | (385,964 )   |
| Proceeds from bank borrowings                                           | —                               | —                        | 37,930                | (16,293 )    | 21,637       |
| Payments on bank borrowings and capital lease<br>obligations            | —                               | (300 )                   | (49,921 )             | 22,220       | (28,001 )    |
| Net cash provided by (used in) financing activities                     | \$(10,730 )                     | \$(300 )                 | \$12,772              | \$5,927      | \$7,669      |
| Effect of exchange rate changes on cash and cash<br>equivalents         | —                               | —                        | (756 )                | —            | (756 )       |
| Net decrease in cash and cash equivalents                               | —                               | (16,442 )                | 13,920                | —            | (2,522 )     |
| Cash and cash equivalents at beginning of period                        | 703                             | 27,686                   | 20,088                | —            | 48,477       |
| Cash and cash equivalents at end of period                              | \$703                           | \$11,244                 | \$34,008              | \$—          | \$45,955     |

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|                                                                      | Nine Months Ended June 30, 2012 |                          |                       |              | Consolidated |
|----------------------------------------------------------------------|---------------------------------|--------------------------|-----------------------|--------------|--------------|
|                                                                      | Parent                          | Subsidiary<br>Guarantors | Other<br>Subsidiaries | Eliminations |              |
|                                                                      | (in thousands)                  |                          |                       |              |              |
| Net cash provided by (used in) operating activities                  | \$(97,573 )                     | \$ 98,558                | \$ 108,707            | \$—          | \$ 109,692   |
| Investing Activities:                                                |                                 |                          |                       |              |              |
| Loans made                                                           | —                               | (461,023 )               | (110,660 )            | —            | (571,683 )   |
| Loans repaid                                                         | —                               | 304,029                  | 78,825                | —            | 382,854      |
| Recovery of pawn loan principal through sale of forfeited collateral | —                               | 159,913                  | 19,768                | —            | 179,681      |
| Additions to property and equipment                                  | —                               | (21,427 )                | (11,766 )             | —            | (33,193 )    |
| Acquisitions, net of cash acquired                                   | —                               | (62,504 )                | (62,745 )             | —            | (125,249 )   |
| Advances to subsidiaries                                             | —                               | \$(9,664 )               | \$—                   | \$ 9,664     | \$—          |
| Net cash provided by (used in) investing activities                  | \$—                             | \$(90,676 )              | \$(86,578 )           | \$ 9,664     | \$(167,590 ) |
| Financing Activities:                                                |                                 |                          |                       |              |              |
| Proceeds from exercise of stock options                              | 647                             | —                        | —                     | —            | 647          |
| Excess tax benefit from stock compensation                           | 1,582                           | —                        | —                     | —            | 1,582        |
| Taxes paid related to net share settlement of equity awards          | (1,153 )                        | —                        | —                     | —            | (1,153 )     |
| Change in restricted cash                                            | —                               | —                        | (1,085 )              | —            | (1,085 )     |
| Proceeds on revolving line of credit                                 | 590,700                         | —                        | 4,109                 | —            | 594,809      |
| Payments on revolving line of credit                                 | (493,500 )                      | —                        | (9,075 )              | —            | (502,575 )   |
| Proceeds from bank borrowings                                        | —                               | —                        | 10,007                | (9,664 )     | 343          |
| Payments on bank borrowings and capital lease obligations            | —                               | (68 )                    | (8,096 )              | —            | (8,164 )     |
| Net cash provided by (used in) financing activities                  | \$98,276                        | \$(68 )                  | \$(4,140 )            | \$(9,664 )   | \$ 84,404    |
| Effect of exchange rate changes on cash and cash equivalents         | —                               | —                        | 299                   | —            | 299          |
| Net increase in cash and cash equivalents                            | 703                             | 7,814                    | 18,288                | —            | 26,805       |
| Cash and cash equivalents at beginning of period                     | —                               | 20,860                   | 3,109                 | —            | 23,969       |
| Cash and cash equivalents at end of period                           | \$703                           | \$28,674                 | \$ 21,397             | \$—          | \$ 50,774    |



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## NOTE 17: SUPPLEMENTAL CONSOLIDATED FINANCIAL INFORMATION

## Supplemental Consolidated Statements of Financial Position Information:

The following table provides information on net amounts included in pawn service charges receivable, consumer loan fees, inventories and property and equipment:

|                                                             | June 30,<br>2013 | 2012       | September 30,<br>2012 |
|-------------------------------------------------------------|------------------|------------|-----------------------|
|                                                             | (in thousands)   |            |                       |
| Pawn service charges receivable:                            |                  |            |                       |
| Gross pawn service charges receivable                       | \$38,681         | \$37,127   | \$40,828              |
| Allowance for uncollectible pawn service charges receivable | (10,091)         | ) (11,035  | ) (11,427 )           |
| Pawn service charges receivable, net                        | \$28,590         | \$26,092   | \$29,401              |
| Consumer loan fees receivable:                              |                  |            |                       |
| Gross consumer loan fees receivable                         | \$37,161         | \$30,097   | \$34,846              |
| Allowance for uncollectible consumer loan fees receivable   | (1,551)          | ) (4,368   | ) (4,430 )            |
| Consumer loan fees receivable, net                          | \$35,610         | \$25,729   | \$30,416              |
| Inventory:                                                  |                  |            |                       |
| Inventory, gross                                            | \$128,270        | \$100,970  | \$114,788             |
| Inventory reserves                                          | (5,767)          | ) (6,549   | ) (5,574 )            |
| Inventory, net                                              | \$122,503        | \$94,421   | \$109,214             |
| Property and equipment:                                     |                  |            |                       |
| Property and equipment, gross                               | \$280,169        | \$245,533  | \$260,379             |
| Accumulated depreciation                                    | (169,857)        | ) (145,291 | ) (152,248 )          |
| Property and equipment, net                                 | \$110,312        | \$100,242  | \$108,131             |

Property and equipment at June 30, 2013, June 30, 2012 and September 30, 2012 includes \$1.6 million, \$1.2 million and \$1.6 million of equipment leased under a capital lease respectively. Amortization of equipment under capital leases is included with depreciation expense and was \$0.1 million for the three-month period ended June 30, 2013, \$0.4 million for the nine-month period ended June 30, 2013 and nominal for the three and nine-month periods ended June 30, 2012. Future minimum lease payments related to capital leases are \$0.6 million and \$0.6 million due within one and two years respectively for a total of \$1.2 million; of this amount, \$0.1 million represents interest. The present value of net minimum lease payments as of June 30, 2013 was \$1.1 million.

## Other Supplemental Information:

|                                 | June 30,<br>2013 | 2012     | September 30,<br>2012 |
|---------------------------------|------------------|----------|-----------------------|
|                                 | (in thousands)   |          |                       |
| Consumer loans:                 |                  |          |                       |
| Expected LOC losses             | \$2,196          | \$1,775  | \$1,776               |
| Maximum exposure for LOC losses | \$28,797         | \$24,842 | \$27,373              |

## NOTE 18: SUBSEQUENT EVENTS

On August 1, 2013, we acquired the remaining ordinary shares in Cash Genie that were held by local management for \$0.6 million. As of August 1, 2013, we own 100% of Cash Genie's ordinary shares.

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Item 2. 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 II, Item 1A — Risk Factors" of this report and "Part I, Item 1A—Risk Factors" of our Annual Report on Form 10-K for the year ended September 30, 2012.

GENERAL

Overview of Operations

We are a leading provider of easy cash solutions for consumers through multiple channels: in store, online, or any combination. We provide collateralized, non-recourse loans, commonly known as pawn loans, and a variety of short-term consumer loans, including single-payment and multiple-payment unsecured loans and single-payment and multiple-payment auto title loans. In Texas, we provide 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 employ approximately 7,800 teammates at locations in the U.S., Mexico, Canada, and the United Kingdom.

We own a 60% interest in Grupo Finmart, a leading provider of payroll deduction loans in Mexico; a 51% interest in TUYO, a company headquartered in Mexico City that owns and operates 19 buy/sell stores in Mexico City and the surrounding metropolitan area; and a 95% interest in Cash Genie, which offers short-term consumer loans online in the United Kingdom. On August 1, 2013 we acquired the remaining outstanding shares of Cash Genie and now own 100%.

Our vision is to be the global leader in providing customers with easy cash solutions where they want, when they want and how they want, and we are making the investments in both storefronts and technology platforms to achieve that vision.

At June 30, 2013, we operated a total of 1,424 locations, consisting of:

- 494 U.S. pawn stores (operating primarily as EZPAWN or Value Pawn);
- 7 U.S. buy/sell stores (operating as Cash Converters);
- 292 Mexico pawn stores (operating as Empeño Fácil or Empeñe su Oro);
- 49 Mexico buy/sell stores (operating as TUYO);
- 492 U.S. financial services stores (operating primarily as EZMONEY);
- 32 financial services stores in Canada (operating as CASHMAX );
- 36 buy/sell and financial services stores in Canada (operating as Cash Converters); and
- 52 Grupo Finmart locations in Mexico.

In addition, we are the franchisor for 8 franchised Cash Converters stores in Canada. We also own almost 30% of Albemarle & Bond Holdings, PLC, one of the U.K.'s largest pawnbroking businesses with over 230 stores, and almost 33% of Cash Converters International Limited, which franchises and operates a worldwide network of over 700 locations that buy and sell second-hand merchandise and offer financial services.

Our business consists of three reportable segments:

- U.S. & Canada – All business activities in the United States and Canada
- Latin America – All business activities in Mexico and other parts of Latin America
- Other International – All business activities in the rest of the world (currently consisting of consumer loans online in the U.K. and our equity interests in the net income of Albemarle & Bond and Cash Converters International)

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The following tables present stores by segment:

|                                  | Three Months Ended June 30, 2013 |                  |                        |              |            |   |
|----------------------------------|----------------------------------|------------------|------------------------|--------------|------------|---|
|                                  | Company-owned Stores             |                  |                        |              |            |   |
|                                  | U.S. &<br>Canada                 | Latin<br>America | Other<br>International | Consolidated | Franchises |   |
| Stores in operation:             |                                  |                  |                        |              |            |   |
| Beginning of period              | 1,058                            | 345              | —                      | 1,403        | 9          |   |
| De novo                          | 5                                | 15               | —                      | 20           | —          |   |
| Acquired                         | —                                | 6                | —                      | 6            | —          |   |
| Sold, combined, or closed        | (2                               | ) (3             | ) —                    | (5           | ) (1       | ) |
| End of period                    | 1,061                            | 363              | —                      | 1,424        | 8          |   |
| Discontinued operations          | 50                               | 57               | —                      | 107          | —          |   |
| Stores in continuing operations: | 1,011                            | 306              | —                      | 1,317        | 8          |   |
|                                  | Nine Months Ended June 30, 2013  |                  |                        |              |            |   |
|                                  | Company-owned Stores             |                  |                        |              |            |   |
|                                  | U.S. &<br>Canada                 | Latin<br>America | Other<br>International | Consolidated | Franchises |   |
| Stores in operation:             |                                  |                  |                        |              |            |   |
| Beginning of period              | 987                              | 275              | —                      | 1,262        | 10         |   |
| De novo                          | 68                               | 66               | —                      | 134          | —          |   |
| Acquired                         | 12                               | 26               | —                      | 38           | —          |   |
| Sold, combined, or closed        | (6                               | ) (4             | ) —                    | (10          | ) (2       | ) |
| End of period                    | 1,061                            | 363              | —                      | 1,424        | 8          |   |
| Discontinued operations          | 50                               | 57               | —                      | 107          | —          |   |
| Stores in continuing operations: | 1,011                            | 306              | —                      | 1,317        | 8          |   |
|                                  | Three Months Ended June 30, 2012 |                  |                        |              |            |   |
|                                  | Company-owned Stores             |                  |                        |              |            |   |
|                                  | U.S. &<br>Canada                 | Latin<br>America | Other<br>International | Consolidated | Franchises |   |
| Stores in operation:             |                                  |                  |                        |              |            |   |
| Beginning of period              | 970                              | 250              | —                      | 1,220        | 12         |   |
| De novo                          | 4                                | 19               | —                      | 23           | —          |   |
| Acquired                         | 9                                | —                | —                      | 9            | —          |   |
| Sold, combined, or closed        | (1                               | ) (1             | ) —                    | (2           | ) —        |   |
| End of period                    | 982                              | 268              | —                      | 1,250        | 12         |   |

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Nine Months Ended June 30, 2012

Company-owned Stores

|                           | U.S. &<br>Canada | Latin<br>America | Other<br>International | Consolidated | Franchises |
|---------------------------|------------------|------------------|------------------------|--------------|------------|
| Stores in operation:      |                  |                  |                        |              |            |
| Beginning of period       | 933              | 178              | —                      | 1,111        | 13         |
| De novo                   | 12               | 46               | —                      | 58           | —          |
| Acquired                  | 49               | 45               | —                      | 94           | —          |
| Sold, combined, or closed | (12              | ) (1             | ) —                    | (13          | ) (1       |
| End of period             | 982              | 268              | —                      | 1,250        | 12         |

## Discontinued Operations

During the third quarter of fiscal 2013, our Board of Directors approved a plan to close 107 legacy stores in a variety of locations (the “Reorganization”). These stores are generally older, smaller stores that do not fit our future growth profile. We will continue to execute our growth plan by adding approximately 15 new stores during our fourth fiscal quarter, broadening our online selling and lending channels, and adding numerous new products across the portfolio of companies in order to better serve our customers in the formats they desire and with the products and services they want.

The store closings include:

57 stores in Mexico, 52 of which are small, jewelry-only asset group formats. We will continue to operate 235 full-service SWS stores under the Empeño Fácil brand, and expect to continue our rapid storefront growth in Mexico, ending fiscal year 2013 with approximately 245 locations. Neither Empeño Fácil, TUYO, nor Grupo Finmart are gold dependent and together they make up Latin America, our fastest growing segment.

29 stores in Canada, where we are in the process of transitioning to an integrated buy/sell and financial services model under the Cash Converters brand. The affected asset group consists of stores that are not optimal for that model because of location or size. We will continue to operate 46 full-service buy/sell and financial services center stores under the Cash Converters brand in Canada and the United States.

20 financial services stores in Dallas, Texas and the State of Florida, where we are exiting both locations primarily to onerous regulatory requirements. After the Reorganization we will continue to operate 472 financial services stores in the United States. In addition, one jewelry-only concept store will be closed, which was our only jewelry-only store in the United States.

In connection with the Reorganization, we incurred charges for lease termination costs, asset and inventory write-down to net realizable liquidation value, uncollectible receivables, and employee severance costs. We recognized \$23.8 million of pre-tax charges related to the Reorganization during the third quarter ended June 30, 2013. These exit costs have been recorded as part of loss from discontinued operations in our condensed consolidated statements of operations.

The following table summarizes the termination costs recognized in our third quarter ended June 30, 2013 financial statements related to the Reorganization:

|                                                       | Three Months Ended June 30, 2013<br>(in thousands) |
|-------------------------------------------------------|----------------------------------------------------|
| Lease termination costs                               | \$9,099                                            |
| Employee severance                                    | 1,023                                              |
| Inventory write-down to liquidation value             | 7,801                                              |
| Fixed asset write-down to liquidation value           | 5,840                                              |
| Total termination costs related to the reorganization | \$23,763                                           |

As of June 30, 2013, no cash payments had been made with regard to the recorded termination. The accrued Reorganization charges are included in “Accounts payable and accrued liabilities” in our consolidated balance sheets and in “Discontinued operations” in the consolidated statements of operations.



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Discontinued operations in the three-month periods ended June 30, 2013 and 2012 include \$1.8 million and \$1.4 million pre-tax operating losses from stores being closed. The nine-month periods ended June 30, 2013 and 2012 include \$5.5 million and \$3.2 of pre-tax operating losses from stores being closed. The table below summarizes the pre-tax operating losses by operating segment:

|                                                          | Three Months Ended June 30, |         | Nine Months Ended June 30, |         |
|----------------------------------------------------------|-----------------------------|---------|----------------------------|---------|
|                                                          | 2013                        | 2012    | 2013                       | 2012    |
|                                                          | (in thousands)              |         |                            |         |
| <b>U.S. &amp; Canada</b>                                 |                             |         |                            |         |
| Net revenues                                             | 1,495                       | 1,510   | 4,519                      | 4,667   |
| Operating expenses                                       | 2,942                       | 2,576   | 8,980                      | 7,334   |
| Operating loss from discontinued operations before taxes | (1,447)                     | (1,066) | (4,461)                    | (2,667) |
| Total termination costs related to the reorganization    | 13,427                      | —       | 13,427                     | —       |
| Loss from discontinued operations before taxes           | (14,874)                    | (1,066) | (17,888)                   | (2,667) |
| Income tax benefit (provision)                           | 839                         | 33      | 1,010                      | (107)   |
| Loss from discontinued operations, net of tax            | (14,035)                    | (1,033) | (16,878)                   | (2,774) |
| <b>Latin America</b>                                     |                             |         |                            |         |
| Net revenues                                             | 752                         | 821     | 2,483                      | 2,775   |
| Operating expenses                                       | 1,076                       | 1,128   | 3,482                      | 3,337   |
| Operating loss from discontinued operations before taxes | (324)                       | (307)   | (999)                      | (562)   |
| Total termination costs related to the reorganization    | 10,336                      | —       | 10,336                     | —       |
| Loss from discontinued operations before taxes           | (10,660)                    | (307)   | (11,335)                   | (562)   |
| Income tax benefit                                       | 3,198                       | 92      | 3,400                      | 169     |
| Loss from discontinued operations, net of tax            | (7,462)                     | (215)   | (7,935)                    | (393)   |
| <b>Consolidated</b>                                      |                             |         |                            |         |
| Net revenues                                             | 2,247                       | 2,331   | 7,002                      | 7,442   |
| Operating expenses                                       | 4,018                       | 3,704   | 12,462                     | 10,671  |
| Operating loss from discontinued operations before taxes | (1,771)                     | (1,373) | (5,460)                    | (3,229) |
| Total termination costs related to the reorganization    | 23,763                      | —       | 23,763                     | —       |
| Loss from discontinued operations before taxes           | (25,534)                    | (1,373) | (29,223)                   | (3,229) |
| Income tax benefit                                       | 4,037                       | 125     | 4,410                      | 62      |
| Loss from discontinued operations, net of tax            | (21,497)                    | (1,248) | (24,813)                   | (3,167) |

**Pawn and Retail Activities**

Our pawn stores make pawn loans, which are typically small, non-recourse loans collateralized by tangible personal property. At June 30, 2013, we had an aggregate pawn loan principal balance of \$154.1 million, and the average pawn loan was approximately \$120. We earn pawn service charge revenue on our pawn lending. In the current quarter, pawn service charges accounted for approximately 26% of our total revenues and 40% of our net revenues.

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 to \$135, but varies depending on the valuation of each item pawned. The total U.S. loan term ranges between 60 and 120 days, consisting of the primary term and grace period. In Mexico, pawn service charges range from 15% 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 \$65 U.S. dollars.

In our pawn and buy/sell stores, 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

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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 upon 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 June 30, 2013, our total allowance was 4.5% of gross inventory compared to 6.5% at June 30, 2012 and 4.9% at September 30, 2012. Changes in the valuation allowance are charged to merchandise cost of goods sold.

**Consumer Loan Activities**

At June 30, 2013, our financial services stores and certain pawn stores in Texas offered credit services to customers seeking short-term 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 two types of consumer loans from the unaffiliated lenders. In all stores offering consumer loan credit services, customers can obtain single-payment unsecured consumer loans, with principal amounts up to \$2,500 but averaging about \$450. Terms of these loans are generally less than 30 days, averaging about 20 days, with due dates corresponding with the customers' next payday. We typically earn a fee of 22% of the loan amount for our credit services offered in connection with single-payment loans. In the financial services stores offering credit services, customers can obtain longer-term unsecured multiple-payment loans from the unaffiliated lenders. There are two types of multiple-payment loans offered in connection with our credit services. All multiple-payment loans typically carry terms of about five months with up to ten equal installment payments, including principal amortization, due on customers' paydays. Traditional multiple-payment loan principal amounts range from \$100 to \$3,500, but average approximately \$2,135 in our store front locations. With each semi-monthly or bi-weekly installment payment, we earn a fee of 11-15% of the initial loan amount. Low dollar multiple-payment loan principal amounts range from \$100 to \$1,500, but average about \$760. With each semi-monthly or bi-weekly installment payment, we earn a fee of 13-14% of the initial loan amount. At June 30, 2013, single-payment loans comprised 88% of the balance of signature loans brokered through our credit services, and multiple-payment loans comprised the remaining 12%.

Outside of Texas, we earn loan fee revenue on our consumer loans. In our U.S. and Canada financial services stores and certain of our U.S. pawn stores, we offer single-payment loans subject to state or provincial law. The average single-payment loan amount is approximately \$515 and the term is generally less than 30 days, averaging about 18 days. We typically charge a fee of 15% to 21% of the loan amount. In many of our U.S. financial services stores, we offer multiple-payment loans subject to state law. These multiple-payment loans carry a term of six to seven months, with a series of equal installment payments including principal amortization, due monthly, semi-monthly or on the customers' 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 150% of the original principal amount of the loan. Multiple-payment loan principal amounts range from \$100 to \$3,500, but average approximately \$540.

At June 30, 2013, most of our U.S. financial services stores and certain of our U.S. pawn stores offered auto title loans or, in Texas, credit services to assist customers in obtaining auto title loans from unaffiliated lenders. Auto title loans are 30-day loans secured by the titles to customers' automobiles. Loan principal amounts range from \$100 to \$10,000, but average about \$1,020. We earn a fee of 10% to 30% of auto title loan amounts. Rates will vary depending on the value of the vehicle used as collateral. In Texas, we assist customers in obtaining multiple-payment auto title loans from unaffiliated lenders. These loans typically carry terms of two to five months with up to ten payments. Multiple payment auto title loan principal amounts range from \$150 to \$10,000, but average about \$1,145, and we earn a fee of 2% to 41% of the initial loan amount. During the quarter, we realized a reduction in auto title loan yields from the previous quarter due to loans being collateralized by newer vehicles.

As of June 30, 2013, EZCORP Online operates in five states. In Louisiana, Missouri and South Dakota, we offer single-payment loans. The average single-payment loan principal is approximately \$385 and the term is generally less than 30 days. Total interest and fees on these loans vary in accordance with state law and loan terms, but over the



entire loan term, total approximately 25% to 45% of the original principal amount of the loan. In both Texas and Ohio, we offer credit services to customers seeking short-term consumer loans from unaffiliated lenders. We do not originate any of the loans made to customers, but instead earn a fee for assisting customers in obtaining credit from the unaffiliated lenders and for enhancing customers' creditworthiness by providing a guarantee to the unaffiliated lenders. In Texas and Ohio, customers may obtain single-payment unsecured consumer loans, with principal amounts up to \$1,500 but averaging about \$460.

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In Mexico, Grupo Finmart has approximately 65 active payroll withholding agreements with Mexican employers, primarily federal, state and local governments and agencies, and provides multiple-payment consumer loans to the agencies' employees. Interest and principal payments are collected through payroll deductions. The average loan is approximately \$1,170 U.S. dollars with a term of 31 months and annual yields of approximately 54%.

In the U.K., Cash Genie offers unsecured single payment loans with a fixed fee of 30% of the loan amount. Loans are generally due within 28 days and can be renewed; the average loan duration is 20 days. Principal loan amounts range from \$115 to \$775 U.S. dollars but average \$305 U.S. dollars.

Acquisitions

In the current quarter, Grupo Finmart purchased 100% of the outstanding shares of Fondo ACH, S.A. de C.V., a specialty consumer finance company, for \$3.5 million and a consumer loan portfolio for total consideration of approximately \$1.3 million.

In the current nine-month period ended June 30, 2013, we acquired 12 pawn stores in the U.S. for \$23.1 million and Go Cash (now EZCORP Online), a U.S. online lender, for \$50.8 million. As part of these two acquisitions, we began store operations in the state of Arizona and online operations in four states. We have since started online operations in the state of Ohio, bringing the total number of states in which we operate to 27 at June 30, 2013. In the current nine-month period, 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. In the current nine-month period, we increased our interest in Cash Genie, our online lending subsidiary in the U.K., from 72% to 95%. Subsequent to June 30, 2013, we acquired the remaining shares from local management and now own 100% of Cash Genie as of August 1, 2013.

International Growth

With continued execution of our geographic and product diversification strategy, nearly 27% of our consolidated segment contribution in the current quarter was attributable to areas outside the United States, up from 21% in the prior year quarter. Total revenue in the Latin America and Other International segments combined increased 28% in the current quarter from the prior year quarter. These year-over-year increases are the result of continued strength in our Empeño Fácil and Grupo Finmart businesses in Mexico, our Cash Genie business in the U.K., the acquisition of controlling interests in TUYO, and our strategic investments in the United Kingdom and Australia.

Seasonality

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

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

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

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

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## Recent Regulatory Developments

## Consumer Financial Protection Bureau

On April 24, 2013, the Consumer Financial Protection Bureau (the “CFPB”), which has regulatory, supervisory and enforcement powers over providers of consumer financial products and services, including banks and other providers of consumer loans such as EZCORP, issued a report entitled “Payday Loans and Deposit Advance Products,” indicating that it has “engaged in an in-depth review of short-term small dollar loans, including payday loans.” The report discusses the initial findings of the CFPB regarding short-term payday loans provided by non-bank financial institutions like EZCORP and deposit account advances offered by depository institutions. While the CFPB acknowledges the clear demand for small dollar credit products, it does express concern regarding the risk of sustained use of these products by some consumers. The report reiterated that the CFPB has authority to adopt rules identifying unfair, deceptive or abusive practices in connection with the offering of consumer financial products and services. The report also indicated that the CFPB’s review suggested that the potential for consumer harm and the data gathered in its review warrant further attention to protect consumers and stated that the CFPB expects to use its authorities to provide such protections. Additionally, the CFPB indicated that the report did not focus on online lending and that the CFPB plans to conduct a similar analysis of online payday loan usage.

## Texas

We offer short-term consumer loans in Texas through our CSO program in both storefronts and online. During the most recent session, Texas House of Representatives failed to take up legislation that would adversely affect our consumer loan business, including caps on fees and other restrictions. The matter failed to receive enough positive votes in committee. The Texas Legislature did not pass any other meaningful legislation regarding pay day lending.

## Certain Accounting Matters

## Critical Accounting Policies

Unsecured Consumer Loan Revenue and Bad Debt — 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 was completed on December 20, 2012 and accounted for as an asset purchase.

Since the acquisition, Go Cash (now EZCORP Online) has modified the following consumer loan policies:

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 fee receivables greater than 60 days past due are considered defaulted. Upon default, we charge consumer loan principal to consumer loan bad debt and reverse accrued unsecured consumer loan fee revenue.

Derivative Instruments and Hedging Activities — We recognize all derivative instruments as either assets or liabilities in the balance sheet 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 assesses, 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.

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In all situations in which hedge accounting is discontinued and the derivative remains outstanding, we continue to carry the derivative at its fair value on the balance sheet and recognizes 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.

**Recently Adopted Accounting Pronouncements**

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

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

**Recently Issued Accounting Pronouncements**

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

In October 2012, the FASB issued ASU 2012-04, Technical Corrections and Improvements. This update clarifies the Codification or corrects unintended application of guidance and includes amendments identifying when the use of fair value should be linked to the definition of fair value in Topic 820, Fair Value Measurement. Amendments to the Codification without transition guidance are effective upon issuance for both public and nonpublic entities. For public entities, amendments subject to transition guidance will be effective for fiscal periods beginning after December 15,

2012. We do not anticipate that the adoption of ASU 2012-04 will have a material effect on our financial position, results of operations or cash flows.

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

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entities to apply the amendments for periods beginning after December 15, 2012 and interim periods within those annual periods and to provide the required disclosures for all reporting periods presented. We do not anticipate the adoption of ASU 2013-03 to have a material effect on our financial position, results of operations or cash flows. In February 2013, the FASB issued ASU 2013-04, Liabilities (Topic 405)—Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (a consensus of the FASB Emerging Issues Task Force). This update provides guidance for the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date (except for obligations addressed within existing guidance in U.S. GAAP). Examples of obligations within the scope of ASU 2013-04 include debt arrangements, other contractual obligations and settled litigation and judicial rulings. ASU 2013-04 is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. We do not anticipate that the adoption of ASU 2013-04 will have a material effect on our financial position, results of operations or cash flows.

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

Reclassifications

In connection with our decentralization strategy, we have changed the accountability for, and reporting of, certain items in administrative expenses, depreciation and amortization. When directly related to a segment, these items have been included in segment contribution. When shared by multiple segments, these items are being allocated to the segment and included in their segment contribution. Prior year figures have been reclassified to conform to this presentation.

Use of Estimates and Assumptions

Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our condensed consolidated financial statements, which have been prepared according to accounting principles generally accepted in the United States for interim financial information. 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.

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## RESULTS OF OPERATIONS

Three Months Ended June 30, 2013 vs. Three Months Ended June 30, 2012

## Consolidated Results of Operations

The following table presents selected, unaudited, consolidated financial data for our three-month periods ended June 30, 2013 and 2012 (the "current quarter" and "prior year quarter," respectively). This table, as well as the discussion that follows, should be read with the accompanying unaudited financial statements and related notes.

|                                                                    | Three Months Ended June 30, |           | Percentage |
|--------------------------------------------------------------------|-----------------------------|-----------|------------|
|                                                                    | 2013                        | 2012      | Change     |
|                                                                    | (in thousands)              |           |            |
| Revenues:                                                          |                             |           |            |
| Sales                                                              | \$112,864                   | \$115,816 | (2.5)%     |
| Pawn service charges                                               | 60,397                      | 55,656    | 8.5%       |
| Consumer loan fees                                                 | 59,234                      | 51,753    | 14.5%      |
| Other                                                              | 2,671                       | 1,348     | 98.1%      |
| Total revenues                                                     | 235,166                     | 224,573   | 4.7%       |
| Cost of goods sold                                                 | 71,427                      | 70,958    | 0.7%       |
| Consumer loan bad debt                                             | 12,518                      | 10,689    | 17.1%      |
| Net revenues                                                       | \$151,221                   | \$142,926 | 5.8%       |
| Net income from continuing operations attributable to EZCORP, Inc. | \$15,616                    | \$29,771  | (47.5)%    |
| Loss from discontinued operations                                  | (21,497)                    | (1,248)   | 1,622.5%   |
| Net (loss) income attributable to EZCORP, Inc.                     | \$(5,881)                   | \$28,523  | (120.6)%   |

In the current quarter, consolidated total revenues increased 5%, or \$10.6 million, to \$235.2 million, compared to the prior year quarter. The increase was primarily driven by a 9% increase in pawn service charges and a 15% increase in consumer loan fees. Total sales (which includes merchandise sales and jewelry scrapping sales) decreased 3%, with merchandise sales increasing 15% and jewelry scrapping sales decreasing 35%. Other revenue increased \$1.3 million in the current quarter compared to the prior year quarter. Net revenues of \$151.2 million, increased \$8.3 million, or 6%, and operations expense increased \$19.0 million, or 22%. Corporate administrative expenses of \$12.6 million increased \$2.8 million, or 28% due to increased consulting related to investments and severance incurred within the quarter as the core businesses were reorganized. After a \$1.9 million increase in depreciation and amortization, a \$2.7 million increase in net interest expense, a \$3.6 million decrease in income tax expense, the \$0.1 million decrease in net income attributable to the noncontrolling interest and the \$20.2 million increase in loss from discontinued operations, net income attributable to EZCORP decreased \$34.4 million, or 121%, to a \$5.9 million net loss.



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## Segment Results of Operations

## U.S. &amp; Canada

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

|                                                              | Three Months Ended June 30, |          |   |
|--------------------------------------------------------------|-----------------------------|----------|---|
|                                                              | 2013                        | 2012     |   |
|                                                              | (in thousands)              |          |   |
| Revenues:                                                    |                             |          |   |
| Merchandise sales                                            | \$71,464                    | \$65,221 |   |
| Jewelry scrapping sales                                      | 26,288                      | 37,298   |   |
| Pawn service charges                                         | 52,505                      | 49,969   |   |
| Consumer loan fees                                           | 40,279                      | 37,492   |   |
| Other revenues                                               | 1,058                       | 643      |   |
| Total revenues                                               | 191,594                     | 190,623  |   |
| Merchandise cost of goods sold                               | 41,795                      | 38,174   |   |
| Jewelry scrapping cost of goods sold                         | 20,285                      | 24,337   |   |
| Consumer loan bad debt                                       | 9,994                       | 8,806    |   |
| Net revenues                                                 | 119,520                     | 119,306  |   |
| Segment expenses:                                            |                             |          |   |
| Operations                                                   | 84,194                      | 70,666   |   |
| Depreciation and amortization                                | 4,905                       | 3,608    |   |
| Gain on sale or disposal of assets                           | 174                         | 93       |   |
| Interest (income) expense, net                               | (25                         | ) 16     |   |
| Other expense                                                | —                           | 497      |   |
| Segment contribution                                         | \$30,272                    | \$44,426 |   |
| Other data:                                                  |                             |          |   |
| Gross margin on merchandise sales                            | 41.5                        | % 41.5   | % |
| Gross margin on jewelry scrapping sales                      | 22.8                        | % 34.7   | % |
| Gross margin on total sales                                  | 36.5                        | % 39.0   | % |
| Average pawn loan balance per pawn store at period end       | \$275                       | \$285    |   |
| Average yield on pawn loan portfolio (a)                     | 163                         | % 164    | % |
| Pawn loan redemption rate                                    | 84                          | % 83     | % |
| Consumer loan bad debt as a percentage of consumer loan fees | 24.8                        | % 23.5   | % |

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

The U.S. & Canada segment total revenues increased \$1.0 million from the prior year quarter to \$191.6 million. Same store total revenues decreased \$12.4 million, or 7%, and new and acquired stores net of closed stores contributed \$13.4 million. In the current quarter we opened 5 de novo locations bringing our total number of stores in the U.S. & Canada segment to 1,061, an 8% increase over the prior year quarter. As part of the Reorganization, we will close 50 stores in the U.S. & Canada segment, bringing our stores in continuing operations to 1,011.

Our current quarter pawn service charge revenues increased \$2.5 million, or 5%, from the prior year quarter to \$52.5 million. The overall increase was due to a higher average loan balance during the quarter of \$129.3 million, a 5% increase in total at the end of the quarter over the prior year quarter. Same store pawn service charge revenues increased \$1.0 million, or 2%, with new and acquired stores net of closed stores contributing \$1.5 million. The same store increase is due to a higher redemption rate and improvement yield. The overall decrease in yield is due to acquired stores in Arizona, which charge lower rates.



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The current quarter merchandise sales gross profit increased \$2.6 million, or 10%, from the prior year quarter to \$29.7 million. Same store merchandise sales increased \$3.1 million and new and acquired stores net of closed stores contributed \$3.1 million. Gross margin remained flat to the prior year quarter at 41.5%.

Gross profit on jewelry scrapping sales decreased \$7.0 million, or 54%, from the prior year quarter to \$6.0 million. Jewelry scrapping revenues decreased \$11.0 million, or 30%, due to a 29% decrease in gold volume and a 10% decrease in proceeds realized per gram of gold jewelry scrapped. Same store jewelry scrapping sales decreased \$15.3 million, or 41%, and new and acquired stores contributed \$4.3 million. Jewelry scrapping sales include the sale of approximately \$4.1 million of loose diamonds removed from scrap jewelry in the current quarter and \$2.1 million in the prior year quarter. Scrap cost of goods decreased \$4.1 million, or 17%, as a result of the decrease in volume, partially offset by an 8% increase in average cost per gram of jewelry scrapped. The decrease in scrap sales is a function of the decrease in volume and gold prices as well as our strategy to shift more of our jewelry disposition from scrap to wholesale and retail. The increase in cost is mainly due to a very competitive marketplace and our efforts to gain market share by increasing lending rates compared to collateral value, which results in an increase in cost basis of inventory held for sale.

The current quarter's consumer loan fees increased \$2.8 million, or 7%, to \$40.3 million, over the prior year quarter. Same store consumer loan fees decreased \$0.9 million, or 2%, with new and acquired stores net of closed stores contributing \$3.7 million. Consumer loan bad debt as a percentage of fees was 25% in the current quarter compared to 23% in the prior year quarter, mostly due to the higher mix of new stores, new products and online generated loans. In the current quarter, the profitability of the financial services business continued to be negatively impacted as a result of ordinances enacted in Austin and San Antonio. Local regulatory changes negatively impacted the profitability of the financial services business by approximately \$1.0 million during the quarter.

Operations expense increased to \$84.2 million (44% of revenues) in the current quarter from \$70.7 million (37% of revenues) in the prior year quarter. The increase is due to higher operating costs resulting from new and acquired stores, as well as the costs associated with various business unit growth initiatives, such as EZCORP Online, which were recorded as operations expense. Depreciation and amortization increased \$1.3 million, or 36%, from the prior year quarter to \$4.9 million, mainly due to assets placed in service at new and acquired stores.

In the current quarter, U.S. & Canada delivered a segment contribution of \$30.3 million, a \$14.2 million decrease compared to the prior year quarter, driven by the challenges related to jewelry merchandise sales and gold scrap sales, as well as operating costs incurred by the company's U.S. online initiative, EZOnline. In the current quarter, the U.S. & Canada segment's contribution represented 73% of consolidated segment contribution compared to 79% in the prior year. Our expansion outside of the U.S. and Canada, both through de novo and acquisitions, continues to diversify our revenues and earnings composition. While the U.S. & Canada segment has experienced some challenges related to jewelry merchandise sales and gold scrap sales, our core lending elements of our business have continued to show strength.

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## Latin America

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

|                                                              | Three Months Ended June 30, |          |   |
|--------------------------------------------------------------|-----------------------------|----------|---|
|                                                              | 2013                        | 2012     |   |
|                                                              | (in thousands)              |          |   |
| Revenues:                                                    |                             |          |   |
| Merchandise sales                                            | \$15,112                    | \$10,065 |   |
| Jewelry scrapping sales                                      | —                           | 3,232    |   |
| Pawn service charges                                         | 7,892                       | 5,687    |   |
| Consumer loan fees                                           | 12,864                      | 10,381   |   |
| Other revenues                                               | 1,034                       | 547      |   |
| Total revenues                                               | 36,902                      | 29,912   |   |
| Merchandise cost of goods sold                               | 9,255                       | 5,668    |   |
| Jewelry scrapping cost of goods sold                         | 92                          | 2,779    |   |
| Consumer loan bad debt                                       | 685                         | 632      |   |
| Net revenues                                                 | 26,870                      | 20,833   |   |
| Segment expenses:                                            |                             |          |   |
| Operations                                                   | 16,513                      | 11,722   |   |
| Depreciation and amortization                                | 1,854                       | 1,942    |   |
| Loss (gain) on sale or disposal of assets                    | 4                           | (3       | ) |
| Interest expense, net                                        | 2,790                       | 22       |   |
| Other expense (income)                                       | 57                          | (14      | ) |
| Segment contribution                                         | \$5,652                     | \$7,164  |   |
| Other data:                                                  |                             |          |   |
| Gross margin on merchandise sales                            | 38.8                        | % 43.7   | % |
| Gross margin on jewelry scrapping sales                      | N/A                         | 14.0     | % |
| Gross margin on total sales                                  | 38.1                        | % 36.5   | % |
| Average pawn loan balance per pawn store at period end       | \$67                        | \$73     |   |
| Average yield on pawn loan portfolio (a)                     | 184                         | % 186    | % |
| Pawn loan redemption rate                                    | 73                          | % 75     | % |
| Consumer loan bad debt as a percentage of consumer loan fees | 5.3                         | % 6.1    | % |

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

The average exchange rate used to translate Latin America's current quarter results from Mexican pesos to U.S. dollars was 12.5 to 1, 8% weaker than the prior year quarter's rate of 13.5 to 1. Total revenues increased 23% in U.S. dollars and 9% in peso terms. Total segment expenses increased 55% in U.S. dollars and 44% in peso terms.

In the current quarter, we opened 15 de novo stores, acquired six Addex locations, closed two Crediamigo locations and closed one TUYO location, bringing the total number of stores in the Latin America segment to 363. As part of the Reorganization, we will close 57 pawn stores in the Latin America segment, bringing our stores in continuing operations to 306. In the current quarter, Grupo Finmart, our 60% owned subsidiary, purchased 100% of the outstanding shares of Fondo ACH, S.A. de C.V., a specialty consumer finance company, for \$3.5 million and a consumer loan portfolio for total consideration of approximately \$1.3 million.

The Latin America segment's total revenues increased \$7.0 million, or 23%, in the current quarter to \$36.9 million. Same store total revenues increased 8%, or \$2.4 million, to \$32.3 million, and new and acquired stores contributed \$4.6 million. The overall increase in total revenues was mostly due to a \$1.8 million increase in merchandise and jewelry scrapping sales, a \$2.2 million increase in pawn service charges and a \$2.5 million increase in consumer loan fees.



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Latin America's pawn service charge revenues increased \$2.2 million, or 39%, in the current quarter to \$7.9 million. Same store pawn service charges increased \$1.0 million, or 17%, to \$6.7 million and new and acquired stores contributed \$1.2 million. The increase was due to a 39% total and 18% same store increase in the average outstanding pawn loan balance during the period.

Merchandise gross profit increased \$1.5 million, or 33%, from the prior year quarter to \$5.9 million. The increase was due to a \$1.7 million, or 17%, same store sales increase and \$3.3 million contributed in sales from new and acquired stores, offset by a 4.9 percentage point decrease in gross margin to 39%. The decrease in margin was due to more aggressive pricing in general merchandise.

In the current quarter, we made a strategic decision not to scrap any jewelry due to the decrease in gold prices, resulting in a \$3.2 million decrease in total revenues and \$0.5 million in net revenues.

The Grupo Finmart acquisition in the second quarter of 2012 marked our initial entry into the non-secured loan business in Mexico. Consumer loan fees increased \$2.5 million, or 23.9%, to \$12.9 million. Consumer loan bad debt as a percentage of fees was 5% in the current quarter compared to 6% in the prior year quarter. The increase in fees is due to a 53% increase in the average consumer loan balance during the period to \$98.2 million, due to contracts added since the prior year quarter in addition to an increase in contract penetration of 2.6 percentage points to 5.6% from the prior year quarter.

Operations expense increased to \$16.5 million (45% of revenues) in the current quarter from \$11.7 million (39% of revenues) in the prior year quarter. The increase is due to higher operating costs resulting from the addition of 69 Empeño Fácil stores since the prior year quarter, the inclusion of TUYO's expenses and other growth initiatives. Depreciation and amortization stayed relatively constant at \$1.9 million.

At June 30, 2013 Grupo Finmart had \$109.4 million of third-party debt outstanding, which is non-recourse to EZCORP, at a weighted average interest rate of 11%, compared to \$92.2 million of outstanding debt at a 17% weighted average interest rate in the prior year quarter. The decrease in interest rate is due to the refinancing of various debt instruments at lower interest rates. The \$2.8 million increase in interest expense is due to higher average debt outstanding during the current quarter in addition to a one-time reduction in interest expense of \$4.0 million in the prior year quarter. The prior year one-time benefit was due to the acceleration of the debt premium associated with debt refinanced during the prior year quarter.

In the current quarter, the \$6.0 million increase in net revenues was offset by the \$7.5 million higher expenses, resulting in a \$1.5 million decrease in contribution for the Latin America segment. Excluding the one-time adjustment related to the refinancing of Grupo Finmart debt in the prior year quarter, the operating contribution from the Latin America segment increased 79% year over year. For the current quarter Latin America's segment contribution represented 14% of consolidated segment contribution compared to 13% a year ago.

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## Other International

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

|                                                           | Three Months Ended June 30, |          |
|-----------------------------------------------------------|-----------------------------|----------|
|                                                           | 2013                        | 2012     |
|                                                           | (in thousands)              |          |
| Consumer loan fees                                        | \$6,091                     | \$3,880  |
| Other revenues                                            | 579                         | 158      |
| Total revenues                                            | 6,670                       | 4,038    |
| Consumer loan bad debt                                    | 1,839                       | 1,251    |
| Net revenues                                              | 4,831                       | 2,787    |
| Segment expenses:                                         |                             |          |
| Operations expense                                        | 3,523                       | 2,812    |
| Depreciation and amortization                             | 118                         | 94       |
| Loss on sale or disposal of assets                        | —                           | 223      |
| Interest income, net                                      | —                           | (1 )     |
| Equity in net income of unconsolidated affiliates         | (4,328 )                    | (4,197 ) |
| Other income                                              | —                           | (441 )   |
| Segment contribution                                      | \$5,518                     | \$4,297  |
| Other data:                                               |                             |          |
| Consumer loan bad debt as a percent of consumer loan fees | 30                          | % 32 %   |

On April 14, 2012, we acquired a 72% interest in Cash Genie, an online lending business in the U.K., and on November 14, 2012, we acquired an additional 23% interest, increasing our ownership percentage to 95%, with the remaining 5% held by local management. On August 1, 2013, we acquired the remaining ordinary shares that were held by local management for \$0.6 million, and we now own 100% of Cash Genie's ordinary shares.

In the current quarter, the segment's consumer loan fees were \$6.1 million, with bad debt as a percentage of fees at 30%. The segment's \$0.6 million in other revenues represent fees from a consulting agreement with Albermarle & 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 during the current quarter was \$3.5 million with depreciation and amortization at \$0.1 million. Our equity in the net income of unconsolidated affiliates stayed relatively constant at \$4.3 million. The strong performance by Cash Converters International was mostly offset by the decrease from Albermarle & Bond.

In the current quarter, the \$2.0 million increase in net revenues was partially offset by the \$0.7 million increase in operations expense and a \$0.1 million increase in our equity in the net income of unconsolidated affiliates and other segment expenses. Segment contribution from the Other International segment increased \$1.2 million to \$5.5 million. For the current quarter, the segment's contribution represents 13% of total contribution compared to 8% in the prior year quarter.

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## Other Consolidated Items

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

|                                                                               | Three Months Ended June 30, |            |
|-------------------------------------------------------------------------------|-----------------------------|------------|
|                                                                               | 2013                        | 2012       |
|                                                                               | (in thousands)              |            |
| Segment contribution                                                          | \$41,442                    | \$55,887   |
| Corporate expenses:                                                           |                             |            |
| Administrative                                                                | 12,644                      | 9,857      |
| Depreciation and amortization                                                 | 2,091                       | 1,375      |
| Interest expense, net                                                         | 872                         | 860        |
| Other expense                                                                 | 39                          | 118        |
| Consolidated income from continuing operations before income taxes            | 25,796                      | 43,677     |
| Income tax expense                                                            | 9,139                       | 12,718     |
| Income from continuing operations, net of tax                                 | 16,657                      | 30,959     |
| Loss from discontinued operations, net of tax                                 | (21,497                     | ) (1,248   |
| Net (loss) income                                                             | (4,840                      | ) 29,711   |
| Net income from continuing operations attributable to noncontrolling interest | 1,041                       | 1,188      |
| Net (loss) income attributable to EZCORP, Inc.                                | \$(5,881                    | ) \$28,523 |

Administrative expenses increased \$2.8 million, or 28%, due to continued investments in growth and profitability initiatives, as well as severance incurred within the quarter attributable to ongoing operations. Depreciation and amortization increased \$0.7 million, or 52%, due to new assets placed in service as a result of investment in infrastructure to support our globalization strategy.

Consolidated income from continuing operations before taxes decreased \$17.9 million, or 41%, to \$25.8 million. The \$1.2 million increase in contribution from the Other International segment was offset by the \$14.2 million decrease in the U.S. and Canada segment, the \$1.5 million decrease in the Latin America segment and the \$3.4 million increase in corporate expenses.

Income tax expense was \$9.1 million, 35.4% of pre-tax income, compared to \$12.7 million, 29.1% of pre-tax income in the prior year quarter. The effective rate for the quarter ended June 30, 2012 was lower due to the decision in that quarter to treat foreign earnings as being permanently reinvested, with a resultant reversal of prior period deferred tax liabilities in that quarter.

In the current quarter we incurred a \$21.5 million net loss from discontinued operations. This amount includes \$23.8 million pre-tax termination costs due to the future closure of 107 legacy stores in a variety of locations and \$1.8 million in pre-tax operating losses from stores being closed.

In the current quarter, net income attributable to EZCORP decreased \$34.4 million, to a \$5.9 million net loss, after the \$1.0 million of net income attributable to the noncontrolling interest.



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## Nine Months Ended June 30, 2013 vs. Nine Months Ended June 30, 2012

The following table presents selected, unaudited, consolidated financial data for our nine-month periods ended June 30, 2013 and 2012 (the "current nine-month period" and "prior year nine-month period," respectively). This table, as well as the discussion that follows, should be read with the accompanying unaudited financial statements and related notes.

|                                                                    | Nine Months Ended June 30, |           | Percentage |    |
|--------------------------------------------------------------------|----------------------------|-----------|------------|----|
|                                                                    | 2013                       | 2012      | Change     |    |
|                                                                    | (in thousands)             |           |            |    |
| Revenues:                                                          |                            |           |            |    |
| Sales                                                              | \$394,841                  | \$403,337 | (2.1       | )% |
| Pawn service charges                                               | 187,812                    | 170,880   | 9.9        | %  |
| Consumer loan fees                                                 | 183,119                    | 143,594   | 27.5       | %  |
| Other                                                              | 10,169                     | 3,351     | 203.5      | %  |
| Total revenues                                                     | 775,941                    | 721,162   | 7.6        | %  |
| Cost of goods sold                                                 | 245,704                    | 240,428   | 2.2        | %  |
| Consumer loan bad debt                                             | 34,496                     | 27,269    | 26.5       | %  |
| Net revenues                                                       | \$495,741                  | \$453,465 | 9.3        | %  |
| Net income from continuing operations attributable to EZCORP, Inc. | 83,630                     | 108,303   | (22.8      | )% |
| Loss from discontinued operations                                  | (24,813                    | ) (3,167  | ) 683.5    | %  |
| Net income attributable to EZCORP, Inc.                            | \$58,817                   | \$105,136 | (44.1      | )% |

In the current nine-month period, consolidated total revenues increased 8%, or \$54.8 million, to \$775.9 million, compared to the prior year nine-month period. The increase was primarily driven by an 10% increase in pawn service charges, a 28% increase in consumer loan fees and an 10% increase in merchandise sales, partially offset by an 23% decrease in jewelry scrapping sales. Other revenue increased \$6.8 million in the current nine-month period compared to the prior year nine-month period. Net revenues of \$495.7 million, increased \$42.3 million, or 9%, and operations expense increased \$61.3 million or 25%. Administrative expenses of \$34.9 million increased \$1.4 million, or 4%. After a \$5.7 million increase in depreciation and amortization, a \$7.3 million increase in net interest expense, a \$10.6 million decrease in income tax expense, the \$2.1 million increase in net income attributable to the noncontrolling interest and the \$21.6 million increase in loss from discontinued operations, net income attributable to EZCORP decreased \$46.3 million, or 44%, to \$58.8 million.

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## Segment Results of Operations

## U.S. &amp; Canada

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

|                                                              | Nine Months Ended June 30, |           |   |
|--------------------------------------------------------------|----------------------------|-----------|---|
|                                                              | 2013                       | 2012      |   |
|                                                              | (in thousands)             |           |   |
| Revenues:                                                    |                            |           |   |
| Merchandise sales                                            | \$237,577                  | \$226,507 |   |
| Jewelry scrapping sales                                      | 108,777                    | 139,252   |   |
| Pawn service charges                                         | 165,202                    | 154,823   |   |
| Consumer loan fees                                           | 126,873                    | 121,744   |   |
| Other revenues                                               | 5,469                      | 2,430     |   |
| Total revenues                                               | 643,898                    | 644,756   |   |
| Merchandise cost of goods sold                               | 138,936                    | 131,682   |   |
| Jewelry scrapping cost of goods sold                         | 76,922                     | 86,848    |   |
| Consumer loan bad debt                                       | 27,363                     | 24,663    |   |
| Net revenues                                                 | 400,677                    | 401,563   |   |
| Segment expenses:                                            |                            |           |   |
| Operations                                                   | 251,593                    | 216,653   |   |
| Depreciation and amortization                                | 13,395                     | 9,862     |   |
| (Gain) loss on sale or disposal of assets                    | 202                        | (113      | ) |
| Interest expense                                             | 7                          | 20        |   |
| Other (income) expense                                       | (5                         | ) 346     |   |
| Segment contribution                                         | \$135,485                  | \$174,795 |   |
| Other data:                                                  |                            |           |   |
| Gross margin on merchandise sales                            | 41.5                       | % 41.9    | % |
| Gross margin on jewelry scrapping sales                      | 29.3                       | % 37.6    | % |
| Gross margin on total sales                                  | 37.7                       | % 40.3    | % |
| Average pawn loan balance per pawn store at period end       | \$275                      | \$285     |   |
| Average yield on pawn loan portfolio (a)                     | 162                        | % 160     | % |
| Pawn loan redemption rate                                    | 83                         | % 83      | % |
| Consumer loan bad debt as a percentage of consumer loan fees | 21.6                       | % 20.3    | % |

(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 \$0.9 million compared to the prior year nine-month period to \$643.9 million. Same store total revenues decreased \$43.7 million, or 7%, and new and acquired stores net of closed stores contributed \$42.8 million. In the current nine-month period, we acquired 12 pawn stores in the U.S. for \$23.1 million and Go Cash, a U.S. online lender, for \$50.8 million. As part of these acquisitions, we began store operations in the state of Arizona and online operations in five states, bringing the total number of states in which we operate to 27 at June 30, 2013. In the current nine-month period we opened 68 de novo locations bringing our total number of stores in the U.S. & Canada to 1,061, an 8% increase over the prior year nine-month period. As part of the Reorganization, we expect to close 50 stores in the U.S. & Canada segment, bringing our stores in continuing operations to 1,011.

In the current nine-month period, pawn service charge revenues increased \$10.4 million, or 7%, from the prior year nine-month period to \$165.2 million. The overall increase was due to a higher average loan balance during the period of \$136.0 million, a 6% increase in total while the same store average pawn loan balance remained practically constant at \$129.0 million. Same



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store pawn service charges increased \$5.0 million, or 3%, with new and acquired stores net of closed stores contributing \$5.4 million. The same store improvement was due to a 2 percentage point improvement in yield, driven primarily by rate increases in Nevada and operational improvements in Texas.

The current nine-month period merchandise sales gross profit increased \$3.8 million, or 4%, from the prior year nine-month period to \$98.6 million. Same store merchandise sales decreased \$1.4 million and new and acquired stores net of closed stores contributed \$12.5 million. Gross margin on merchandise sales was 41.5%, slightly lower than the prior year nine-month period.

Gross profit on jewelry scrapping sales decreased \$20.5 million, or 39%, from the prior year nine-month period to \$31.9 million. Jewelry scrapping revenues decreased \$30.5 million, or 22%, mostly due to a 25% decrease in gold volume. Same store jewelry scrapping sales decreased \$41.4 million, or 30%, and new and acquired stores contributed \$10.9 million. Jewelry scrapping sales include the sale of approximately \$11.3 million of loose diamonds removed from scrap jewelry in the current nine-month period and \$7.8 million in the prior year nine-month period. Scrap cost of goods decreased \$9.9 million, or 11%, as a result of the decrease in volume, partially offset by a 13% increase average cost per gram of jewelry scrapped. The decrease in scrap sales and increase in cost is a function of a very competitive marketplace and our efforts to gain market share.

The current nine-month period's consumer loan fees increased \$5.1 million, or 4%, to \$126.9 million, over the prior year nine-month period. Consumer loan bad debt as a percentage of fees was 22% in the current nine-month period compared to 20% in the prior year nine-month period, mostly due to the higher mix of new stores, new products and online generated loans. In the current nine-month period, the profitability of the financial services business was negatively impacted as a result of ordinances enacted in Dallas, Austin and San Antonio. The profitability of the financial services business continued to be negatively impacted as a result of ordinances enacted in Austin and San Antonio. Local regulatory changes negatively impacted the profitability of the financial services business by approximately \$3.0 million during the current nine-month period.

The current nine-month period's other revenues increased \$3.0 million over the prior year nine-month period to \$5.5 million. The increase is mainly due to fees related to the Western Union agreement. In fiscal 2013 we began offering Western Union money transfer, money order and consumer bill payment services at some of our U.S. & Canada locations and expect to expand to the majority of stores in the U.S. and Canada during the remainder of fiscal 2013. Operations expense increased to \$251.6 million (39% of revenues) in the current nine-month period from \$216.7 million (34% of revenues) in the prior year nine-month period. The increase is due to higher operating costs resulting from new and acquired stores, decentralization, and costs associated with various business unit growth initiatives, such as EZOnline which were recorded as operations expense. Depreciation and amortization increased 36%, or \$3.5 million, from the prior year nine-month period to \$13.4 million, mainly due to assets placed in service at new and acquired stores.

In the current nine-month period, U.S. & Canada delivered a segment contribution of \$135.5 million, a 22% decrease compared to the prior year nine-month period, driven by the challenges related to jewelry merchandise sales and gold scrap sales. In the current nine-month period, the U.S. & Canada segment's contribution represented 78% of consolidated segment contribution compared to 87% in the prior year nine-month period. Our expansion outside of the U.S. and Canada, both through de novo and acquisitions, continues to diversify our revenues and earnings composition. While the U.S. & Canada segment has experienced some challenges related to jewelry merchandise sales and gold scrap sales, the core elements of our business have continued to show strength.

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## Latin America

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

|                                                              | Nine Months Ended June 30, |          |       |
|--------------------------------------------------------------|----------------------------|----------|-------|
|                                                              | 2013                       | 2012     |       |
|                                                              | (in thousands)             |          |       |
| Revenues:                                                    |                            |          |       |
| Merchandise sales                                            | \$43,685                   | \$29,764 |       |
| Jewelry scrapping sales                                      | 4,802                      | 7,814    |       |
| Pawn service charges                                         | 22,610                     | 16,057   |       |
| Consumer loan fees                                           | 36,583                     | 17,764   |       |
| Other revenues                                               | 2,880                      | 763      |       |
| Total revenues                                               | 110,560                    | 72,162   |       |
| Merchandise cost of goods sold                               | 25,775                     | 15,939   |       |
| Jewelry scrapping cost of goods sold                         | 4,071                      | 5,959    |       |
| Consumer loan bad debt                                       | (1,024                     | )        | 1,140 |
| Net revenues                                                 | 81,738                     | 49,124   |       |
| Segment expenses:                                            |                            |          |       |
| Operations                                                   | 46,483                     | 27,781   |       |
| Depreciation and amortization                                | 5,067                      | 4,907    |       |
| Loss (gain) on sale or disposal of assets                    | 18                         | (2       | )     |
| Interest expense, net                                        | 8,205                      | 1,755    |       |
| Other (income) expense                                       | (238                       | )        | 2     |
| Segment contribution                                         | \$22,203                   | \$14,681 |       |
| Other data:                                                  |                            |          |       |
| Gross margin on merchandise sales                            | 41.0                       | % 46.4   | %     |
| Gross margin on jewelry scrapping sales                      | 15.2                       | % 23.7   | %     |
| Gross margin on total sales                                  | 38.4                       | % 41.7   | %     |
| Average pawn loan balance per pawn store at period end       | \$67                       | \$73     |       |
| Average yield on pawn loan portfolio (a)                     | 190                        | % 195    | %     |
| Pawn loan redemption rate                                    | 75                         | % 76     | %     |
| Consumer loan bad debt as a percentage of consumer loan fees | (2.8                       | )% 6.4   | %     |

(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 current nine-month period results from Mexican pesos to U.S. dollars was 12.7 to 1, 5% weaker than the prior year nine-month period's rate of 13.4 to 1. Total revenues increased 53% in U.S. dollars and 46% in peso terms. Total segment expenses increased 73% in U.S. dollars and 67% increase in peso terms.

In the current nine-month period, we opened 66 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 and is included in our current year to date results, bringing the total number of stores in the Latin America segment to 363. As part of the Reorganization, we expect to close 57 pawn stores in the Latin America segment, bringing our stores in continuing operations to 306.

In the current nine-month period, Grupo Finmart, our 60% owned subsidiary, purchased 100% of the outstanding shares of Fondo ACH, S.A. de C.V., a specialty consumer finance company, for \$3.5 million and a consumer loan portfolio for total consideration of approximately \$1.3 million.



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The Latin America segment's total revenues increased \$38.4 million, or 53%, in the current nine-month period to \$110.6 million. Same store total revenues increased 11%, or \$7.7 million, to \$79.9 million, and new and acquired stores contributed \$30.7 million. The overall increase in total revenues was partly due to the full period inclusion of revenues from our majority owned subsidiaries. Grupo Finmart's \$38.3 million in total revenues in the current nine-month period compared to \$18.2 million in the prior year nine-month period. Excluding Grupo Finmart and TUYO, total revenues increased \$16.9 million due to a \$9.5 million increase in merchandise and jewelry scrapping sales, a \$6.6 million increase in pawn service charges and a \$0.8 million increase in other revenues.

Latin America's pawn service charge revenues increased \$6.6 million, or 41%, in the current nine-month period to \$22.6 million. Same store pawn service charges increased 20%, or \$3.2 million, to \$19.3 million and new and acquired stores contributed \$3.4 million. The increase was due to a 44% total and 22% same store increase in the average outstanding pawn loan balance during the period.

Merchandise gross profit increased \$4.1 million, or 30%, from the prior year nine-month period to \$17.9 million. The increase was due to a \$4.8 million, or 16%, same store sales increase and a \$9.1 million increase in sales from new and acquired stores partially offset by a 5.4 percentage point decrease in gross margin to 41%. The decrease in margin was due to a one-time inventory reserve adjustment in the prior year nine-month period and more aggressive pricing to move aged merchandise.

Gross profit on jewelry scrapping sales decreased \$1.1 million, or 61%, to \$0.7 million. Jewelry scrapping revenues decreased \$3.0 million, or 39%, and jewelry scrapping cost of goods decreased \$1.9 million, or 32%. Both decreases were due to the strategic decision to not scrap jewelry in Latin America during the three months ended June 30, 2013. The Grupo Finmart acquisition in the second quarter of fiscal 2012 marked our initial entry into the non-secured loan business in Mexico. In the current nine-month period, Grupo Finmart contributed consumer loan fees of \$36.6 million and other revenues of \$1.7 million, with a benefit in bad debt, due to the sale of past due loans and recoveries of loans previously written off to bad debt expense.

Operations expense increased to \$46.5 million (42% of revenues) in the current nine-month period from \$27.8 million (38% of revenues) in the prior year nine-month period. The increase is due to higher operating costs resulting from the addition of 69 Empeño Fácil stores since the prior year nine-month period and other growth initiatives. Depreciation and amortization increased 3%, or \$0.2 million, from the prior year nine-month period to \$5.1 million, mainly due to new assets placed in service at new stores and acquisition related assets.

The \$6.5 million increase in interest expense is due to debt acquired as part of the Grupo Finmart acquisition. At June 30, 2013 Grupo Finmart had \$109.4 million of third-party debt outstanding, which is non-recourse to EZCORP, at a weighted average interest rate of 11%, compared to \$92.2 million of outstanding debt at a 17% weighted average interest rate at June 30, 2012. The decrease in interest rate is due to the refinancing of various debt instruments at lower interest rates.

In the current nine-month period, the \$32.6 million increase in net revenues was partially offset by the \$25.1 million higher expenses, resulting in a \$7.5 million increase in contribution for the Latin America segment. For the current nine-month period, Latin America's segment contribution represented 13% of consolidated segment contribution compared to 7% a year ago, making Latin America our fastest growing segment.

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## Other International

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

|                                                           | Nine Months Ended June 30, |           |   |
|-----------------------------------------------------------|----------------------------|-----------|---|
|                                                           | 2013                       | 2012      |   |
|                                                           | (in thousands)             |           |   |
| Consumer loan fees                                        | \$19,663                   | \$4,086   |   |
| Other revenues                                            | 1,820                      | 158       |   |
| Total revenues                                            | 21,483                     | 4,244     |   |
| Consumer loan bad debt                                    | 8,157                      | 1,466     |   |
| Net revenues                                              | 13,326                     | 2,778     |   |
| Segment expenses:                                         |                            |           |   |
| Operations                                                | 11,270                     | 3,580     |   |
| Depreciation and amortization                             | 337                        | 130       |   |
| Loss on sale or disposal of assets                        | —                          | 223       |   |
| Interest income, net                                      | (1                         | ) (1      | ) |
| Equity in net income of unconsolidated affiliates         | (13,491                    | ) (12,935 | ) |
| Other income                                              | (69                        | ) (505    | ) |
| Segment contribution                                      | \$15,280                   | \$12,286  |   |
| Other data:                                               |                            |           |   |
| Consumer loan bad debt as a percent of consumer loan fees | 41                         | % 36      | % |

On April 14, 2012, we acquired a 72% interest in Cash Genie, an online lending business in the U.K., and on November 14, 2012, we acquired an additional 23% interest, increasing our ownership percentage to 95%, with the remaining 5% held by local management. On August 1, 2013, we acquired the remaining ordinary shares that were held by local management for \$0.6 million, and we now own 100% of Cash Genie's ordinary shares.

In the current nine-month period, Cash Genie's consumer loan fees were \$19.7 million with bad debt as a percentage of fees at 41%. The segment's \$1.8 million in other revenues represent fees from a consulting agreement with Albermarle & 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 during the current quarter was \$11.3 million with depreciation and amortization at \$0.3 million. Our equity in the net income of unconsolidated affiliates increased \$0.6 million, or 4%, from the prior year to \$13.5 million. This increase is due to strong performance by Cash Converters International and partially offset by Albermarle & Bond. In the current nine-month period, we acquired an additional 12,430,000 ordinary shares of Cash Converters International as part of a share placement, maintaining our ownership percentage of approximately 33%. We expect the new funds to be used to finance expansion and drive future earnings growth.

In the current nine-month period, the \$10.5 million increase in net revenues and the \$0.6 million million increase in our equity in the net income of unconsolidated affiliates were partially offset by a \$7.7 million increase in operations expense and a \$0.4 million other smaller items. Segment contribution from the Other International segment increased \$3.0 million to \$15.3 million. For the current nine-month period, the segment's contribution represents 9% of total contribution compared to 6% in the prior year nine-month period.



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## Other Consolidated Items

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

|                                                                               | Nine Months Ended June 30, |           |
|-------------------------------------------------------------------------------|----------------------------|-----------|
|                                                                               | 2013                       | 2012      |
|                                                                               | (in thousands)             |           |
| Segment contribution                                                          | \$172,968                  | \$201,762 |
| Corporate expenses:                                                           |                            |           |
| Administrative                                                                | 34,918                     | 33,509    |
| Depreciation and amortization                                                 | 5,830                      | 4,066     |
| Interest expense, net                                                         | 2,816                      | 1,920     |
| Other expense                                                                 | 312                        | —         |
| Consolidated income from continuing operations before income taxes            | 129,092                    | 162,267   |
| Income tax expense                                                            | 42,084                     | 52,664    |
| Income from continuing operations, net of tax                                 | 87,008                     | 109,603   |
| Loss from discontinued operations, net of tax                                 | (24,813                    | ) (3,167  |
| Net income                                                                    | 62,195                     | 106,436   |
| Net income from continuing operations attributable to noncontrolling interest | 3,378                      | 1,300     |
| Net income attributable to EZCORP, Inc.                                       | \$58,817                   | \$105,136 |

Administrative expenses increased \$1.4 million, or 4% mainly due to continued investments in growth and profitability initiatives. Interest expense increased \$0.9 million, or 47%, due to greater utilization of our revolver. Depreciation and amortization increased \$1.8 million, or 43%, due to new assets placed in service as a result of investment in infrastructure to support our globalization strategy. The \$0.3 million change in other income or expense was due to foreign currency transaction losses in the current nine-month period.

Consolidated income from continuing operations before income taxes decreased \$33.2 million, or 20%, to \$129.1 million due to a \$39.3 million decrease in contribution from the U.S. & Canada segment, a \$4.4 million increase in corporate expenses, partially offset by a \$7.5 million and \$3.0 million increase in contribution from the Latin America and Other International. The \$39.3 million decrease in contribution from the U.S. & Canada segment was due to a combination of reduced gross profit on jewelry scrapped and an increase in operating costs to support a rapidly growing store base.

Income tax expense was \$42.1 million, 32.6% of pre-tax income compared to 32.5% in the prior year nine-month period.

In the current nine-month period we incurred a \$24.8 million net loss from discontinued operations. This amount includes \$23.8 million pre-tax termination costs due to the future closure of 107 legacy stores in a variety of locations and \$5.5 million in pre-tax operating losses from stores being closed.

In the current nine-month period, net income attributable to EZCORP decreased \$46.3 million, or 44%, to \$58.8 million, after the \$3.4 million of net income attributable to the noncontrolling interest.

**LIQUIDITY AND CAPITAL RESOURCES**

In the current nine-month period, our \$99.4 million cash flow from operations consisted of (i) net income plus several non-cash items, aggregating to \$106.0 million, \$3.3 million in dividends from Albemarle & Bond, \$5.1 million in dividends from Cash Converters International, net of (ii) \$15.0 million of normal, recurring changes in operating assets and liabilities. In the prior year nine-month period, our \$109.7 million cash flow from operations consisted of (i) net income plus several non-cash items, aggregating to \$130.2 million, \$3.3 million in dividends from Albemarle & Bond, \$2.2 million in dividends from Cash Converters International, net of (ii) \$26.1 million of normal, recurring changes in operating assets and liabilities. The primary differences in cash flows from operations between the current and prior year period are due to the increase in non-cash items offset by the decrease in net income and changes in operating assets and liabilities.

The \$108.9 million of net cash used in investing activities during the current nine-month period was funded by cash flow from operations, cash on hand and borrowings on our line of credit facility. We invested \$11.0 million in Cash Converters

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International as part of a share placement. We invested \$14.9 million in cash to acquire 12 pawn stores in the U.S., a 51% interest in TUYO, a 100% interest in Fondo and a payroll withholding loan portfolio. Other significant investments in the period were the \$33.4 million in additions of property and equipment and the \$49.5 million of loans made in excess of customer loan repayments and the recovery of principal through the sale of forfeited pawn loan collateral.

The net effect of these and other smaller cash flows was a \$2.5 million decrease in cash on hand, providing a \$46.0 million ending cash balance.

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

| Contractual Obligations                  | Total          | Payments due by Period |           |           |                      |
|------------------------------------------|----------------|------------------------|-----------|-----------|----------------------|
|                                          |                | Less than<br>1 year    | 1-3 years | 3-5 years | More than<br>5 years |
|                                          | (in thousands) |                        |           |           |                      |
| Long-term debt obligations*              | \$230,645      | \$25,673               | \$165,689 | \$39,283  | \$—                  |
| Interest on long-term debt obligations** | 37,577         | 12,685                 | 20,829    | 4,063     | —                    |
| Operating lease obligations              | 238,988        | 56,893                 | 90,543    | 49,275    | 42,277               |
| Capital lease obligations                | 1,054          | 537                    | 517       | —         | —                    |
| Interest on capital lease obligations    | 104            | 76                     | 28        | —         | —                    |
| Deferred consideration                   | 24,068         | 11,304                 | 12,764    | —         | —                    |
| Total                                    | \$532,436      | \$107,168              | \$290,370 | \$92,621  | \$42,277             |

\* Excludes debt premium related to Grupo Finmart

\*\* 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 June 30, 2013, our maximum exposure for losses on letters of credit, if all brokered loans defaulted and none were collected, was \$28.8 million. Of that total, \$8.0 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, 2012, these collectively amounted to \$17.9 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 the 492 U.S. EZMONEY financial services stores, 208 adjoin an EZPAWN store. The lease agreements at approximately 95% of the remaining 284 free-standing EZMONEY stores contain provisions that limit our exposure for additional rent to only a few months if laws were enacted that had a significant negative effect on our operations at these stores.

In the remaining three months of the fiscal year ending September 30, 2013, we plan to open 2 pawn stores in the U.S., 4 pawn stores in Mexico and 10 to 15 financial services stores in the U.S. (most of which will follow our store-within-a-store format). The aggregate investment for this de novo activity is expected to be approximately \$2.0 million of capital expenditures plus the funding of working capital and start-up losses. The number of planned new store openings in the remaining three months may change depending on business conditions in each market. We believe new stores will create a drag on earnings and liquidity until their second year of operations.

On May 10, 2011, we entered into a new senior secured credit agreement with a syndication of five banks, replacing our previous credit agreement. Among other things, the new credit agreement provides for a four-year \$175 million revolving credit facility that we may, under the terms of the agreement, request to be increased to a total of \$225 million. Upon entering the new credit agreement, we repaid and retired all other outstanding debt. On May 31, 2013, we amended the senior secured credit agreement to increase our revolving credit facility from \$175 million to \$200 million. The new credit facility increases our available credit and provides greater flexibility to make investments and acquisitions both domestically and internationally. No other terms of our senior secured credit agreement were modified. Terms of the credit agreement require, among other things, that we meet certain financial covenants. We

were in compliance with all covenants at June 30, 2013 and expect to remain in compliance based on our expected future performance. At June 30, 2013, we had borrowed \$122.5 million. We also issued a \$1.8 million letter of credit, leaving \$75.7 million available on our revolving credit facility. The outstanding bank letters of credit were required under our workers' compensation insurance program and for our International office in Miami, Florida.

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

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

On February 3, 2012, we filed with the United States Securities and Exchange Commission a “shelf” registration statement on Form S-3 registering the offer and sale of an indeterminate amount of a variety of securities, including debt securities (and related guarantees), equity securities, warrants to purchase debt or equity securities, stock purchase contracts and stock purchase units. The proceeds of any offering and sale under that registration statement will be used for general corporate purposes, including debt reduction or refinancing, acquisitions, capital expenditures and working capital. Unless otherwise indicated in connection with a particular offering of debt securities, each of our domestic subsidiaries will fully and unconditionally guarantee on a joint and several basis our payment obligations under such debt securities. As of June 30, 2013, we had not issued any securities under this 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 fees or late fees. We do not record on our balance sheet the loans related to our credit services as the loans are made by unaffiliated lenders. We do not consolidate the unaffiliated lenders’ results with our results as we do not have any ownership interest in the lenders, do not exercise control over them and do not otherwise meet the criteria for consolidation as prescribed by FASB ASC 810-10-25 regarding variable interest entities.

We include an allowance for expected LOC losses in “Accounts payable and other accrued expenses” on our balance sheet. At June 30, 2013, the allowance for expected LOC losses was \$2.2 million. At that date, our maximum exposure for losses on letters of credit, if all brokered loans defaulted and none were collected, was \$28.8 million.

This amount includes principal, interest and insufficient funds fees.

We have no other off-balance sheet arrangements.

**CAUTIONARY STATEMENT REGARDING RISKS AND UNCERTAINTIES**

This Quarterly Report on Form 10-Q, 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. These statements are often, but not always, made with words or phrases like “may,” “should,” “could,” “will,” “predict,” “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “projection” and similar expressions. statements are only predictions of the outcome and timing of future events based on our current expectations and currently available information and, accordingly, are subject to substantial risks, uncertainties and assumptions. 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. 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. Accordingly, you should not regard any forward-looking statements as a representation that the expected results will be achieved. Important risk factors that could cause results or events to differ from current expectations are identified and described in “Part II, Item 1A—Risk Factors” of this Quarterly Report and “Part I, Item 1A—Risk Factors” of our Annual Report on Form 10-K for the year ended September 30, 2012.

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 3. Quantitative and Qualitative Disclosures About Market Risk

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 some of our debt has a variable rate. If interest rates average 50 basis points more than our current rate in the remaining three months of the fiscal year ending September 30, 2013, our interest expense during that period would increase by approximately \$196,700. This amount is determined by considering the impact of the hypothetical interest rate change on our variable-rate debt at June 30, 2013.

Our earnings and financial position are affected by changes in gold values and the resulting impact on pawn lending, jewelry sales and jewelry cost of goods sold. The proceeds of scrap sales and our ability to sell jewelry inventory at an acceptable margin depend on gold values. The impact on our financial position and results of operations of a hypothetical change in gold values cannot be reasonably estimated.

Our earnings and financial position are affected by changes in consumer cash needs and their preference to obtain cash using one of our loan products. Changes in the general economy may or may not impact the behaviors of our customers with regard to their desire and/or need to seek and obtain cash using one of our loan products.

Our earnings and financial position are affected by foreign exchange rate fluctuations related to our equity investments in Albemarle & Bond and Cash Converters International, our Empeño Fácil pawn operations, TUYO retail operations and Grupo Finmart operations in Mexico, our operations in Canada and our Cash Genie operations in the U.K.

Albemarle & Bond and Cash Genie's functional currency is the British pound, Cash Converters' International functional currency is the Australian dollar, Empeño Fácil and Grupo Finmart's functional currency is the Mexican peso and our Canada operations' functional currency is the Canadian dollar. The impact on our results of operations and financial position of hypothetical changes in foreign currency exchange rates cannot be reasonably estimated due to the interrelationship of operating results and exchange rates.

The translation adjustment from Albemarle & Bond representing the weakening in the British pound during the quarter ended March 31, 2013 (included in our June 30, 2013 results on a three-month lag) was a \$1.5 million decrease to stockholders' equity. The translation adjustment from Cash Genie represents the strengthening in the British pound, resulting in a nominal increase to stockholders' equity. On June 30, 2013, the British pound strengthened to £1.00 to \$1.5208 U.S. from \$1.5189 at March 31, 2013.

The translation adjustment from Cash Converters International representing the strengthening in the Australian dollar during the quarter ended March 31, 2013 (included in our June 30, 2013 results on a three-month lag) was a \$0.3 million increase to stockholders' equity. On June 30, 2013, the Australian dollar weakened to \$1.00 Australian dollar to \$0.9133 U.S. from \$1.0416 at March 31, 2013.

The translation adjustment from Latin America representing the weakening of the Mexican peso during the quarter ended June 30, 2013 was a \$9.8 million decrease to stockholders' equity. We have currently assumed permanent reinvestment of earnings and capital in Mexico. Accumulated translation gains or losses related to any future repatriation of earnings or capital would impact our earnings in the period of repatriation. On June 30, 2013, the peso weakened to \$1.00 Mexican peso to \$0.0768 U.S. from \$0.0809 at March 31, 2013.

The translation adjustment from our Canadian operations representing the weakening of the Canadian dollar during the quarter ended June 30, 2013 was a \$0.3 million decrease to stockholders' equity. On June 30, 2013, the Canadian dollar weakened to \$1.00 Canadian dollar to \$0.9500 U.S. from \$0.9823 at March 31, 2013.

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

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Item 4. Controls and Procedures

This report includes the certifications of our Chief Executive Officer and Chief Financial Officer required by Rule 13a-14 of the Securities Exchange Act of 1934 (the "Exchange Act). See Exhibits 31.1 and 31.2. This Item 4 includes information concerning the controls and control evaluations referred to in those certifications.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, our management evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2013. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2013.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the third quarter of fiscal 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Internal Controls

Notwithstanding the foregoing, management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met. Limitations inherent in any control system include the following:

• Judgments in decision-making can be faulty, and control and process breakdowns can occur because of simple errors or mistakes.

• Controls can be circumvented by individuals, acting alone or in collusion with others, or by management override. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

• Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with associated policies or procedures.

• The design of a control system must reflect the fact that resources are constrained, and the benefits of controls must be considered relative to their costs.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.



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PART II — OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

Important risk factors that could affect our operations and financial performance, or that could cause results or events to differ from current expectations, are described in Part I, Item 1A, “Risk Factors” of our Annual Report on Form 10-K for the year ended September 30, 2012. These factors are supplemented by those discussed under “Quantitative and Qualitative Disclosures about Market Risk” in Part I, Item 3 of this report and in Part II, Item 7A of our Annual Report on Form 10-K for the year ended September 30, 2012, as well as by the following:

Regulation by the U.S. Consumer Financial Protection Bureau — The U.S. Consumer Financial Protection Bureau (the “CFPB”), which has regulatory, supervisory and enforcement powers over providers of consumer financial products and services, such as EZCORP, recently issued a report following an in-depth review of short-term small dollar loans, including payday loans. While the CFPB acknowledges the clear demand for small dollar credit products, it does express concern regarding the risk of sustained use of these products by some consumers. The CFPB reiterated its authority to adopt rules identifying unfair, deceptive or abusive practices in connection with the offering of consumer financial products and services and stated that it expects to use its authority to provide such protections. There can be no assurance that rules ultimately adopted by the CFPB will not adversely affect our ability to continue to offer consumer loans or the profitability of that business.

Proposed Texas Legislation — We offer short-term consumer loans in Texas through our CSO program in both storefronts and online. During the most recent session, Texas House of Representatives failed to take up legislation that would adversely affect our consumer loan business, including caps on fees and other restrictions. The matter failed to receive enough positive votes in committee. The Texas Legislature did not pass any other meaningful legislation regarding pay day lending.

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## Item 6. Exhibits

| Exhibit No. | Description of Exhibit                                                                                                                                                                                                                                                              |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31.1        | Certification of Paul E. Rothamel, Chief Executive Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002                                                                              |
| 31.2        | Certification of Mark Kuchenrither, Chief Financial Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002                                                                             |
| 32.1        | Certifications of Paul E. Rothamel, Chief Executive Officer, and Mark Kuchenrither, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002                                                               |
| 101.INS*    | XBRL Instance Document                                                                                                                                                                                                                                                              |
| 101.SCH*    | XBRL Taxonomy Extension Schema Document                                                                                                                                                                                                                                             |
| 101.CAL*    | XBRL Taxonomy Extension Calculation Linkbase Document                                                                                                                                                                                                                               |
| 101.LAB*    | XBRL Taxonomy Label Linkbase Document                                                                                                                                                                                                                                               |
| 101.DEF*    | XBRL Taxonomy Extension Definition Linkbase Document                                                                                                                                                                                                                                |
| 101.PRE*    | XBRL Taxonomy Extension Presentation Linkbase Document                                                                                                                                                                                                                              |
|             | Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets at June 30, 2013, June 30, 2012 and September 30, 2012;                                                                        |
| *           | (ii) Consolidated Statements of Income for the three and nine months ended June 30, 2013 and June 30, 2012;                                                                                                                                                                         |
|             | (iii) Consolidated Statements of Comprehensive Income for the three and nine months ended June 30, 2013 and June 30, 2012 (iv) Consolidated Statements of Cash Flows for the nine months ended June 30, 2013 and June 30, 2012; and (v) Notes to Consolidated Financial Statements. |

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EZCORP, INC.

Date: August 9, 2013

/s/ Jeffrey S. Byal  
Jeffrey S. Byal Senior Vice  
President and  
Chief Accounting Officer

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## EXHIBIT INDEX

| Exhibit No. | Description of Exhibit                                                                                                                                                                                                                                                                         |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.1        | Second Amendment to Credit Agreement, dated as of May 31, 2013, among EZCORP, Inc. (Borrower), certain domestic subsidiaries of the Borrower from time to time party thereto (as Guarantors), the Lenders party thereto, and Wells Fargo Bank, National Association (as Administrative Agent). |
| 31.1        | Certification of Paul E. Rothamel, Chief Executive Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002                                                                                         |
| 31.2        | Certification of Mark Kuchenrither, Chief Financial Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002                                                                                        |
| 32.1        | Certifications of Paul E. Rothamel, Chief Executive Officer, and Mark Kuchenrither, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002                                                                          |
| 101.INS*    | XBRL Instance Document                                                                                                                                                                                                                                                                         |
| 101.SCH*    | XBRL Taxonomy Extension Schema Document                                                                                                                                                                                                                                                        |
| 101.CAL*    | XBRL Taxonomy Extension Calculation Linkbase Document                                                                                                                                                                                                                                          |
| 101.LAB*    | XBRL Taxonomy Label Linkbase Document                                                                                                                                                                                                                                                          |
| 101.DEF*    | XBRL Taxonomy Extension Definition Linkbase Document                                                                                                                                                                                                                                           |
| 101.PRE*    | XBRL Taxonomy Extension Presentation Linkbase Document                                                                                                                                                                                                                                         |

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- \* (ii) Consolidated Statements of Income for the three and nine months ended June 30, 2013 and June 30, 2012; (iii) Consolidated Statements of Comprehensive Income for the three and nine months ended June 30, 2013 and June 30, 2012 (iv) Consolidated Statements of Cash Flows for the nine months ended June 30, 2013 and June 30, 2012; and (v) Notes to Consolidated Financial Statements.