

## Consolidated Financial Statements

### **goeasy Ltd.**

For the Years Ended  
December 31, 2016 and 2015

## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of *goeasy* Ltd.

We have audited the accompanying consolidated financial statements of *goeasy* Ltd., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of *goeasy* Ltd. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

The logo for Ernst & Young LLP is written in a black, cursive script font. The letters are fluid and connected, with a professional yet approachable feel.

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
February 15, 2017

goeasy Ltd.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of Canadian dollars)

	As At December 31, 2016	As At December 31, 2015
<b>ASSETS</b>		
Cash	24,928	11,389
Amounts receivable (note 5)	7,857	9,480
Prepaid expenses	1,909	2,446
Consumer loans receivable (note 6)	354,499	274,481
Lease assets (note 7)	55,288	60,753
Property and equipment (note 8)	16,103	18,689
Deferred tax assets (note 18)	6,856	5,913
Intangible assets (note 9)	14,312	14,041
Goodwill (note 9)	21,310	21,310
<b>TOTAL ASSETS</b>	<b>503,062</b>	<b>418,502</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	31,879	22,196
Income taxes payable	2,874	700
Dividends payable (note 13)	1,666	1,341
Deferred lease inducements	1,506	1,922
Unearned revenue	5,204	3,982
Provisions (note 11)	608	582
Term loan (note 12)	263,294	211,720
<b>TOTAL LIABILITIES</b>	<b>307,031</b>	<b>242,443</b>
<b>Shareholders' equity</b>		
Share capital (note 13)	82,598	81,725
Contributed surplus	9,943	9,852
Accumulated other comprehensive income	880	969
Retained earnings	102,610	83,513
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>196,031</b>	<b>176,059</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>503,062</b>	<b>418,502</b>

See accompanying notes to the consolidated financial statements

On behalf of the Board:



David Ingram  
Director



Donald K. Johnson  
Director

**goeasy Ltd.****CONSOLIDATED STATEMENTS OF INCOME**

(expressed in thousands of Canadian dollars except earnings per share)

	Year Ended	
	December 31, 2016	December 31, 2015
<b>REVENUE</b>		
Interest income	138,782	100,814
Lease revenue	137,849	146,692
Other	70,874	56,767
	<b>347,505</b>	<b>304,273</b>
Other income (note 15)	3,000	-
<b>EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</b>		
Salaries and benefits	91,557	85,658
Stock-based compensation (note 14)	4,323	4,753
Advertising and promotion	13,457	10,689
Bad debts	55,668	41,933
Occupancy	32,867	31,545
Other expenses (note 16)	29,398	25,547
Transaction advisory costs (note 17)	6,382	-
	<b>233,652</b>	<b>200,125</b>
<b>DEPRECIATION AND AMORTIZATION</b>		
Depreciation of lease assets (note 7)	44,230	47,407
Depreciation of property and equipment (note 8)	5,606	5,545
Amortization of intangible assets (note 9)	4,205	3,138
Impairment, net (note 8)	296	6
	<b>54,337</b>	<b>56,096</b>
Total operating expenses	<b>287,989</b>	<b>256,221</b>
Operating income	<b>62,516</b>	<b>48,052</b>
Finance costs (note 12)	<b>21,048</b>	<b>15,334</b>
Income before income taxes	<b>41,468</b>	<b>32,718</b>
Income tax expense (recovery) (note 18)		
Current	11,362	8,157
Deferred	(943)	833
	<b>10,419</b>	<b>8,990</b>
<b>Net income</b>	<b>31,049</b>	<b>23,728</b>
<b>Basic earnings per share (note 19)</b>	<b>2.29</b>	<b>1.75</b>
<b>Diluted earnings per share (note 19)</b>	<b>2.23</b>	<b>1.69</b>

*See accompanying notes to the consolidated financial statements*

goeasy Ltd.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(expressed in thousands of Canadian dollars)

	Year Ended	
	December 31, 2016	December 31, 2015
Net income	31,049	23,728
<b>Other comprehensive (loss) income</b>		
Change in foreign currency translation reserve	(89)	1,144
Transfer of realized translation losses	-	(869)
<b>Comprehensive income</b>	<b>30,960</b>	<b>24,003</b>

See accompanying notes to the consolidated financial statements

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(expressed in thousands of Canadian dollars)

	Share Capital	Contributed Surplus	Total Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
<b>Balance, December 31, 2015</b>	<b>81,725</b>	<b>9,852</b>	<b>91,577</b>	<b>83,513</b>	<b>969</b>	<b>176,059</b>
Common shares issued	3,557	(3,384)	173	-	-	173
Stock-based compensation (note 14)	-	3,475	3,475	-	-	3,475
Shares purchased for cancellation (note 13)	(2,684)	-	(2,684)	(5,253)	-	(7,937)
Comprehensive income (loss)	-	-	-	31,049	(89)	30,960
Dividends (note 13)	-	-	-	(6,699)	-	(6,699)
<b>Balance, December 31, 2016</b>	<b>82,598</b>	<b>9,943</b>	<b>92,541</b>	<b>102,610</b>	<b>880</b>	<b>196,031</b>
<b>Balance, December 31, 2014</b>	<b>80,364</b>	<b>6,458</b>	<b>86,822</b>	<b>66,452</b>	<b>694</b>	<b>153,968</b>
Common shares issued	2,037	(342)	1,695	-	-	1,695
Stock-based compensation (note 14)	-	3,736	3,736	-	-	3,736
Shares purchased for cancellation (note 13)	(676)	-	(676)	(1,297)	-	(1,973)
Comprehensive income	-	-	-	23,728	275	24,003
Dividends (note 13)	-	-	-	(5,370)	-	(5,370)
<b>Balance, December 31, 2015</b>	<b>81,725</b>	<b>9,852</b>	<b>91,577</b>	<b>83,513</b>	<b>969</b>	<b>176,059</b>

See accompanying notes to the consolidated financial statements

goeasy Ltd.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(expressed in thousands of Canadian dollars)

	Year Ended	
	December 31, 2016	December 31, 2015
<b>OPERATING ACTIVITIES</b>		
Net income	31,049	23,728
Add (deduct) items not affecting cash		
Depreciation of lease assets (note 7)	44,230	47,407
Depreciation of property and equipment (note 8)	5,606	5,545
Amortization of intangible assets (note 9)	4,205	3,138
Impairment, net (note 8)	296	6
Stock-based compensation (note 14)	3,475	3,736
Bad debts expense	55,668	41,933
Deferred income tax (recovery) expense (note 18)	(943)	833
Other income (note 15)	(3,000)	-
Gain on sale of assets	(2,130)	(3,307)
	<b>138,456</b>	<b>123,019</b>
Net change in other operating assets and liabilities (note 20)	14,849	(8,853)
Net issuance of consumer loans receivable	(135,686)	(132,805)
<b>Cash provided by (used in) operating activities</b>	<b>17,619</b>	<b>(18,639)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of lease assets (note 7)	(40,649)	(44,709)
Purchase of property and equipment (note 8)	(3,540)	(6,587)
Purchase of intangible assets (note 9)	(4,757)	(4,293)
Acquisitions (note 10)	-	(7,854)
Proceeds on sale of investment (note 15)	3,000	-
Proceeds on sale of assets	4,430	8,527
<b>Cash used in investing activities</b>	<b>(41,516)</b>	<b>(54,916)</b>
<b>FINANCING ACTIVITIES</b>		
Repayments of bank revolving credit facility	-	(1,756)
Advances of term loan	51,574	90,977
Payment of common share dividends (note 13)	(6,374)	(5,164)
Issuance of common shares	173	1,695
Purchase of common shares for cancellation (note 13)	(7,937)	(1,973)
<b>Cash provided by financing activities</b>	<b>37,436</b>	<b>83,779</b>
<b>Net increase in cash during the year</b>	<b>13,539</b>	<b>10,224</b>
Cash, beginning of year	11,389	1,165
<b>Cash, end of year</b>	<b>24,928</b>	<b>11,389</b>

See accompanying notes to the consolidated financial statements