

Consolidated Financial Statements

goeasy Ltd.

For the Years Ended
December 31, 2015 and 2014

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, 2015 and 2014, 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, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 17, 2016

goeasy Ltd.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of Canadian dollars)

	As At December 31, 2015	As At December 31, 2014
ASSETS		
Cash	11,389	1,165
Amounts receivable (note 5)	13,000	16,508
Prepaid expenses	2,446	1,971
Consumer loans receivable (note 6)	270,961	180,693
Lease assets (note 7)	60,753	64,526
Property and equipment (note 8)	18,689	16,915
Deferred tax assets (note 16)	5,913	6,725
Intangible assets (note 9)	14,041	11,006
Goodwill (note 9)	21,310	19,963
TOTAL ASSETS	418,502	319,472
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Revolving operating facility (note 11)	-	1,756
Accounts payable and accrued liabilities	23,617	32,837
Income taxes payable	700	3,042
Dividends payable (note 13)	1,341	1,133
Deferred lease inducements	1,922	2,603
Unearned revenue	3,982	3,978
Provisions (note 12)	582	314
Term loan (note 11)	210,299	119,841
TOTAL LIABILITIES	242,443	165,504
Shareholders' equity		
Share capital (note 13)	81,725	80,364
Contributed surplus (note 14)	9,852	6,458
Accumulated other comprehensive income	969	694
Retained earnings	83,513	66,452
TOTAL SHAREHOLDERS' EQUITY	176,059	153,968
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	418,502	319,472

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, 2015	December 31, 2014
REVENUE		
Lease revenue	146,692	151,068
Interest income	100,814	64,237
Other	56,767	43,845
	304,273	259,150
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION		
Salaries and benefits	85,658	78,012
Stock based compensation (note 14)	4,753	6,264
Advertising and promotion	10,689	9,089
Bad debts	41,933	24,264
Occupancy	31,545	28,147
Other	25,547	23,365
Restructuring and other items (note 15)	-	(1,225)
	200,125	167,916
DEPRECIATION AND AMORTIZATION		
Depreciation of lease assets	47,407	49,425
Depreciation of property and equipment	5,545	4,789
Amortization of intangible assets	3,138	2,133
Impairment, net (note 8)	6	294
	56,096	56,641
Total operating expenses	256,221	224,557
Operating income	48,052	34,593
Finance costs (note 11)	15,334	8,800
Income before income taxes	32,718	25,793
Income tax expense (recovery) (note 16)		
Current	8,157	8,774
Deferred	833	(2,729)
	8,990	6,045
Net income	23,728	19,748
Basic earnings per share (note 17)	1.75	1.47
Diluted earnings per share (note 17)	1.69	1.42

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, 2015	December 31, 2014
Net income	23,728	19,748
Other comprehensive income (loss)		
Change in foreign currency translation reserve	1,144	627
Transfer of realized translation gains	(869)	(240)
Comprehensive income	24,003	20,135

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	Total Shareholders' Equity
Balance, December 31, 2014	80,364	6,458	86,822	66,452	694	153,968
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)	(1,295)	-	(1,971)
Comprehensive income	-	-	-	23,728	275	24,003
Dividends (note 14)	-	-	-	(5,372)	-	(5,372)
Balance, December 31, 2015	81,725	9,852	91,577	83,513	969	176,059
Balance, December 31, 2013	79,923	4,169	84,092	51,234	307	135,633
Common shares issued	441	(67)	374	-	-	374
Stock-based compensation (note 14)	-	2,356	2,356	-	-	2,356
Comprehensive income	-	-	-	19,748	387	20,135
Dividends (note 13)	-	-	-	(4,530)	-	(4,530)
Balance, December 31, 2014	80,364	6,458	86,822	66,452	694	153,968

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, 2015	December 31, 2014
OPERATING ACTIVITIES		
Net income	23,728	19,748
Add (deduct) items not affecting cash		
Depreciation of lease assets	47,407	49,425
Depreciation of property and equipment	5,545	4,789
Impairment, net (note 8)	6	294
Amortization of intangible assets	3,138	2,133
Stock-based compensation (note 14)	3,736	2,356
Bad debt expense	41,933	24,264
Deferred tax expense (recovery) (note 16)	833	(2,729)
Gain on sale of property and equipment	(3,307)	(4,643)
	123,019	95,637
Net change in other operating assets and liabilities (note 18)	(8,938)	(1,560)
Net issuance of consumer loans receivable	(132,201)	(101,021)
Cash (used in) provided by operating activities	(18,120)	(6,944)
INVESTING ACTIVITIES		
Purchase of lease assets	(44,709)	(49,066)
Purchase of property and equipment	(6,587)	(6,893)
Purchase of intangible assets	(4,293)	(5,446)
Acquisitions (note 10)	(7,854)	-
Proceeds on sale of assets	8,527	11,115
Cash used in investing activities	(54,916)	(50,290)
FINANCING ACTIVITIES		
Repayments of bank revolving credit facility	(1,756)	(21,740)
Advances of term loan	90,458	81,963
Payment of common share dividends (note 13)	(5,164)	(4,527)
Issuance of common shares (note 13)	1,695	374
Purchase of shares for cancellation (note 13)	(1,973)	-
Cash provided by financing activities	83,260	56,070
Net increase (decrease) in cash during the period	10,224	(1,164)
Cash, beginning of period	1,165	2,329
Cash, end of period	11,389	1,165

See accompanying notes to the consolidated financial statements

goeasy Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Canadian dollars except where otherwise indicated)
December 31, 2015 and December 31, 2014

1. CORPORATE INFORMATION

goeasy Ltd. ["Parent Company"], formerly known as easyhome Ltd., was incorporated under the laws of Alberta, Canada by Certificate and Articles of Incorporation dated December 14, 1990 and was continued as a corporation in Ontario pursuant to Articles of Continuance dated July 22, 1993. The Parent Company changed its name from easyhome Ltd. to goeasy Ltd. effective September 14, 2015. The Parent Company has common shares listed on the Toronto Stock Exchange (TSX – GSY) and its head office is located in Mississauga, Ontario, Canada.

The principal operating activities of the Parent Company and all the companies that it controls [collectively referred to as "goeasy" or the "Company"] include i) merchandise leasing of household furnishings, appliances and home electronic products to consumers under weekly or monthly leasing agreements and ii) offering unsecured instalment loans to consumers.

The Company operates in two reportable segments: easyhome Leasing and easyfinancial. As at December 31, 2015, the Company operated 184 easyhome Leasing stores (including 26 franchises and 3 consolidated franchises) and 202 easyfinancial locations (December 31, 2014 – 192 easyhome Leasing stores including 23 franchises and 6 consolidated franchises, and 154 easyfinancial locations).

2. BASIS OF PREPARATION

The consolidated financial statements were authorized for issue by the Board of Directors on February 17, 2016.

Statement of Compliance with IFRS

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"]. The policies applied in these consolidated financial statements were based on IFRS issued and outstanding as at December 31, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and all of the companies that it controls. goeasy Ltd. controls an entity: i) when it has the power to direct the activities of the entity which have the most significant impact on the entity's risks and/or returns; ii) where it is exposed to significant risks and/or returns arising from the entity; and iii) where it is able to use its power to affect the risks and/or returns to which it is exposed. This includes all wholly owned subsidiaries and certain special purpose entities ["SPEs"] where goeasy Ltd. has control but does not have ownership of a majority of voting rights.

As at December 31, 2015, the Parent Company's principal subsidiaries were:

- RTO Asset Management Inc.
- easyfinancial Services Inc.
- easyhome U.S. Ltd.
- easyfinancial mortgages Inc.

The Company's SPEs consisted of certain franchises for which the Company exerted effective control by the provision of financing rather than through ownership of a majority of voting rights. An entity is controlled when the Company has power

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over an entity, exposure, or rights to, variable returns from its involvement with the entity and is able to use its power over the entity to affect its return from the entity. The Company's SPEs are fully consolidated from the date at which the Company obtains control, until the date that such control ceases. Control ceases when the SPE has the ability to operate as a stand-alone entity without financial and operational support from the Company, which is generally considered to be the date at which the SPE repays the amounts loaned to it by the Company.

The financial statements of the subsidiaries and SPEs were prepared for the same reporting period as the consolidated financial statements of the Parent Company using consistent accounting policies as described in these consolidated financial statements.

All intra-group transactions and balances were eliminated on consolidation.

Presentation Currency

The consolidated financial statements are presented in Canadian dollars ["CAD"], which is the Parent Company's functional currency. The functional currency is the currency of the primary economic environment in which a reporting entity operates and is normally the currency in which the entity generates and expends cash. All financial information presented in CAD has been rounded to the nearest thousand, unless noted otherwise.

Foreign Currency Translation

The Parent Company's presentation and functional currency is the Canadian dollar. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Company's U.S. subsidiary, easyhome U.S. Ltd. and certain of its SPEs, is the U.S. dollar. The functional currency of all other entities in the Company is the Canadian dollar.

Foreign currency transactions are initially recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate on the reporting date. All differences are recorded in comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The assets and liabilities of foreign operations are translated into CAD at the rate of exchange prevailing at the reporting date and items in comprehensive income are translated at the average exchange rates prevailing for the year. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal or divestiture of a foreign operation, the component of accumulated other comprehensive income relating to that particular foreign operation is recognized in net income.

The Parent Company has monetary items that are receivable from foreign operations. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the Parent Company's net investment in that foreign operation. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognized in income in the separate financial statements of the foreign operation. In the consolidated financial statements such exchange differences are recognized initially in other comprehensive income and reclassified from accumulated other comprehensive income to net income on disposal of the net investment in foreign operations.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding promotional discounts, rebates and sales taxes. The Company assesses its revenue arrangements against specific criteria in

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order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements except for the sale of certain customer protection products where it acts as agent and therefore recognizes such revenue on a net basis.

i) Lease Revenue

Merchandise is leased to customers pursuant to agreements that provide for periodic lease payments collected in advance. The lease agreements can be terminated by the customer at the end of the periodic lease period without any further obligation or cost to the customer.

Lease revenue consists of lease payments, product damage liability waivers and processing and other fees. Revenue from lease agreements is recognized when earned. Lease revenue also consists of revenue from the ultimate sale of goods to customers which represents the culmination of the lease asset life cycle and occurs when title passes to the customer. Such revenue is measured at the fair value of the consideration received or receivable.

ii) Interest Revenue

Interest revenue from consumer loans receivable is recognized when earned using the effective interest rate method.

iii) Other Revenue

Other revenue consists primarily of the sale of customer protection products, revenue generated from franchising including royalties, franchise fees and other fees, all of which are recognized when earned.

Vendor Rebates

The Company participates in various vendor rebate programs, including vendor volume rebates and vendor advertising incentives. The Company records the benefit of vendor volume rebates on purchases made as a reduction of lease assets based on the rebate amounts the Company believes are probable and reasonably estimable during the term of each rebate program. Vendor advertising incentives that are related to specific advertising programs are accounted for as a reduction of the related expenses.

Cash

Cash is comprised of bank balances, cash on hand and demand deposits, adjusted for in-transit items such as outstanding cheques and deposits.

Financial Assets

Financial assets consist of amounts receivable and consumer loans receivable, which are stated net of an allowance for loan losses. Financial assets are initially measured at fair value.

Amounts receivable are subsequently measured at amortized cost and are carried at the amount of cash expected to be received. The Company's consumer loans receivable are subsequently measured at amortized cost. Amortized cost is determined using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the consumer loans receivable to the carrying amount. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future loan losses. There are no significant incremental costs incurred in writing consumer loans.

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The Company does not have any financial assets that are subsequently measured at fair value.

Financial assets are derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from an asset.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset [an incurred 'loss event'], the event has a negative impact on the estimated cash flows of the financial asset and the loss can be reliably estimated. The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the loss is recognized as a bad debts expense.

The allowance for loan losses is a provision that is reported on the Company's balance sheet that is netted against the gross consumer loans receivable to arrive at the net consumer loans receivable. The allowance for loan losses provides for a portion of the future charge offs that have not yet occurred within the portfolio of consumer loans receivable that exist at the end of a period. It is determined by the Company using a standard calculation that considers i) the relative maturity of the loans within the portfolio, ii) the long-term expected charge off rates based on actual historical performance and iii) the long-term expected charge off pattern (timing) for a vintage of loans over their life based on actual historical performance. The allowance for loan losses essentially estimates the charge offs that are expect to occur over the subsequent five month period for loans that existed as of the balance sheet date. Customer loan balances which are delinquent greater than 90 days are written off against the allowance for loan losses.

Financial assets, together with the associated allowances, are written off when there is no realistic prospect of further recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to bad debts expense.

Lease Assets

Lease assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.

The cost of lease assets comprises their purchase price and any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. Vendor volume rebates are recorded as a reduction of the cost of lease assets.

As the leases are effectively cancellable by the customer with a week's notice, and there are no bargain purchase options provided to the customer, the customer leases are considered operating in nature. Lease agreements entitle customers to buy out a lease asset earlier in accordance with conditions stipulated in the lease agreements.

The residual value, useful life and depreciation method of the lease assets are reviewed at each financial year end, and if expectations differ from previous estimates, they are adjusted and the changes are accounted for prospectively as a change in accounting estimates. In the event management determines that the Company can no longer lease or sell certain lease assets, they are written off. The residual value of lease assets is nominal.

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Depreciation on lease assets is charged to net income as follows:

- Assets on lease, excluding game stations, computers and related equipment, are depreciated in proportion to the lease payments received to the total expected lease amounts provided over the lease agreement term [the “units of activity method”]. Lease assets that are subject to the units of activity method of depreciation that are not on lease for less than 90 consecutive days are not depreciated during such period. After that they are depreciated on a straight-line basis over 36 months. When an asset goes on lease, depreciation will revert to the units of activity method.
- Game stations are depreciated on a straight-line basis over 18 months. Computers and related equipment are depreciated on a straight-line basis over 24 months. The depreciation for game stations, computers and related equipment commences at the earlier of the date of the first lease or 90 days after arrival in the store and continues uninterrupted thereafter on a straight-line basis over the periods indicated.
- Depreciation for all lease assets includes the remaining book values at the time of disposition of the lease assets that have been sold and amounts which have been charged off as stolen, lost or no longer suitable for lease.

The Company’s lease assets are subject to theft, loss or other damage from its customers. The Company records a provision against the carrying value of lease assets for estimated losses.

Property and Equipment

The cost of property and equipment comprises their purchase price and any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

Property and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in an asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other expenses are charged to net income as repairs and maintenance expense when incurred.

Depreciation on property and equipment is charged to net income.

Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Asset category</u>	<u>Estimated useful lives</u>
Furniture and fixtures	7 years
Computer and office equipment	5 and 7 years
Automotive	5 years
Signage	7 years
Leasehold improvements	the lesser of 5 years or lease term

Property and equipment are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gains or losses arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) are included in net income in the period the assets are derecognized.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their estimated fair values at the date of acquisition. Following initial recognition, intangible assets are carried at costs less any accumulated amortization and accumulated impairment losses, if any. Internally generated

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intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in net income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period for potential impairment indicators. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in net income.

Customer lists and software are amortized over their estimated useful lives of five years.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Company's trademarks have been assessed to have an indefinite life.

Gains or losses arising from the derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amounts of the asset and are recognized in net income when the assets are derecognized.

Development Costs

Development costs, including those related to the development of software, are recognized as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of the expected future benefit. During the period of development, the asset is tested for impairment annually.

Business Combinations and Goodwill

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition, irrespective of the extent of any non-controlling interest.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized initially using

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provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of acquisition.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortized. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's operating segments that are expected to benefit from the synergies of the combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those segments.

Impairment of Non-financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset or a cash-generating unit ["CGU"] may be impaired. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company has determined that this is at the individual store level.

If an indication of impairment exists, or when annual testing for an asset is required, the Company estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case it is determined for the CGU to which the asset belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs to sell, an appropriate valuation model is used. In cases where fair value less costs to sell cannot be estimated, value in use is utilized as the basis to determine the recoverable amount. Impairment losses are recognized in net income.

The impairment test calculations are based on detailed budgets and forecasts which are prepared annually for each CGU to which the assets are allocated. These budgets and forecasts generally cover a period of three years with a long-term growth rate applied after the third year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset or CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset or CGU does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset or CGU in prior years. Such reversal is recognized in net income.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each group of CGUs to which the goodwill relates. Where the recoverable amount of the CGUs is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level and when circumstances indicate that the carrying value may be impaired.

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Financial Liabilities

Financial liabilities are initially recognized at fair value and in the case of loans and borrowings, they are recognized at the fair value of proceeds received, net of directly attributable transaction costs. The Company's financial liabilities include a revolving operating facility, term loans and accounts payable and accrued liabilities.

After initial recognition, the Company's interest bearing debt is subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any fees or costs related to the interest bearing debt. Interest expense is included in finance costs.

Non-interest bearing financial liabilities, such as accounts payable and accrued liabilities, are carried at the amount owing.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Any gains or losses are recognized in net income when liabilities are derecognized.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

i) Company as a Lessee

Finance leases which transfer substantially all the risks and rewards incidental to ownership of the leased item are capitalized at the inception of the lease at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Subsequent lease payments are apportioned between finance charges and a reduction of the lease liability. Finance charges are recognized in net income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. The Company has not entered into any finance leases.

Operating lease payments (net of any amortization of incentives) are expensed as incurred. Incentives received from the lessor to enter into an operating lease are capitalized and depreciated over the term of the lease.

ii) Company as a Lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. The leasing income is recognized when earned over the lease term.

The Company is in the business of leasing assets. As the leases are effectively cancellable by the customer with a week's notice, and there are no bargain purchase option provided to the customer, the customer leases are considered operating in nature.

Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, and the costs to settle the obligation are both probable and reliably measurable. Where there is expected to be a reimbursement of some or all of a provision, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted. Where discounting is used, the increase in the provision as a result of the passage of time is recognized as a finance cost.

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Taxes

i) Current Income Tax

Current income tax assets are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted by the end of the reporting period.

Current income tax assets and liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current income tax relating to items recognized directly in equity is recognized in equity and not in net income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii) Deferred Income Tax

Deferred income tax is provided for using the liability method on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes. Deductible income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The following temporary differences do not result in deferred income tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;
- goodwill; and
- investment in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will be available to allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

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iii) Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of amounts receivable or accounts payable and accrued liabilities in the consolidated statements of financial position.

Stock-based Payment Transactions

The Company has stock-based compensation plans as described in note 14.

i) Equity-Settled Transactions

The Company has stock options, Restricted Share Units ["RSU"] and Deferred Share Units ["DSU"] which are currently accounted for as equity-settled awards. The cost of such equity-settled transactions is measured by reference to the fair value determined using the market value on the grant date or the Black-Scholes option valuation model, as appropriate. The inputs into this model are based on management's judgments and estimates.

The cost of equity-settled transactions is charged to net income, with a corresponding increase in contributed surplus over the service and vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income or expense for a period represents the movement in cumulative expense recognized at the beginning and end of that period and is recognized in stock based compensation expense.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and or service conditions are satisfied.

ii) Cash-Settled Transactions

The Company has Performance Share Units ["PSU"] which mirror the value of the Company's publicly-traded common shares and can only be settled in cash ["cash-settled transactions"]. The cost of cash-settled transactions is measured initially at fair value at the grant date. The liability is remeasured to fair value, at each reporting date up to and including the settlement date, based on the value of the Company's publicly-traded common shares and the Company's best estimate of the number of cash-settled instruments that will ultimately vest. Changes in fair value are recognized in stock based compensation expense.

The cost of cash-settled transactions is charged to net income, with a corresponding increase in liabilities, over the period in which the performance and or service conditions are fulfilled. The cumulative expense recognized for cash-settled transactions at each reporting date reflected the extent to which the vesting period had expired and the Company's best estimate of the number of cash-settled instruments that will ultimately vest. The income or expense for a period represents the movement in cumulative expense recognized during the period and is recognized in stock based compensation expense.

No expense is recognized for awards that do not ultimately vest.

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Earnings Per Share

Basic earnings per share is computed by dividing the net income by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated using the treasury stock method, which assumes that the cash that would be received on the exercise of options and warrants is applied to purchase shares at the average price during the period and that the difference between the shares issued upon exercise of the options and the number of shares obtainable under this computation, on a weighted average basis, is added to the number of shares outstanding.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make accounting judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods.

These accounting judgments, estimates and assumptions are continuously evaluated and are based on management's historical experience, best knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates, which could materially impact these consolidated financial statements. Changes in estimates will be reflected in the consolidated financial statements in future periods.

Key areas of estimation where management has made difficult, complex or subjective judgments often in respect of matters that are inherently uncertain are as follows:

i) Consumer Loan Losses

The allowance for loan losses consists of both specific allowances on identified impaired loans and an estimate of incurred losses in the loan portfolio that have not yet been identified based on an assessment of historical loss rates and patterns.

ii) Cost of Lease Assets

Lease assets are recorded at cost, including freight. Vendor volume rebates are recorded as a reduction of the cost of lease assets and are determined based on the rebate amounts the Company believes are probable and reasonably estimable during the term of each rebate program.

iii) Depreciation of Lease Assets

Certain assets on lease, (excluding game stations, computers and related equipment) are depreciated in the proportion of lease payments received to total expected lease amounts provided over the lease agreement term, which are estimated by management for each product category. Lease payments received in period compared with total expected lease payments to be received over the expected term of the lease is believed to be an effective proxy for the usage of the asset on lease. Other assets on lease such as game stations, computers and related equipment are depreciated on a straight line basis over their estimated useful lives.

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iv) Depreciation of Property and Equipment

Property and equipment are recorded at cost, including freight, and are depreciated on a straight-line basis over their estimated useful lives, which are estimated by management for each class of asset.

v) Impairment on Non-Financial Assets

The indicators of impairment are based on management's judgment. If an indication of impairment exists, or when annual testing for an asset is required, the Company estimates the asset's or CGU's recoverable amount. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the recoverable amount, management estimates the asset's or CGU's value in use. Value in use is based on the estimated future cash flows of the asset or CGU discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The impairment test calculations are based on detailed budgets and forecasts which are prepared for each CGU to which the assets are allocated. These budgets and forecasts generally cover a period of three years with a long-term growth rate applied after the third year. Key areas of management judgment involve the cash flow forecast, the growth rate applied to cash flows subsequent to the third year and the discount rate.

vi) Impairment of Goodwill and Indefinite Life Intangibles

In assessing the recoverable amount, management estimated the group of CGU's value in use. Value in use is based on the estimated future cash flows of the asset or CGU discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The impairment test calculations are based on detailed budgets and forecasts which are prepared for each CGU to which the assets are allocated. These budgets and forecasts generally cover a period of three years with a long-term growth rate applied after the third year. Key areas of management judgment involve the cash flow forecast, the growth rate applied to cash flows subsequent to the third year and the discount rate.

vii) Fair Value of Stock-Based Compensation

The fair value of stock-based compensation plan grants are measured at the grant date using either the related market value or the Black-Scholes option valuation model, as appropriate. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that are fully transferable and have no vesting restrictions. In addition, option valuation models require the input of highly subjective assumptions, including expected share price volatility. The Company's share options have characteristics significantly different from those of freely traded options and because changes in subjective input assumptions can materially affect the fair value estimate, the existing models do not necessarily provide a single reliable measure of the fair value of the unit options granted.

The vesting of the Company's stock-based compensation plans is based on the expected achievement of long-term targets and management retention rates, the assessment of which are subject to management's judgment.

viii) Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, and the costs to settle the obligation are both probable and reliably measurable. The estimation of the costs to settle such obligations are subject to management's judgment.

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ix) Taxation Amounts

Income tax provisions, including current and deferred income tax assets and liabilities, may require estimates and interpretations of federal and provincial income tax rules and regulations and judgments as to their interpretation and application to the Company's specific situation. Therefore, it is possible that the ultimate value of the tax assets and liabilities could change in the future and that changes to these amounts could have a material effect on the Company's consolidated financial statements.

x) Unearned Revenue

Unearned revenue includes lease fees that have not yet been earned and processing fees that are received at the inception of a consumer lease. The processing fees are recognized into income over the expected life of the lease agreement, as estimated by management.

xi) Consolidated SPE Franchises

The Company consolidates certain SPE franchises to which it provided financing but did not have ownership of a majority of voting shares, based on whether the Company effectively exerts control over the entity as determined by management. An entity is controlled when the Company has power over an entity, exposure, or rights, to variable returns from its involvement with the entity, and is able to use its power over the entity to affect its return from the entity. The financing provided to SPE franchises is secured by the assets of the franchise, bears interest at market rates and on standard terms and conditions.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9 Financial Instruments

The Company will be required to adopt IFRS 9, *Financial Instruments*, which is the IASB's replacement of IAS 39. IFRS 9 will provide new requirements for the classification and measurement of financial assets and liabilities, impairment and hedge accounting. IFRS 9 is required to be applied for years beginning on or after January 1, 2018 with early adoption permitted. The Company is in the process of assessing the impact of this standard.

IFRS 15 Revenue from Contracts with Customers

The Company will be required to adopt IFRS 15, *Revenue from Contracts with Customers*, which clarifies the principles for recognizing revenue and cash flows arising from contracts with customers. IFRS 15 is required to be applied for years beginning on or after January 1, 2018, with early adoption permitted, and is to be applied retrospectively. The Company is in the process of assessing the impact of this standard.

IFRS 16 Leases

The Company will be required to adopt IFRS 16, *Leases*, which is the IASB's replacement of IAS 17. IFRS 16 will require lessees to recognize a lease liability that reflects future lease payments and a 'right-of-use-asset' for most lease contracts. IFRS 16 is required to be applied for years beginning on or after January 1, 2019 with early adoption permitted, but only in conjunction with the adoption of IFRS 15. The Company has not yet assessed the impact of this standard.

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5. AMOUNTS RECEIVABLE

	December 31, 2015	December 31, 2014
Vendor rebate receivable	703	921
Due from franchisees	5,102	5,233
Interest receivable from consumer loans	3,520	2,916
Other	3,675	7,438
	13,000	16,508
Current	12,490	15,789
Non-current	510	719
	13,000	16,508

Other amounts receivable consisted of amounts due from customers, indirect taxes, insurance and other items.

6. CONSUMER LOANS RECEIVABLE

Consumer loans receivable represented amounts advanced to customers of easyfinancial. Loan terms generally ranged from 9 to 48 months.

	December 31, 2015	December 31, 2014
Gross consumer loans receivable	289,426	192,225
Allowance for loan losses	(18,465)	(11,532)
	270,961	180,693
Current	118,850	87,473
Non-current	152,111	93,220
	270,961	180,693

An aging analysis of gross consumer loans receivable past due is as follows:

	December 31, 2015		December 31, 2014	
	\$	% of total loans	\$	% of total loans
1 - 30 days	12,282	4.2%	9,004	4.7%
31 - 44 days	2,256	0.8%	1,505	0.8%
45 - 60 days	1,919	0.7%	1,273	0.7%
61 - 90 days	3,258	1.1%	1,853	0.9%
	19,715	6.8%	13,635	7.1%

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The changes in the allowance for loan losses are summarized below:

	Year Ended	
	December 31, 2015	December 31, 2014
Balance, beginning of the period	11,532	6,768
Net amounts written off against allowance	(35,000)	(19,500)
Increase due to lending and collection activities	41,933	24,264
Balance, end of the period	18,465	11,532

7. LEASE ASSETS

	Total
Cost	
As at December 31, 2013	100,097
Additions	49,066
Disposals	(57,487)
Foreign exchange differences	258
As at December 31, 2014	91,934
Additions	48,111
Disposals	(57,184)
Foreign exchange differences	390
As at December 31, 2015	83,251
Accumulated Depreciation	
As at December 31, 2013	(31,644)
Depreciation for the year	(49,425)
Disposals	53,756
Foreign exchange differences	(95)
As at December 31, 2014	(27,408)
Depreciation for the year	(47,407)
Disposals	52,460
Foreign exchange differences	(143)
As at December 31, 2015	(22,498)
Net Book Value	
As at December 31, 2014	64,526
As at December 31, 2015	60,753

During the year ended December 31, 2015, the net book value of the lease assets sold by the Company was \$4,146 (2014 - \$3,731).

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8. PROPERTY AND EQUIPMENT

	Furniture and Fixtures	Computer and Office Equipment	Automotive	Signage	Leasehold Improvements	Total
Cost						
As at December 31, 2013	12,406	7,800	276	5,077	17,655	43,214
Additions	1,528	1,314	-	634	3,417	6,893
Disposals	(465)	(552)	(46)	(248)	(1,098)	(2,409)
Foreign exchange differences	43	20	-	13	82	158
As at December 31, 2014	13,512	8,582	230	5,476	20,056	47,856
Additions	1,151	1,063	15	557	5,187	7,973
Disposals	(1,001)	(911)	(38)	(527)	(1,660)	(4,137)
Foreign exchange differences	148	80	-	21	135	384
As at December 31, 2015	13,810	8,814	207	5,527	23,718	52,076
Accumulated Depreciation and Provision for Impairment						
As at December 31, 2013	(7,274)	(4,375)	(234)	(3,656)	(11,882)	(27,421)
Depreciation	(1,200)	(1,003)	(31)	(375)	(2,180)	(4,789)
Provision for impairment	(219)	(59)	-	(50)	(199)	(527)
Recovery of impairment	91	54	-	38	50	233
Impairment related to						
restructuring and other items	(79)	(42)	-	(18)	(88)	(227)
Disposals	343	355	35	198	910	1,841
Foreign exchange differences	(11)	(5)	-	(4)	(31)	(51)
As at December 31, 2014	(8,349)	(5,075)	(230)	(3,867)	(13,420)	(30,941)
Depreciation	(1,256)	(981)	(12)	(423)	(2,873)	(5,545)
Provision for impairment	(112)	(47)	-	(26)	(58)	(243)
Recovery of impairment	130	53	-	23	31	237
Disposals	778	616	38	404	1,395	3,231
Foreign exchange differences	(29)	(14)	-	(8)	(75)	(126)
As at December 31, 2015	(8,838)	(5,448)	(204)	(3,897)	(15,000)	(33,387)
Net Book Value						
As at December 31, 2014	5,163	3,507	-	1,609	6,636	16,915
As at December 31, 2015	4,972	3,366	3	1,630	8,718	18,689

As at December 31, 2015, the amount of property and equipment classified as under construction or development and not being amortized was \$0.3 million (2014 – \$0.2 million).

During the year ended December 31, 2015, the net book value of the property and equipment sold by the Company was \$521 (2014 - \$568).

Various impairment indicators were used to determine the need to test a CGU for impairment. Examples of impairment indicators include a significant decline in revenue, performance significantly below budget and expectations and negative CGU operating income. Where these impairment indicators existed, the carrying value of the assets within a CGU was compared

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with its estimated recoverable value which was generally considered to be the CGU's value in use. When determining the value in use of a CGU, the Company developed a discounted cash flow model for the individual CGU. Sales and cost forecasts were based on actual operating results, three-year operating budgets consistent with strategic plans presented to the Company's Board of Directors and a 1% long-term growth rate consistent with industry practice. The pre-tax discount rate used on the forecasted cash flows was 17%. Where the carrying value of the CGU's assets exceeded the recoverable amounts, as represented by the CGU's value in use, the store's property and equipment assets were written down. It was concluded that, due to the portability of lease assets held within the CGU and the cash flows generated by individual lease assets, no impairment write-down of the lease assets was required. As such, the CGU impairment charge was limited to the property and equipment held by the impaired CGU.

For the year ended December 31, 2015, the Company recorded an impairment charge of \$243 (2014 – \$527) offset by impairment recovery of \$237 (2014 – \$233). The net impairment expense for 2015 was \$6 (2014 – \$294). All impairment charges and recoveries relate solely to the easyhome Leasing segment.

9. INTANGIBLE ASSETS AND GOODWILL

	Intangible Assets			
	Trademarks	Customer Lists	Software	Total
Cost				
As at December 31, 2013	1,827	327	9,711	11,865
Additions	81	355	5,010	5,446
Disposals	-	-	(17)	(17)
Foreign exchange differences	165	-	-	165
As at December 31, 2014	2,073	682	14,704	17,459
Additions	1	463	5,761	6,225
Disposals	-	(51)	(19)	(70)
As at December 31, 2015	2,074	1,094	20,446	23,614
Accumulated Amortization and Provision for Impairment				
As at December 31, 2013	-	(60)	(2,281)	(2,341)
Amortization for the year	-	(79)	(2,054)	(2,133)
Impairment related to restructuring and other items	(1,992)	-	-	(1,992)
Disposals	-	-	13	13
As at December 31, 2014	(1,992)	(139)	(4,322)	(6,453)
Amortization for the year	-	(227)	(2,911)	(3,138)
Disposals	-	-	18	18
As at December 31, 2015	(1,992)	(366)	(7,215)	(9,573)
Net Book Value				
As at December 31, 2014	81	543	10,382	11,006
As at December 31, 2015	82	728	13,231	14,041

Trademarks are considered indefinite life intangible assets as there is no foreseeable limit to the period over which the assets are expected to generate net cash flows.

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Included in software additions for the year ended December 31, 2015 were \$5.6 million (2014 – \$4.8 million) of internally developed software application and website costs.

Goodwill was \$21.3 million as at December 31, 2015 (2014 – \$20.0 million). \$1.3 million in goodwill was added in relation to acquisitions completed during 2015. There were no disposals or impairments applied to goodwill during the years ended December 31, 2015 and 2014.

Goodwill and indefinite life intangible assets were allocated to the group of CGUs to which they relate. The carrying value of goodwill was fully allocated to the Canadian leasing CGUs. Impairment testing is performed annually and was performed as at December 31, 2015 and December 31, 2014. The impairment test consisted of comparing the carrying value of assets within the CGU to the recoverable amount of that CGU as measured by discounting the expected future cash flows using a value in use approach. The discounted cash flow model was based on historical operating results, detailed sales and cost forecasts over a three-year period, a 1% long-term growth rate consistent with industry averages and a pre-tax discount rate used on the forecasted cash flows of 17%, all of which were consistent with the strategic plans presented to the Company's Board of Directors.

Based on the analysis performed by management, no impairment charge was required on goodwill.

10. ACQUISITIONS

On July 13, 2015, the Company acquired 14 Canadian merchandise leasing stores from a U.S. based rent-to-own company for cash consideration of \$4.2 million. The Company continued to operate these stores or merged the related business into its store network. As part of the transaction, the Company also sold two of its remaining U.S. franchised locations whose results were consolidated for financial statement purposes for cash consideration of \$0.8 million, resulting in a combined net purchase price of \$3.4 million and a reported loss on disposal of \$0.3 million. The acquisition of the 14 merchandise leasing stores in Canada met the definition of a business combination as defined in IFRS 3.

On February 10, 2015, the Company acquired the lease rights and obligations as well as certain related assets for 45 retail locations across Canada for total cash consideration of \$2,777, which included certain transaction costs. This transaction was accounted for as an asset acquisition. During the first quarter of 2015, these acquired locations were opened as easyfinancial branches.

In addition, the Company acquired the assets and operations of two leasing stores during the first quarter of 2015. The acquisition of the two leasing stores met the definition of a business combination as defined by IFRS 3. The total consideration of \$894 was paid in cash.

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The fair value of the identifiable assets and liabilities recognized as acquisitions were as follows:

	Acquisitions completed in the first quarter of 2015	Acquisition on July 13, 2015	Year ended December 31, 2015
Assets			
Amounts receivable	-	28	28
Property and equipment	2,827	78	2,905
Lease assets, net	433	2,969	3,402
Intangible assets	-	413	413
Liabilities			
Unearned revenue	-	240	240
Total identifiable assets at fair value	3,260	3,248	6,508
Goodwill arising on acquisition	411	935	1,346
Cash consideration	3,671	4,183	7,854

Goodwill arising on the acquisitions of \$1,346 related to the Company's future ability to generate incremental revenues from the acquired customers and expected future growth. The goodwill arising on acquisitions was allocated entirely to the Canadian leasing segment.

11. REVOLVING OPERATING FACILITY AND TERM LOAN

On July 31, 2015, the Company amended its existing credit facilities and increased its total credit available by \$100 million from \$200 million to \$300 million. The Company's amended credit facilities consisted of a \$280 million term loan and a \$20 million revolving operating facility. \$217.5 million of the term loan was drawn at December 31, 2015 with the balance available in periodic advances until March 31, 2017. Borrowings under the term loan bore interest at the Canadian Bankers' Acceptance rate plus 699 bps with a 799 bps floor, while borrowings under the revolving operating facility bore interest at the lender's prime rate plus 175 to 275 bps depending on the Company's debt to earnings before interest, taxes, depreciation and amortization ["EBITDA"] ratio. The amended credit facilities expire on October 4, 2019 and are secured by a first charge over substantially all assets of the Company.

The drawings under the Company's credit facilities were as follows:

	December 31, 2015	December 31, 2014
Revolving operating facility	-	1,756
Amounts borrowed under term loan	217,500	125,000
Unamortized deferred financing costs	(7,201)	(5,159)
Term loan	210,299	119,841

As at December 31, 2015, the Company's interest rates under the term loan and revolving operating facility were 7.99% and 5.45%, respectively.

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The financial covenants of the credit facility were as follows:

Financial Covenant	Requirements	December 31, 2015
Total debt to EBITDA ratio	< 4.40	3.80
Total debt to tangible net worth ratio	< 1.70	1.52
Adjusted EBITDA for preceding 12 months (consolidated)	> 48,600	57,260

The financial covenant requirements described above vary each quarter as per the lending agreement and were based on the Company's financial forecast over these periods. As at December 31, 2015, the Company was in compliance with all of its financial covenants under its lending agreements.

Finance Costs

Included in finance costs in the consolidated statements of income was interest expense on the credit facilities and amortization of deferred financing costs as follows:

	Year Ended	
	December 31, 2015	December 31, 2014
Interest expense	13,837	7,621
Amortization of deferred financing costs	1,497	1,179
	15,334	8,800

12. PROVISIONS

	Provisions Due to Onerous Leases	
As at December 31, 2013		21
Incurred during the year		314
Utilized during the year		(21)
As at December 31, 2014		314
Incurred during the year		495
Utilized during the year		(227)
As at December 31, 2015		582
	December 31, 2015	December 31, 2014
Current	420	96
Non-current	162	218
	582	314

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13. SHARE CAPITAL

Authorized Capital

The authorized capital of the Company consisted of an unlimited number of common shares with no par value and an unlimited number of preference shares.

Each common share represents a shareholder's proportionate undivided interest in the Company. Each common share confers to its holder the right to one vote at any meeting of shareholders and to participate equally and rateably in any dividends of the Company. The common shares are listed for trading on the TSX.

Common Shares Issued and Outstanding

The changes in common shares are summarized as follows:

	Year Ended December 31, 2015		Year Ended December 31, 2014	
	# of shares (in 000's)	\$	# of shares (in 000's)	\$
Balance, beginning of the period	13,330	80,364	13,289	79,923
Exercise of stock options	189	1,975	39	403
Shares purchased for cancellation	(111)	(676)	-	-
Dividend reinvestment plan	3	62	2	38
Balance, end of the period	13,411	81,725	13,330	80,364

Dividends on Common Shares

For the year ended December 31, 2015, the Company paid dividends of \$5.2 million (2014 – \$4.5 million) or \$0.385 per share (2014 – \$0.34 per share). On February 18, 2015, the Company increased the dividend rate from \$0.085 per share to \$0.10 per share on a quarterly basis. The Company declared a dividend of \$0.10 per share on November 3, 2015 to shareholders of record on December 24, 2015, payable on January 8, 2016. The dividend paid on January 8, 2016 was \$1.3 million.

Shares Purchased for Cancellation

During the year ended December 31, 2015, the Company repurchased and cancelled 111,041 (2014 – nil) of its common shares on the open market at an average price of \$17.75 per share pursuant to a normal course issuer bid for a total cost of \$2.0 million. The normal course issuer bid in effect at December 31, 2015 allows for a total purchase of up to 670,000 common shares and expires on June 24, 2016.

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14. STOCK-BASED COMPENSATION

Share Option Plan

Under the Company's stock option plan, options to purchase common shares may be granted by the Board of Directors to directors, officers and employees. Options are generally granted at exercise prices equal to the fair market value at the grant date, vest at the end of a three-year period based on earnings per share targets and have exercise lives of five years. The aggregate number of common shares reserved for issuance and which may be purchased upon the exercise of options granted pursuant to the plan shall not exceed 2.0 million common shares.

	Year Ended December 31, 2015		Year Ended December 31, 2014	
	Options # (in 000's)	Weighted Average Exercise Price \$	Options # (in 000's)	Weighted Average Exercise Price \$
Outstanding balance, beginning of year	601	11.81	538	9.81
Options granted	80	18.81	190	17.52
Options exercised	(188)	8.67	(39)	8.54
Options forfeited or expired	(13)	11.50	(88)	13.39
Outstanding balance, end of year	480	14.22	601	11.81
Exercisable balance, end of year	10	9.42	203	8.73

Outstanding options to directors, officers and employees as at December 31, 2015 were as follows:

Range of Exercise Prices \$	Outstanding			Exercisable	
	Options # (in 000's)	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price \$	Options # (in 000's)	Weighted Average Exercise Price \$
8.00 – 10.99	213	2.12	9.60	10	9.42
15.00 – 19.99	257	3.47	17.65	-	-
20.00 – 24.99	10	3.67	24.45	-	-
8.00 – 24.99	480	2.88	14.22	10	9.42

The Company used the fair value method of accounting for stock options granted to employees and directors. During the year ended December 31, 2015, the Company granted 79,806 options (2014 – 190,332 options), and recorded an expense of \$532 (2014 – expense of \$402), in stock-based compensation expense in the consolidated statements of income, with a corresponding adjustment to contributed surplus.

Options granted during 2015 were determined using the Black-Scholes option pricing model with the following assumptions, resulting in a weighted average fair value of \$5.16 per option. Volatility assumptions were best estimates of the market implied volatility matching the exercise price and expected life of the options.

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	2015	2014
Risk-free interest rate (% per annum)	0.57	1.34
Expected hold period to exercise (years)	5.00	5.00
Volatility in the price of the Company's shares (%)	38.16	37.14
Dividend yield (%)	2.13	2.00

Restricted Share Unit ["RSU"] Plan

Under the Company's RSU plan, RSUs may be granted by the Board of Directors to employees of the Company. RSUs are granted at fair market value at the grant date and generally vest at the end of a three-year period based on long-term targets.

On May 4, 2015 the Company's shareholders approved a resolution to amend the RSU plan, increasing the maximum number of common shares reserved for issuance from treasury under the RSU Plan by 150,000 shares, from 765,000 to 915,000.

	Year Ended December 31, 2015		Year Ended December 31, 2014	
	RSUs # (in 000's)	Weighted Average Fair Value at Grant Date \$	RSUs # (in 000's)	Weighted Average Fair Value at Grant Date \$
Outstanding balance, beginning of year	559	14.00	434	9.97
RSUs granted	194	21.69	171	22.69
RSU dividend reinvestments	11	18.38	6	19.97
RSUs forfeited	(89)	17.46	(52)	9.66
Outstanding balance, end of year	675	15.82	559	14.00

For the year ended December 31, 2015, \$2,685 (2014 – \$1,764) was recorded as an expense in stock-based compensation expense in the consolidated statements of income, with a corresponding adjustment to contributed surplus.

Performance Share Unit ["PSU"] Plan

During the year ended December 31, 2015, the Company granted 199,330 PSUs (2014 – 171,134 PSUs) to senior executives of the Company under its PSU Plan. On May 5, 2015, the PSUs granted in 2015 were cancelled and an equivalent number of RSUs were granted to senior executives of the Company (see RSU Plan described above).

PSUs are granted at fair market value at the grant date and vest at the end of a three-year period based on long-term targets. For the year ended December 31, 2015, \$1,018 (2014 – \$3,908) was recorded as an expense in stock-based compensation expense in the consolidated statements of income. Additionally, for the year ended December 31, 2015, an additional 2,832 PSUs (2014 – 11,270 PSUs) were granted as a result of dividends payable.

The PSU liability as at December 31, 2015 was nil (2014 – \$6,872).

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Deferred Share Unit ["DSU"] Plan

During the year ended December 31, 2015, the Company granted 24,805 DSUs (2014 – 7,250 DSUs) to directors under its DSU Plan. DSUs are granted at fair market value at the grant date and vest immediately upon grant. For the year ended December 31, 2015, \$519 (2014 – \$190) was recorded as stock-based compensation expense under the DSU Plan in the consolidated statements of income. Additionally, for the year ended December 31, 2015, an additional 2,792 DSUs (2014 – 2,232 DSUs) were granted as a result of dividends payable.

Stock Based Compensation Expense

	Year Ended	
	December 31, 2015	December 31, 2014
Equity-settled stock based compensation	3,736	2,356
Cash-settled stock based compensation	1,017	3,908
	4,753	6,264

Contributed Surplus

The following is a continuity of the activity in the contributed surplus account:

	Year Ended	
	December 31, 2015	December 31, 2014
Contributed surplus, beginning of year	6,458	4,169
Equity settled stock-based compensation expense		
Stock options	532	402
Restricted share units	2,684	1,764
Deferred share units	519	190
	10,193	6,525
Reduction due to exercise of stock options	(341)	(67)
Contributed surplus, end of year	9,852	6,458

15. RESTRUCTURING AND OTHER ITEMS

	Year Ended	
	December 31, 2015	December 31, 2014
Proceeds on sale of U.S. royalty rights	-	4,742
Impairment of trademark	-	(1,992)
Impairment of fixed assets	-	(227)
Other restructuring charges	-	(1,298)
	-	1,225

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During the fourth quarter of 2014, the Company decided to wind down its operations in the U.S. and focus on the Canadian marketplace. This wind down involved the sale of the Company's rights to future royalty payments from its franchisees, the recognition of impairment provisions against certain intangible assets and property and equipment located in the U.S. and the recording of other restructuring charges which consisted of provisions for onerous leases, severance and other charges. For the year ended December 31, 2014, a net credit of \$1.2 million was recorded as restructuring and other charges within operating income.

16. INCOME TAXES

The Company's income tax provision was determined as follows:

	Year Ended	
	December 31, 2015	December 31, 2014
Combined basic federal and provincial income tax rates	27.3%	27.2%
Expected income tax expense	8,942	7,005
Non-deductible expenses	333	263
U.S. and SPE results not tax effected	(370)	(764)
Other	85	(459)
	8,990	6,045

The significant components of the Company's income tax expense were as follows:

	Year Ended	
	December 31, 2015	December 31, 2014
Current income tax:		
Current income tax charge	8,187	7,990
Adjustments related to intercompany management fees and other	(30)	784
Deferred income tax:		
Relating to origination and reversal of temporary differences	833	(2,729)
	8,990	6,045

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The significant components of the Company's deferred tax assets are as follows:

	December 31, 2015	December 31, 2014
Tax cost of lease assets and property and equipment in excess of net book value	(1,177)	544
Amounts receivable and provisions	5,575	3,342
Deferred salary arrangements	1,382	2,546
Unearned revenue	500	239
Financing fees	(100)	213
Other	(267)	(159)
	5,913	6,725

During 2015, all changes to the deferred tax assets were recorded as an expense in deferred tax expense in the consolidated statements of income.

At December 31, 2015, there was no recognized deferred tax liabilities (2014 – nil) for taxes that would be payable on the undistributed earnings of the Company's subsidiaries. The Company has determined that undistributed earnings of its subsidiaries would not be distributed in the foreseeable future.

17. EARNINGS PER SHARE

Basic Earnings Per Share

Basic earnings per share amounts were calculated by dividing the net income for the year by the weighted average number of ordinary shares and DSUs outstanding. DSUs were included in the calculation of the weighted average number of ordinary shares outstanding as these units vest upon grant.

	Year Ended	
	December 31, 2015	December 31, 2014
Net income	23,728	19,748
Weighted average number of ordinary shares outstanding (in 000's)	13,561	13,449
Basic earnings per ordinary share	1.75	1.47

For the year ended December 31, 2015, 148,065 DSUs (2014 – 130,285 DSUs) were included in the weighted average number of ordinary shares outstanding.

Diluted Earnings Per Share

Diluted earnings per share reflect the potential dilution that could occur if additional common shares are assumed to be issued under securities that entitle their holders to obtain common shares in the future. The number of additional shares for inclusion in diluted earnings per share was determined using the treasury stock method, whereby stock options and warrants, whose exercise price is less than the average market price of the Company's common shares, were assumed to be exercised and the

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proceeds are used to purchase common shares at the average market price for the period. The incremental number of common shares issued under stock options and warrants was included in the calculation of diluted earnings per share.

	Year Ended	
	December 31, 2015	December 31, 2014
Net income	23,728	19,748
Weighted average number of ordinary shares outstanding (in 000's)	13,561	13,449
Dilutive effect of stock-based compensation (in 000's)	476	495
Weighted average number of diluted shares outstanding (in 000's)	14,037	13,944
Dilutive earnings per ordinary share	1.69	1.42

For the year ended December 31, 2015, 261,138 stock options to acquire common shares (2014 – 182,332 options), were considered anti-dilutive using the treasury stock method and therefore excluded in the calculation of diluted earnings per share.

18. NET CHANGE IN OTHER OPERATING ASSETS AND LIABILITIES

The net change in other operating assets and liabilities was as follows:

	Year Ended	
	December 31, 2015	December 31, 2014
Amounts receivable	3,508	(9,302)
Prepaid expenses	(475)	(272)
Accounts payable and accrued liabilities	(9,220)	8,539
Income taxes payable	(2,342)	(887)
Deferred lease inducements	(681)	(146)
Unearned revenue	4	215
Provisions	268	293
	(8,938)	(1,560)

Supplemental disclosures in respect of the consolidated statements of cash flows comprised the following:

	Year Ended	
	December 31, 2015	December 31, 2014
Income taxes paid	12,021	9,694
Income taxes refunded	1,522	61
Interest paid	13,873	7,637
Interest received	100,246	62,568

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19. COMMITMENTS AND GUARANTEES

The Company is committed to software maintenance, development and licensing service agreements, and operating leases for premises and vehicles. The minimum annual lease payments plus estimated operating costs required for the next five years and thereafter are as follows:

	Within 1 year	After 1 year but not more than 5 years	More than 5 years
Premises	25,097	41,611	1,292
Other operating lease obligations	1,113	1,961	-
Other	12,306	2,903	-
Total contractual obligations	38,516	46,475	1,292

During the year ended December 31, 2015, \$27.3 million (2014 – \$24.0 million) was recognized as an expense in the consolidated statements of income in respect of operating leases.

20. CONTINGENCIES

The Company was involved in various legal matters arising in the ordinary course of business. The resolution of these matters is not expected to have a material adverse effect on the Company's financial position, financial performance or cash flows.

The Company has agreed to indemnify its directors and officers and particular employees in accordance with the Company's policies. The Company maintains insurance policies that may provide coverage against certain claims.

21. CAPITAL RISK MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide adequate returns to shareholders by way of share appreciation and dividends. The capital structure of the Company consists of bank debt (revolving operating facility), term debt and shareholders' equity, which includes share capital, contributed surplus, accumulated other comprehensive income and retained earnings.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, share repurchases, the payment of dividends, increasing or decreasing bank debt and term debt or by undertaking other activities as deemed appropriate under specific circumstances. The Company's strategy, objectives, measures, definitions and targets have not changed significantly in the past year.

The Company has externally imposed capital requirements as governed through its financing facilities. These requirements are to ensure the Company continues to operate in the normal course of business and to ensure the Company manages its debt relative to net worth. The capital requirements are congruent with the Company's management of capital.

The Company monitors capital on the basis of the financial covenants of its credit facility as described in Note 11.

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For the years ended December 31, 2015 and 2014, the Company was in compliance with all of its externally imposed financial covenants.

22. FINANCIAL RISK MANAGEMENT

Overview

The Company's activities are exposed to a variety of financial risks: credit risk, liquidity risk, interest rate risk and currency risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance.

Credit Risk

The maximum exposure to credit risk is represented by the carrying amount of the amounts receivable, consumer loans receivable and lease assets with customers under merchandise lease agreements. The Company leases products and makes consumer loans to thousands of customers pursuant to policies and procedures that are intended to ensure that there is no concentration of credit risk with any particular individual, company or other entity, although the Company is subject to a higher level of credit risk due to the credit constrained nature of many of the Company's customers and in circumstances where its policies and procedures are not complied with.

The credit risk related to lease assets with customer's results from the possibility of customer default with respect to agreed upon payments or in not returning the lease assets. The Company has a standard collection process in place in the event of payment default, which includes the recovery of the lease asset if satisfactory payment terms cannot be worked out with the customer, as the Company maintains ownership of the lease assets until payment options are exercised. Lease asset losses for the year ended December 31, 2015 represented 2.8% (2014 – 3.2%) of total revenue for the easyhome Leasing segment.

The credit risk on the Company's consumer loans receivable made in accordance with policies and procedures is impacted by both the Company's credit policies and the lending practices which are overseen by the Company's senior management. Credit quality of the customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment. The consumer loans receivable are unsecured. The Company evaluates the concentration of risk with respect to customer loans receivable as low, as its customers are located in several jurisdictions and operate independently. As at December 31, 2015, the Company's gross loan portfolio was \$289.4 million (2014 – \$192.2 million).

The credit risk related to other amounts receivable are managed in accordance with policies and procedures resulting from the possibility of default on rebate payments, amounts due from licensee and franchisees and other amounts receivable. The Company deals with credible companies, performs ongoing credit evaluations of creditors and consumers and allows for uncollectible amounts when determined to be appropriate.

Liquidity Risk

The Company addresses liquidity risk management by maintaining sufficient availability of funding through its committed credit facility. The Company manages its cash resources based on financial forecasts and anticipated cash flows, which are periodically reviewed with the Company's Board of Directors.

The Company believes that the cash flow provided by operations and funds available from the credit facility will be sufficient in the near term to meet operational requirements, purchase lease assets, meet capital spending requirements and pay dividends. In addition, the incremental financing obtained through the credit facility will allow the Company to continue growing its

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consumer loans receivable portfolio into 2017. In order for the Company to achieve the full growth opportunities available, however, additional sources of financing over and above the currently available credit facility will be required. There is no certainty that these long-term sources of capital will be available or at terms favourable to the Company.

Substantially all liabilities are due within 12 months with the exception of the revolving operating facility and term loan, which are due as disclosed in Note 11.

Interest Rate Risk

Interest rate risk measures the Company's risk of financial loss due to adverse movements in interest rates. The Company is subject to interest rate risk as the revolving operating facility bears interest at the lead lenders prime rate plus 175 to 275 bps, depending on the Company's total debt to EBITDA ratio and the term loan bears interest at 699 bps over the Canadian Bankers' Acceptance rate with a 799 bps floor. As at December 31, 2015, the interest rate on the revolving operating facility was 5.45% per annum (2014 – 5.0% per annum) and the interest rate on the term loan was 7.99% per annum (2014 – 8.5% per annum).

The Company does not hedge interest rates. Accordingly, future changes in interest rates will affect the amount of interest expense payable by the Company.

As at December 31, 2015, all of the Company's borrowings were subject to movements in floating interest rates. A 1% increase in the prime interest rate and bankers' acceptance rate would have decreased net income for the year by approximately \$1,739, while a 1% decrease in the prime interest rate and bankers' acceptance rate would have increased net income for the year by approximately \$12 due to the interest rate floor on the Company's term loan.

Currency Risk

Currency risk measures the Company's risk of financial loss due to adverse movements in currency exchange rates.

The Company sources a portion of the assets it leases in Canada from U.S. suppliers. As a result, the Company had foreign exchange transaction exposure. These purchases were funded using the spot rate prevailing at the date of purchase. Pricing to customers can be adjusted to reflect changes in the Canadian dollar landed cost of imported goods and, as such, there is not a material foreign currency transaction exposure.

The Company additionally had foreign currency transaction exposure through its SPEs and franchise locations in the United States with the Parent Company as these entities had a U.S. functional currency.

The earnings of the Company's U.S. subsidiaries and SPEs were translated into Canadian dollars each period. A 5% movement in the Canadian and U.S. dollar exchange rate would have increased or decreased net income for the year by approximately \$31.

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23. FINANCIAL INSTRUMENTS

Recognition and Measurement of Financial Instruments

The Company classified its financial instruments as follows:

Financial Instruments	Measurement	December 31, 2015	December 31, 2014
Cash	Fair value	11,389	1,165
Amounts receivable	Amortized cost	13,000	16,508
Consumer loans receivable	Amortized cost	270,961	180,693
Accounts payable and accrued liabilities	Amortized cost	23,617	32,837
Revolving operating facility	Amortized cost	-	1,756
Term loan	Amortized cost	210,299	119,841

Fair Value Measurement

All assets and liabilities for which fair value was measured or disclosed in the consolidated financial statements were categorized within the fair value hierarchy, described as follows, based on the lowest level input that was significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The hierarchy required the use of observable market data when available. The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities measured at amortized cost as at December 31, 2015:

	Total	Level 1	Level 2	Level 3
Amounts receivable	13,000	-	-	13,000
Consumer loans receivable	270,961	-	-	270,961
Accounts payable and accrued liabilities	23,617	-	-	23,617
Term loan	210,299	-	-	210,299

There were no transfers between Level 1, Level 2, or Level 3 during the period.

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24. RELATED PARTY TRANSACTIONS

Key management personnel includes all corporate officers with the position of president, executive vice president or senior vice president. The following summarizes the expense related to key management personnel during the reporting periods.

	Year Ended	
	December 31, 2015	December 31, 2014
Short-term employee benefits including salaries	3,623	3,631
Share-based payment transactions	3,121	4,281
	6,744	7,912

25. SEGMENTED REPORTING

For management purposes, the Company had two reportable segments: easyhome Leasing and easyfinancial.

General and administrative expenses directly related to the Company's business segments were included as operating expenses for those segments. All other general and administrative expenses were reported separately as part of Corporate. Management assessed the performance based on segment operating income (loss). The following tables summarize the relevant information for the years ended December 31, 2015 and 2014:

Year Ended December 31, 2015	easyhome Leasing	easyfinancial	Corporate	Total
Revenue	152,605	151,668	-	304,273
Total operating expenses before depreciation and amortization	77,724	99,607	22,794	200,125
Depreciation and amortization	50,214	5,289	593	56,096
Segment operating income (loss)	24,667	46,772	(23,387)	48,052
Finance costs	-	-	15,334	15,334
Income (loss) before income taxes	24,667	46,772	(38,721)	32,718

Year Ended December 31, 2014	easyhome Leasing	easyfinancial	Corporate	Total
Revenue	158,322	100,828	-	259,150
Total operating expenses before depreciation and amortization	81,305	64,524	23,312	169,141
Restructuring and other items	-	-	(1,225)	(1,225)
Depreciation and amortization	52,711	3,298	632	56,641
Segment operating income (loss)	24,306	33,006	(22,719)	34,593
Finance costs	-	-	8,800	8,800
Income (loss) before income taxes	24,306	33,006	(31,519)	25,793

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The Company operated across Canada and in certain U.S. states. During the year ended December 31, 2015, 99% or \$300.6 million of revenue was generated in Canada and 1% or \$3.7 million of revenue was generated in the U.S. (2014 – 97% or \$251.3 million of revenue was generated in Canada and 3% or \$7.9 million of revenue was generated in the U.S.). Additionally, as at December 31, 2015, \$414.9 million of the Company’s assets were located in Canada and \$3.6 million were located in the U.S. (2014 – \$309.0 million in Canada and \$10.5 million in the U.S.).

As at December 31, 2015, the Company's goodwill of \$21.3 million (2014 – \$20.0 million) related entirely to its easyhome Leasing segment.

The Company's easyhome Leasing business consisted of four major product categories: furniture, electronics, computers and appliances. Lease revenue generated by these product categories as a percentage of total lease revenue for the years ended December 31, 2015 and 2014 were as follows:

	Year Ended	
	December 31, 2015 (%)	December 31, 2014 (%)
Furniture	40	38
Electronics	34	34
Computers	14	16
Appliances	12	12
	100	100
