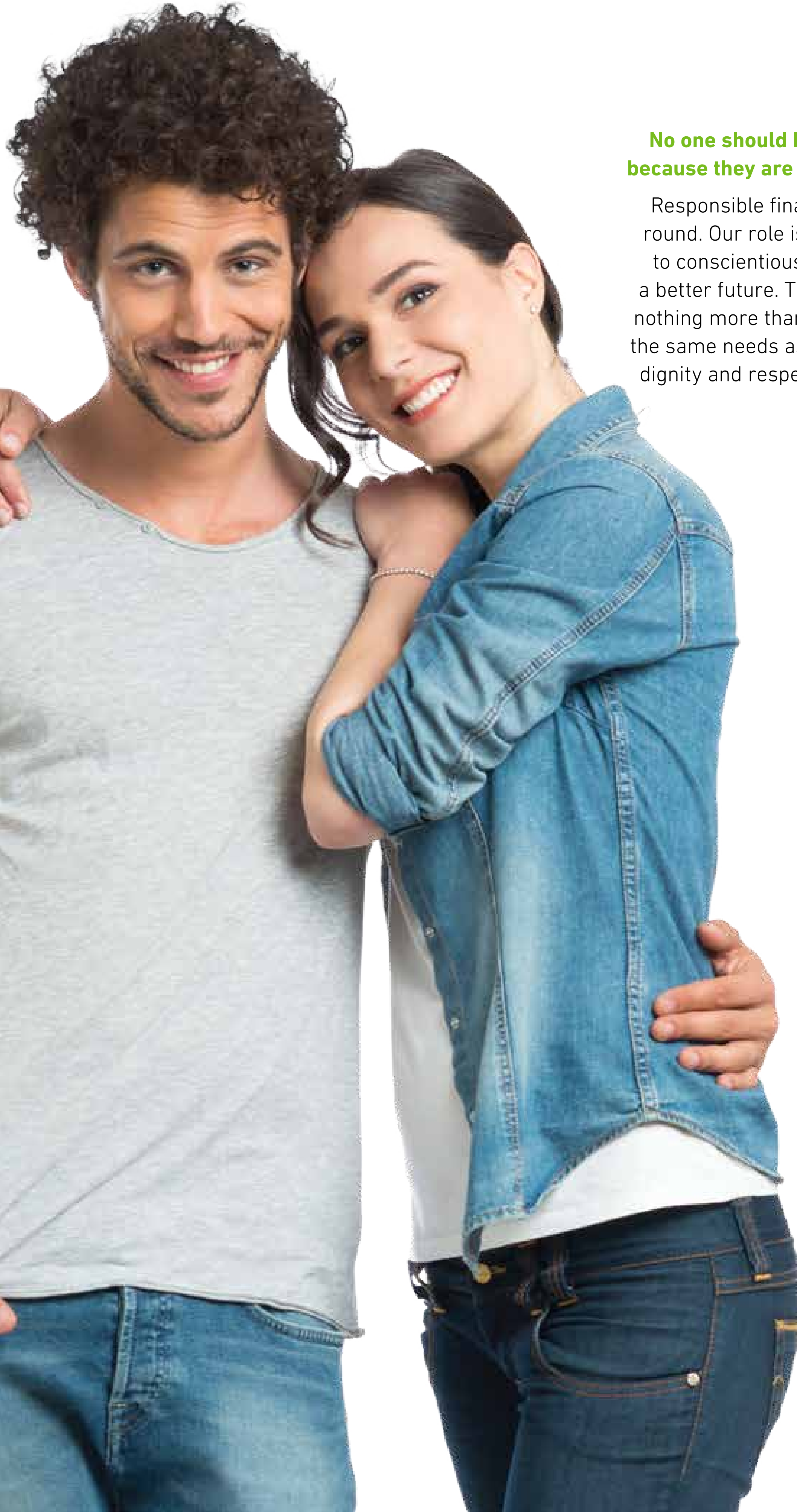
2014 Annual Report

go foward. **go** further.

easyhome® Ltd.

goeasy

Giving Everyday People the Credit They Deserve



No one should be forced to settle for less simply because they are not perceived to be good enough.

Responsible financial decisions make the world go round. Our role is to ensure that access is available to conscientious people everywhere who aspire to a better future. They are everyday people who want nothing more than to be given a chance. People with the same needs as everyone else: To be treated with dignity and respect. To see their dreams come true.

go

We have taken easy to a whole new level.

goeasy is our new master brand that unites easyhome Leasing and easyfinancial and recognizes that we serve the needs of the same customer – the cash and credit constrained consumer.

easyhome

easyhome Ltd. is the Canadian leader in providing goods and financial services to the cash and credit constrained consumer. We serve our customers through two key operating divisions, *easyhome* Leasing and *easyfinancial*.

The markets for providing goods and financial services to the cash and credit constrained consumer are large and underserved in Canada. Typically, our consumers are denied credit products and services by the traditional retailers and banks, and do not want to go down the more expensive payday loan route.

easyhome Leasing

easyhome Leasing is merchandise leasing, with an option to purchase. Consumers can acquire top-quality, brand name household furnishings, appliances and home electronic products under weekly or monthly agreements. Our programs appeal to a wide variety of consumers who are looking for alternatives to traditional retailers and who are attracted to a leasing transaction that does not involve a credit check, does not require an initial down payment, includes delivery and set up and offers them the flexibility to terminate the arrangement at any time.

easyfinancial

easyfinancial offers unsecured, installment loans in amounts ranging from $500 to $10,000 with repayment terms from 9 to 48 months. Customers can choose to repay the entire loan balance at any time during the term without penalty. Our loan products often serve as a vehicle to help rebuild credit and provide access to financing for the cash and credit constrained consumer.

goeasy

goeasy is our new master brand. It is driven by three core pillars: **access**, **relief** and **respect**. When a customer deals with any of our business units, they will know they can obtain greater access to products and services through us than they can through more traditional retailers or banks who have denied them in the past. We will provide our customers with relief from their financial challenges with the promise of a decision within 30 minutes, and most importantly, our customers will know that they will be respected by our Company and our people throughout their entire customer experience.

Q&A

After a year of solid achievements, members of the senior management team answer the questions most often asked by shareholders.

Q. How are you financing the growth of *easyfinancial*?

Goertz: In 2014, we took steps to ensure we could rapidly expand our *easyfinancial* business. We put ourselves in a position of strength by increasing our available access to debt from $85 million to $200 million, while reducing interest rates and improving flexibility. This provides us with funds to grow *easyfinancial* quickly and also lower our overall cost of borrowing.

Steve Goertz
EVP & CFO

Q. What does the growth trajectory look like for *easyfinancial* over the next three years?

Mullins: We expect to substantially grow our *easyfinancial* footprint by adding 60 to 65 new locations in 2015. This includes the purchase of 45 locations from a former payday loan operator that we opened in March 2015, and another 15 to 20 new locations throughout the year. In 2016, we plan to add another 20 to 30 locations.

We anticipate growing our overall revenue by 18 to 20% in each of the next two years, which will be achieved by increasing our gross consumer loans receivable portfolio to $280-295 million by the end of 2015, and to $340-370 million by the end of 2016.

Jason Mullins
EVP & COO

Q. Why would someone take out an *easyfinancial* loan?

Fiederer: Many of our consumers have been denied credit products and services by the banks and do not want to go down the more expensive payday loan route. This is a big segment of the population – an estimated seven million people in Canada. We treat our customers with respect and provide them with relief from their financial challenges with the promise of a decision within 30 minutes. Our loan products also can serve as a vehicle to help rebuild credit.

An area of focus for us is developing financial education for our customers. There is a surprising lack of financial educational materials available for the seven million Canadians who are considered to be cash and credit constrained. Creating financial literacy is about giving our customers the tools and education they need to better manage their finances with the ultimate goal of helping them improve their financial position. We feel strongly that helping our customers improve their financial position is a positive for both our customers and our brand.

Andrea Fiederer
SVP & CMO

Q. The US is a much bigger market than Canada. Why are you focusing so heavily on the Canadian market?

Yeilding: When we launched *easyhome* Leasing in the U.S. in 2007, consumer spending was at its peak and consumer confidence was very high. Since then, much has changed. The U.S. market is hyper competitive and experiencing significant price and margin compression – pressures we are not seeing in Canada. So near the end of 2014, we made the decision to sell our U.S. franchise business to our Master Franchisor. This was motivated by a number of factors, but was primarily driven by the decision to focus on the strong opportunities that the Canadian market presents. The U.S. is a very different market with a unique set of opportunities and challenges. Omni-channel retailing goes hand in glove with *goeasy*. To introduce the same online support and transactional capabilities and to roll out the *goeasy* brand to all the U.S. franchisees would be very costly and would distract from the clearer and more profitable Canadian opportunity.

Q. How do you enhance the profitability of the leasing business?

Ferguson: We plan to optimize the leasing business by focusing on the most strategic and most attractive store locations. In 2014, we closed 15 stores that we determined to be non-strategic. While this reduced our count, it paved the way for solid organic growth across our store network. In the fourth quarter of 2014, same-store sales growth for the leasing business was up 2.6%. This consolidation of locations was further enhanced by our *goeasy* master brand and online capabilities. *goeasy* will increase our brand exposure and help drive online sales.

David Yeilding
SVP Finance

James Ferguson
SVP Retail

Q. Does an uncertain economic environment such as drop in oil prices impact the risk profile you apply to the business?

Appel: Market research tells us that the three prime macro-economic indicators that affect our customers the most are the price of gas, inflation on food and clothing and the rate of employment. By late 2014 and early 2015, we have seen a fall in gas prices, meaning customers have more money to spend or repay debt, inflation near zero and employment almost back to 2007 pre-recession levels.

We constantly monitor the evolving economic environment in Canada, including the drop in oil prices. While it may be a negative pressure in oil producing provinces, it is also a benefit for provinces with a larger manufacturing base. Our loan book closely aligns with the population of the various provinces. Ontario represents 44% of the *easyfinancial* loan book and Alberta accounts for only 13%. On balance, we feel that our customers are better off with lower oil prices and that the macro-economic shift of lower oil prices is positive for our business.

Q. How are you using technology to meet changing customer needs?

Pennel: In 2014, we implemented a new, proprietary loan application management system to process applications originated in branch and on-line. We have a new credit decision engine that is fully integrated with our customer relationship management system to more efficiently meet the needs of our growing customer base.

Even though it was just launched in the second half of 2014, the new *goeasy* ad campaign contributed to a dramatic increase in on-line loan applications. This is consistent with a shift toward online applications across the business and is indicative of our customers' preferences.

Our new system gives us a significantly enhanced view of the customer application process and lets us quickly and easily track our loan originations geographically, by industry or by employer. It also allows us to dynamically adjust our underwriting criteria, serve our customers and manage our loan portfolio better.

Jason Appel
SVP Risk and Analytics

Shane Pennel
SVP Operations
and Shared Services

HIGHLIGHTS

Achieved 18.4% total revenue growth and 19.6% same store sales growth

2014 was the thirteenth consecutive year of growing revenues and delivering positive net income

Grew *easyfinancial*'s consumer loans receivable portfolio by a record 74% to finish the year with a gross consumer loans receivable portfolio of $192.2 million

Achieved 31% growth in adjusted earnings and 17% growth in adjusted earnings per share which provided record results

Increased the available credit facilities from $85 million to $200 million to support the growth of easyfinancial while increasing flexibility and decreasing the interest rate

Opened 39 new *easyfinancial* locations

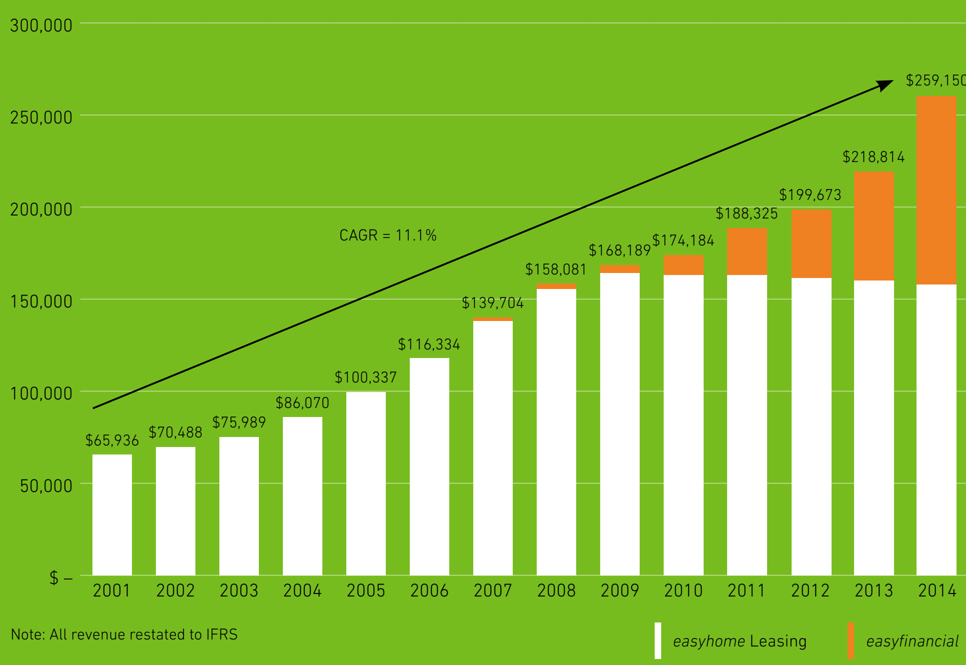
E-commerce transactional websites were enhanced and promoted to improve access to the company's products and services

Implemented a proprietary loan application management system to process applications originated in the retail and online channels

Launched a new masterbrand: goeasy, to provide a corporate umbrella that unites all of the company's business units

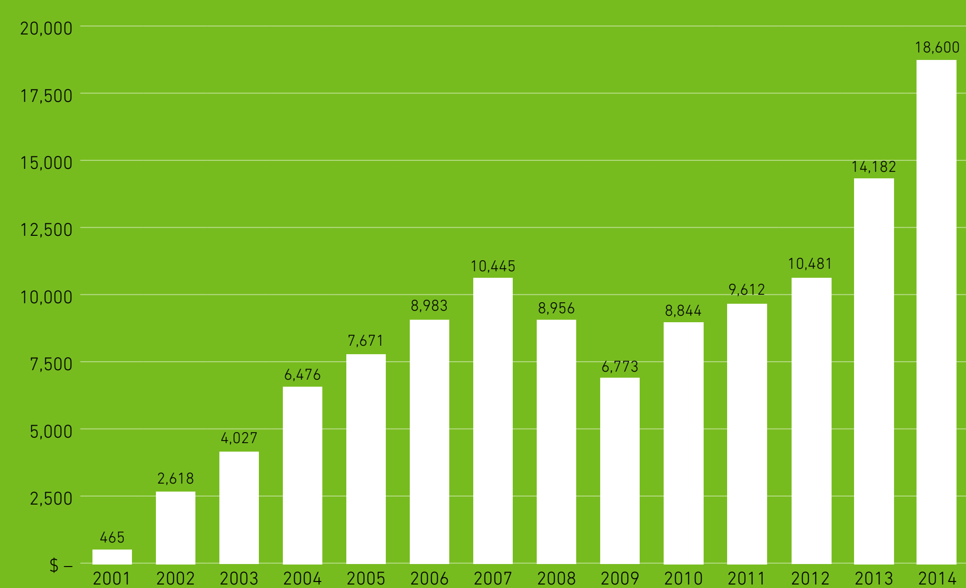
Completed the wind-down of our U.S. operations to focus on the opportunities in the Canadian marketplace

Annual Revenue ($000s)



Note: All revenue restated to IFRS

Normalized Annual Net Income ($000s)



Note: 2001 to 2009 amounts reported on a Canadian GAAP basis. 2010 to 2014 amounts reported under IFRS

FINANCIAL SUMMARY

(in $000s except per share amounts, employee counts, percentages and ratios)	2014	2013	2012	2011	2010
Income statement					
Revenue	259,150	218,814	199,673	188,325	174,184
Operating income	34,593	24,965	17,709	15,267	9,710
Net income	19,748	14,182	11,057	9,612	6,072
Diluted earnings per share	1.42	1.15	0.92	0.81	0.58
Balance sheet					
Lease assets	64,526	68,453	68,075	66,996	67,692
Gross consumer loans receivable	192,225	110,704	70,658	47,565	23,800
Total assets	319,472	232,900	189,927	159,123	139,088
External debt	121,597	61,374	39,611	33,123	18,251
Shareholders' equity	153,968	135,633	105,013	97,542	91,511
Cash flow					
Net issuance of consumer loans receivable	101,021	52,152	31,425	29,398	16,872
Purchase of lease assets	49,066	49,423	55,446	48,614	47,130
Purchase of property and equipment, intangibles and goodwill	12,339	11,233	11,630	5,584	6,226
Dividend payments	4,527	4,060	4,038	3,913	3,562
Key metrics					
Adjusted earnings[1]	18,600	14,182	10,481	9,612	8,844
Adjusted earnings per share[1]	1.34	1.15	0.87	0.81	0.84
Operating margin (adjusted)[1]	12.9%	11.4%	8.7%	8.1%	7.9%
Return on equity (adjusted)[1]	12.9%	12.4%	10.4%	10.2%	10.4%
Same store revenue growth	19.6%	17.7%	8.9%	8.2%	4.3%
External debt to shareholders' equity	0.79	0.45	0.38	0.34	0.20
External debt to adjusted EBITDA[1]	2.91	2.01	1.82	1.72	0.95
Employees	1,496	1,254	1,241	1,259	1,191

[1]Certain financial statement amounts have been adjusted to exclude unusual and non-recurring items. Further details on such adjustments can be found in the Management's Discussion and Analysis.

Last year marked another successful year

David Ingram
President and
Chief Executive Officer (CEO)

2014 – A year of accomplishments

Last year marked another successful year of *easyhome's* long-term plan to aggressively grow the Company and be the Canadian leader in providing goods and financial services to the cash and credit constrained consumer. We achieved record performance for both revenue and profit, driven primarily by the success of *easyfinancial*. This financial strength led our Board of Directors to approve an 18% increase to our quarterly dividend from $0.085 to $0.10 per share.

In 2014, we continued to execute on our strategic imperatives of evolving our delivery channels, expanding the size and scope of *easyfinancial* and executing with efficiency and effectiveness. Four major achievements shaped the year and helped us on our path to achieving our full potential.

First, we strengthened our balance sheet to support future growth by increasing the Company's debt facilities from $85 million to $200 million while reducing interest rates and improving flexibility. This not only gave us access to fund our growth but also lowered our overall cost of borrowing.

Second, we wound down our U.S.-based franchising business, allowing us to focus on the Canadian market. We believe the Canadian market offers the best opportunity for us, as there is a large, unmet need with the cash and credit constrained consumer.

Third, we saw success in improving our operating margin, a key metric for our business. In 2014, our operating margin for *easyfinancial* was 32.7%, up from the 31.0% achieved in 2013. While we do expect that the earnings drag from the increased number of new store openings in 2015 will bring *easyfinancial* margins to 28 – 32% next year, we are confident that *easyfinancial* margins will return to more robust levels of 32 – 35% in 2016 and beyond.

Our fourth achievement of the year was the launch of our first multi-faceted branding campaign to introduce customers to our *easyhome* leasing and *easyfinancial* businesses under a new common brand called *goeasy*.

Shortly after the end of the year, we purchased the lease rights and obligations for 45 retail locations across Canada from a former payday loan operator. This acquisition will allow us to accelerate our *easyfinancial* retail build-out in 2015 as we were able to carefully select the best locations to match our unfilled targeted geography. The timing is well aligned as consumer demand for an alternative to banks and payday loans has grown significantly over the last 12 months and these branches will provide further access and convenience to our chosen customer demographic.

Growing easyfinancial with confidence

As part of our strategy, we have made the decision to focus on Canada. We believe there is a large, relatively untapped market for credit solutions for customers with less than perfect credit history or who are looking for alternatives. Historically, the consumer demand for these loans was satisfied by the consumer lending arms of several large, international financial institutions. Since 2009, many of the largest participants in this market have either closed their operations or dramatically reduced their size due to changes in banking regulations related to risk adjusted capital reserves, leaving *easyfinancial* as the only national participant with stated growth aspirations. We estimate that the historic Canadian market for unsecured consumer installment loans, consistent with the products offered by *easyfinancial*, was in excess of $1.5 billion at its peak, and will grow to more than $2 billion annually.

To be successful in this market, we have developed proprietary underwriting practices and credit scoring models that have been developed using the historical performance of our loan portfolio. In the fourth quarter of 2014, we implemented a proprietary loan application management system to process applications originated in branch and online. This system is supported by a new credit decision engine built in partnership with a global leader in risk management technology solutions and is fully integrated with our customer relationship management system enabling us to more efficiently meet the needs of our growing customer base.

With our loan application and customer relationship management fully integrated on one platform, we have achieved greater centralized control over the underwriting process and are better positioned to optimize our lending activities with new and existing customers whose needs are constantly changing.

Market research has determined that the three main macro-economic indicators that affect our customers are the price of gas, the rate of food/clothing inflation and employment. The decrease in gas prices that we have experienced in the early part of 2015 is a positive as it generally means customers have more money to spend or repay debt. Inflation in Canada has remained low while employment levels are almost back to 2007 pre-recession levels. All of these factors give us increased confidence in our growth strategy and we see our experience and risk management expertise as key competitive advantages that would be very difficult to replicate.

We continue to monitor the economic environment in Canada. For example, consumer confidence dipped late in 2014, driven partly by the falling price of oil. Conventional wisdom indicates that a decline in the price of oil will have a negative impact on Alberta's economy. When this occurred, we were able to quickly assess our risk and determined that our direct exposure to the industry sector as a whole was less than 2%. Our loan book closely aligns with the population of the various provinces, and as such, Ontario represents 44% of the *easyfinancial* loan book and Alberta accounts for only 13%. In the long run, the declining dollar creates a positive outlook for the Ontario economy, which is more focused on manufacturing. On balance we feel that our customers are better off with lower oil prices and that this macro-economic shift is positive for our business.

New master brand – goeasy

In September, we launched a new master brand – *goeasy*.

The new *goeasy* master brand will provide a corporate umbrella that unites and supports our sub-brands of *easyhome* Leasing and *easyfinancial* and allows us to more effectively reach our targeted demographic – the cash and credit constrained consumer – with all lines of business, including lease-to-own furniture, appliances, electronics and computers, loans from $500 up to $10,000 and mortgages.

The values of the new *goeasy* master brand are Access, Relief and Respect. When a customer deals with any of our business units, they will know they can obtain greater access to products and services through us than they can through more traditional retailers or banks who have denied them in the past. We will provide our customers with relief from their financial challenges with the promise of a decision within 30 minutes. And, most importantly, our customers will know that they will be respected by our Company and our people throughout their entire customer experience. To date, our customer satisfaction surveys undertaken by a third party reveal that 95% of our customers are satisfied or highly satisfied with their experience with us.

goeasy is an integral part of our omni-channel marketing strategy whereby customers can engage or transact with us in store, online, on the telephone or on their mobile device. Our advertisements are designed to educate our customers about our values as well as our products and services and ultimately allow them to access our product and service offering in the way that suits them. Web traffic to our sites, a key measure of success for our *goeasy* launch, was up 153% in the fourth quarter of 2014 from the same period of 2014. We have seen significant growth in online orders within our leasing business while online applications for *easyfinancial* increased 181% in the fourth quarter of 2014 compared with the comparable period of 2013. Building our brand recognition through *goeasy* allows us to access a larger pool of customers who may not currently be serviced by one of our nearby locations or who are more comfortable transacting electronically. Enhancing our online transactional capabilities means that our customers have a positive experience while accessing us remotely.

We make goods and credit available to people so they can access the things they need to make life better. We take pride in treating our customers with dignity and respect by helping them gain momentum and empowering them to help themselves. Together, we are building a business around these values and we are succeeding. We provide products that serve a need in the market. We deliver them with a high level of respectful customer service and we operate with a discipline that allows us to be efficient and effective managers, improving returns to our shareholders. As we build market awareness, customer trust and loyalty will follow. This will allow us to pursue new lines of businesses, such as mortgages, which will allow us to deepen the relationship with our customers and further fuel our growth.

The right team to manage growth

As part of our five-year plan, we have recruited some of the top people in their respective fields to manage our growth strategy. In the past year, we have added key members to the management team to oversee key roles in risk, marketing, finance, and operations.

We now have the right people and systems in place to manage our rapid growth plans, while ensuring that the quality of our loan portfolio is not compromised.

Outlook for 2015 and beyond

We remain very confident for 2015 and beyond. We expect to substantially grow our *easyfinancial* footprint by adding 60 to 65 new locations in 2015, including the 45 acquired locations already announced, and another 20 to 30 locations in 2016. We anticipate growing our revenue by 18 to 22% in each of the next two years, which will be achieved by increasing our gross consumer loans receivable portfolio to $280-295 million by the end of 2015, and to $340-370 million by the end of 2016. While growth is important to us, we intend to grow in a sustainable fashion, always with a keen eye on risk management.

On behalf of the management team, I want to thank our employees for their dedication over the past year. I would also like to thank our Board of Directors for their guidance and their commitment to good governance as we execute on our exciting growth strategy.

Sincerely,
David Ingram,
President & CEO


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TABLE OF CONTENTS

Date: February 18, 2015

The following Management's Discussion and Analysis ["MD&A"] presents an analysis of the financial condition of *easyhome* Ltd. and its subsidiaries [collectively referred to as "*easyhome*" or the "Company"] as at December 31, 2014 compared to December 31, 2013, and the results of operations for the three month period and year ended December 31, 2014 compared with the corresponding periods of 2013. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2014. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ["IFRS"], unless otherwise noted. All dollar amounts are in thousands of Canadian dollars unless otherwise indicated.

This MD&A is the responsibility of management. The Board of Directors has approved this MD&A after receiving the recommendations of the Company's Audit Committee, which is comprised exclusively of independent directors, and the Company's Disclosure Committee.

This MD&A refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to our financial statements. The Company discusses these measures because it believes that they facilitate the understanding of the results of its operations and financial position.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's Annual Information Form. These filings are available on SEDAR at *www.sedar.com* and on the Company's website at *www.easyhome.ca*.

Caution Regarding Forward Looking Statements

This MD&A includes forward-looking statements about *easyhome*, including, but not limited to, its business operations, strategy and expected financial performance and condition. Forward-looking statements include, but are not limited to, those with respect to the estimated number of new locations to be opened, targets for growth of the consumer loans receivable portfolio, annual revenue growth targets, strategic initiatives, new product offerings and new delivery channels, anticipated cost savings, planned capital expenditures, anticipated capital requirements, liquidity of the Company, plans and references to future operations and results and critical accounting estimates. In certain cases, forward-looking statements that are predictive in nature, depend upon or refer to future events or conditions, and/or can be identified by the use of words such as 'expects', 'anticipates', 'intends', 'plans', 'believes', 'budgeted', 'estimates', 'forecasts', 'targets' or negative versions thereof and similar expressions, and/or state that certain actions, events or results 'may', 'could', 'would', 'might' or 'will' be taken, occur or be achieved.

Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations and business prospects and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company's operations, economic factors and the industry generally, as well as those factors referred to in the section entitled "Risk Factors". There can be no assurance that forward-looking statements will prove to be as accurate as actual results and future events could differ materially from those expressed or implied by forward-looking statements made by the Company, due to, but not limited to important factors such as the Company's ability to enter into new lease and/or financing agreements, collect on existing lease and/or financing agreements, open new locations on favourable terms, secure new franchised locations, purchase products which appeal to customers at a competitive rate, respond to changes in legislation, react to uncertainties related to regulatory action, raise capital under favourable terms, manage the impact of litigation (including shareholder litigation), control costs at all levels of the organization and maintain and enhance the system of internal controls. The Company cautions that the foregoing list is not exhaustive.

The reader is cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements, which may not be appropriate for other purposes. The Company is under no obligation (and expressly disclaims any such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise, unless required by law.

Overview of the Business

easyhome Ltd. is the Canadian leader in providing goods and financial services to the cash and credit constrained consumer. *easyhome* Ltd. serves its customers through two key operating divisions, *easyhome* Leasing and *easyfinancial*.

The activities of both *easyhome* Leasing and *easyfinancial* are governed by federal laws which set a maximum rate of interest and by the various consumer disclosure acts that exist in each province. As the Company does not offer payday loans and does not accept customer deposits, it is not subject to payday loan legislation or the rules set out for banks by the Office of the Superintendent of Financial Institutions.

Overview of *easyhome* Leasing

The oldest and largest segment of *easyhome's* business is merchandise leasing, with an option to purchase, top-quality, brand name household furnishings, appliances and home electronic products to consumers under weekly or monthly agreements. The Company's programs appeal to a wide variety of consumers who are looking for alternatives to traditional retailers and who are attracted to a leasing transaction that does not involve a credit check, does not require an initial down payment, includes delivery and set up and offers them the flexibility to terminate the arrangement at any time. These consumers may not be able to purchase merchandise because of a lack of credit or insufficient cash resources, who have a short-term or otherwise temporary need for the merchandise, or who simply want to use the merchandise, with no long-term obligation, before making a purchase decision.

Customers who wish to lease merchandise with an option to purchase from *easyhome* are required to enter into *easyhome's* standard form merchandise leasing agreement [a "Merchandise Lease Agreement"]. The Merchandise Lease Agreement provides that the customer will lease merchandise for a set term and make periodic payments on a weekly or monthly basis. Generally, customers are required to make an initial up-front lease payment and thereafter the periodic payments are collected in advance for each payment period. If the customer makes all of the periodic payments throughout the lease term, he or she will obtain ownership of the merchandise. In addition, at specified times during the term of a Merchandise Lease Agreement, customers can exercise an option to purchase the leased merchandise at a predetermined price. *easyhome* maintains ownership of its merchandise until this purchase option is exercised. Ultimately, *easyhome* customers have the flexibility to return the merchandise at any time without any further obligations.

easyhome Leasing operates through both corporately owned stores located across Canada and through a network of franchised locations. Additionally, since 2013, the Company allows customers to enter into merchandise leasing transactions through its e-commerce platform.

Overview of *easyfinancial*

easyfinancial is the Company's financial services arm, offering installment loans and other ancillary financial services. *easyfinancial* offers unsecured, installment loans in amounts from $500 to $10,000 for 9 to 48 month terms with bi-weekly, semi-monthly and monthly repayment options. Customers can choose to repay the entire loan balance at any time during the term without penalty. As a credit reporting lender, *easyfinancial* positions its loan products as a vehicle to help rebuild credit and provide access to financing for the cash and credit constrained consumer.

easyfinancial is a logical complement to the *easyhome* Leasing business, leveraging the resources of its affiliate and its expertise in transacting with a similar customer segment.

easyfinancial's loans occupy a critical niche in the marketplace, bridging the gap between traditional financial institutions and costly payday lenders. Traditional financial institutions are unable to effectively offer credit solutions to consumers that are deemed to be a higher credit risk due to the consumer's financial situation or less than perfect credit history. These same consumers prefer to avoid the high fees and onerous repayment terms imposed on them by payday lenders for access to credit solutions that they require to deal with unforeseen financial situations. *easyfinancial's* products appeal to these cash and credit constrained consumers who are looking for alternatives.

The Company believes that there is significant demand for the products offered by *easyfinancial* in the Canadian marketplace. Historically, the consumer demand for these loans was satisfied by the consumer lending arms of several large, international financial institutions. Since 2009, many of the largest participants in this market have either closed their operations or dramatically reduced their size due to changes in banking regulations related to risk adjusted capital reserves, leaving *easyfinancial* as the only national participant with stated growth aspirations. The Company estimates that the historic Canadian market for unsecured consumer installment loans, consistent with the products offered by *easyfinancial*, was in excess of $1.5 billion and that this market was serviced by over 600 retail locations.

The *easyfinancial* business was initially developed using a kiosk that was physically located within an existing *easyhome* Leasing location. In 2011, to better meet customer demand for its products, the Company determined that the *easyfinancial* business would scale more successfully by operating out of stand-alone locations that were physically separated from the *easyhome* Leasing stores. These larger and higher capacity stand-alone locations also exhibited a more rapid growth trajectory. The first *easyfinancial* stand-alone location was opened in July 2011. Future location growth will be focused on stand-alone locations, which will also free up retail showroom space at the *easyhome* Leasing stores.

In 2013, a transactional website was launched by *easyfinancial* for securing consumer installment loans. This new delivery channel allowed the Company to reach consumers who may not have had access to a physical location or those who preferred to interact through the privacy and convenience of their home.

The Company recognizes that the loan products it offers to consumers carry a higher risk of default than the loan products offered by traditional banks and, as such, the Company will incur a higher level of delinquencies and charge offs, but that this will be offset by the higher yield generated on the consumer loans receivable. To assist with the management of this risk, the Company has developed proprietary underwriting practices and credit scoring models that have been developed using the historical performance of its portfolio. The Company continuously enhances these practices and scoring models to make better lending decisions, with a goal of maximizing total returns.

Corporate Strategy

The Company is committed to being the Canadian leader in providing goods and financial services to the cash and credit constrained consumer. To maintain this position, the Company must continuously evolve to meet the needs of its chosen consumer segment. Additionally, the Company must focus on maintaining its competitive advantage by capitalizing on the key aspects of each business unit, including brand awareness, superior customer service and its cross-country retail network. Cost efficiencies through economies of scale and shared services will further contribute to the Company's ability to contend with competitive activities in the marketplace.

To achieve this long-term goal, the Company has three key business imperatives:

- Evolving the delivery channels to better meet the needs of its customers
- Expanding the size and scope of *easyfinancial*
- Executing with efficiency and effectiveness

Evolving the Delivery Channels

Up until 2013, all of *easyhome's* interactions with its leasing and financial services customers occurred at a physical retail location. In 2013, transactional websites were launched by *easyhome* Leasing for the leasing of new furniture, appliances and electronics, and *easyfinancial* for securing consumer installment loans. These new delivery channels allowed the Company to reach consumers who may not have had access to a physical location or those who preferred to interact through the privacy and convenience of their home. Further optimization of these channels will be achieved through ongoing analysis of transactional performance data and the enhancement of the transactional websites.

As a further means of responding to consumer demand and capturing growth, *easyfinancial* will also evolve its delivery channels by exploring indirect lending. Indirect lending involves creating partnerships with merchants, both online and offline, to provide financing for their customers who do not qualify for the traditional credit products offered by these merchants. Under such a delivery channel, these customers will be given the opportunity to apply for a loan through *easyfinancial* at the point of purchase, thereby allowing them to purchase the desired products or services from the merchant partner. Lastly, effective centralized support services will ensure a superior customer experience by providing just in time support to the indirect lending channel backed by a fully integrated, real-time CRM platform.

The *easyhome* Leasing business will complement this expansion into indirect lending. Consumer loans made by *easyfinancial* to consumers for the purchase of product categories that are similar to those offered by *easyhome* Leasing will be secured by the purchased merchandise. In the event that the loan goes into default, the goods can be repossessed and the value of these recovered goods can be realized by leasing or selling the assets through the *easyhome* Leasing store network. In this manner, the Company can better manage its risk and has a significant competitive advantage over potential competitors that lack a viable outlet for realizing against the security.

Expanding the Size and Scope of *easyfinancial*

In addition to evolving its delivery channels, the Company will continue to focus on expanding the size and scope of *easyfinancial*. The Company believes that there is significant demand for the products offered by *easyfinancial* in the Canadian marketplace and that a large portion of this demand is currently not being satisfied.

The Company has made significant investments in its processes and infrastructure to position its *easyfinancial* business for long-term sustainable growth, including making the following key enhancements:

- Outside experts were engaged by the Company to evaluate all of the key *easyfinancial* control processes and make recommendations on industry best practices. All of the opportunities identified by these experts have been addressed.
- The Company has developed an internal competence in evaluating and managing credit risk. Using leading edge, data-driven modeling and analytical techniques, underwriting and credit adjudication rules were enhanced with the goal of balancing throughput and charge offs to optimize returns.
- An industry standard banking platform was implemented to ensure that the loans receivable portfolio could be appropriately managed and information could be securely maintained on a scalable infrastructure.
- In 2014, the Company implemented a proprietary loan application management system to process applications originated in its retail and online channels. This system is supported by a new credit decision engine built in partnership with a global leader in risk management technology solutions and is fully integrated with Company's customer relationship management platform enabling it to more efficiently meet the needs of its growing customer base.
- The *easyfinancial* management team was enhanced through the recruitment of senior managers with broad experience in the financial services and mobile technology industries.
- Through a combination of equity offerings, debt offerings and renegotiation of existing lending relationships, the Company secured the necessary capital to fund the expected growth for the near-term. The continued successful growth of the *easyfinancial* portfolio and the strengthened balance sheet should provide for access to further levels of capital in the future at reduced costs.

Unlike *easyhome* Leasing, the retail footprint of *easyfinancial* is not yet mature and requires expansion. The Company estimates that its retail footprint for *easyfinancial* could expand to over 250 locations across Canada. The Company is responding to this opportunity by strategically adding new stand-alone locations. In addition to providing more convenient access to the customers that wish to transact in a physical retail environment, the critical mass of physical locations will strengthen the Company's financial services brand, establishing *easyfinancial* as the leader in providing financing solutions to consumers who are looking for an alternative to traditional banks and payday lenders.

Over the long-term, the Company expects the operating margin of its *easyfinancial* business unit to exceed 35% (before any allocation of indirect corporate costs, interest and taxes). This operating margin, however, will be muted in periods of rapid expansion. Additional *easyfinancial* store openings will provide a drag on margins as the relatively fixed cost base of a new location in the months after opening will be disproportionately large until the consumer loans receivable portfolio for that location has grown to a sufficient size to generate larger revenues. The Company will continue to make investments in technology as it develops the required platforms for the new delivery channels. Additionally, the Company will make greater investments in marketing and advertising expenditures, particularly in electronic media, that will drive further growth of the portfolio, but will increase the expense load in the periods where such marketing and advertising occurs.

The expansion of *easyfinancial* will also be aided by the introduction of complementary financial products. The Company has a stated goal of being the Canadian leader in providing goods and financial services to the cash and credit constrained consumer and so the Company intends to build out a suite of products that can ladder a customer from establishing credit to home ownership. In cases where the Company has the expertise and resources to offer these products directly, it will do so. In other cases, it will look to partner with primary providers of these products and offer such products to the Company's customers under a commission or fee type arrangement. As an example, in 2014 the Company launched a licensed mortgage brokerage business designed to assist customers in obtaining mortgage financing.

Executing with Efficiency and Effectiveness

The Company believes that the products and services presented to its customers are clearly differentiated from its competitors. *easyhome* Leasing has established itself as the Canadian market leader by providing a more inviting retail experience than its direct competitors, providing consumers with the guaranteed lowest weekly payment rates, and by employing more engaged and better trained retail associates. *easyfinancial* provides consumers with a financing alternative that is less costly than payday loans and quicker and more convenient than traditional banks, all in an inviting retail or electronic environment.

To meet the demands of its customers and to maximize the profitability of the overall business, the Company will continue to focus on improving its level of execution across all areas of the business.

Offer High Levels of Customer Service and Satisfaction

Customer retention is of paramount importance. Frequent and positive customer interactions encourage repeat business and provide high levels of service and satisfaction. As part of its effort to provide superior customer service, the Company offers quick delivery of its merchandise and rapid loan decisions and funding. The Company believes that competent, knowledgeable and motivated personnel are necessary in order to achieve high levels of customer service and satisfaction. Accordingly, the Company has intensive employee training programs, as well as performance measurement programs, incentive driven compensation plans and other tools, in order to drive a positive customer experience and ensure customer retention.

Increase Store Level Efficiency

Although the Company will pursue the previously described methods to encourage customer retention and growth, it must also aggressively manage all discretionary spending. Supplier relationships and economies of scale will be leveraged to reduce overall costs. Idle inventory levels within its stores will be maintained at optimum levels, balancing the need to provide customers with the choice and selection they require with the capital committed and management effort required to maintain this inventory. Other costs, especially labour, will be tightly controlled through centrally established thresholds, allowing spending to occur only when it will result in improved revenues. In addition, the Company will remediate and, if necessary, close underperforming stores, merging their portfolios with other nearby locations.

Utilize Data Analysis as a Competitive Advantage

The Company has a tremendous volume of customer data that it has gained from years of operating its merchandise leasing and consumer lending businesses. The Company has made significant investments in information technology to safeguard the privacy of this data and also to allow the business to analyze this data to make better business decisions. The intelligent use of this data and analysis will allow *easyfinancial* to continually enhance its underwriting practices and credit scoring models to make better lending decisions. It will allow *easyhome* Leasing to better understand the retention patterns of its customers and develop marketing and customer relationship programs that are tailored to each customer's needs while maximizing profitability to the Company.

Leverage the Synergies of Both Business Units

The *easyhome* Leasing and *easyfinancial* businesses offer different products to a common customer segment and share many operational practices such as customer relationship management, collections and contract administration. Historically, and as is common with both industries, these practices have been performed by each business unit at the local operating store level. While this approach results in more direct contact with customers, it makes it difficult to foster best practices and achieve economies of scale.

In the fourth quarter of 2013, The Company opened a new Shared Service Centre to provide operational support for both business units in areas such as collections, customer retention and customer care and to support the new delivery channels that do not operate with a dedicated local presence. The Company believes that this hybrid structure will allow local operators to continue to provide a strong level of service directly to their customers, and will enable many administrative and support functions to be performed at a reduced cost, employing best practices. Going forward, additional opportunities for providing coordinated operational support for all business units will be explored.

Continue to Invest in New Technologies

As indicated previously, the Company has made significant investments in technology over the past several years to provide *easyfinancial* with a scalable platform on which to support significant future growth and to allow new delivery channels to be accessed. This investment in new technologies will continue in the future as the Company evolves its delivery channels and expands the size and scope of *easyfinancial*. Investments in new technology will also be made to provide the operators and support staff with additional tools so that they can better service their customers and obtain greater levels of efficiency.

Improve Brand Recognition Through goeasy

In the third quarter of 2014 the Company announced a new master brand: *goeasy*. Going forward, the Company's new *goeasy* master brand will provide a corporate umbrella that unites and supports its sub-brands of *easyhome* and *easyfinancial* and allow it to more effectively reach its targeted demographic – the cash and credit constrained consumer – with all its lines of business.

The values of the new *goeasy* master brand are Access, Relief and Respect. When a customer deals with any of the Company's business units, they will know they can obtain greater access to products and services than they can through more traditional retailers or banks who have denied them in the past. Customers will be provided with relief from their financial challenges with the promise of a decision within 30 minutes. Finally, customers will know that they will be respected by the Company and its people throughout their entire customer experience. These are the core pillars that anchor the *goeasy* brand.

The new master brand launch also involved a shift away from traditional paper based advertising channels towards a greater investment in broadcast and digital media. By focusing on the master brand, the Company will maximize the impact of its advertising dollars. Both of the Company's sub-brands (*easyhome* and *easyfinancial*) will be united under this one umbrella with one common message focused around the core brand pillars. It will reach a new set of customers that are unaware of the Company's products and services. Longer term, the master brand will facilitate the launch of new products and services and reduce the cost of customer acquisition.

Outlook

The discussion in this section is qualified in its entirety by the cautionary language regarding forward-looking statements found in the "Caution Regarding Forward-Looking Statements" of this MD&A.

Update of 2014 Targets

The Company's 2014 targets, along with the underlying assumptions and risk factors, were originally communicated in its December 31, 2013 MD&A and subsequently revised in its June 30, 2014 MD&A.

	Actual Results for 2014	Revised Targets for 2014	Explanation for Variance to Targets
New *easyhome* Leasing stores opened in year			
Corporately owned stores	**–**	–	Target achieved
Franchise stores that are consolidated for financial statement purposes	**2**	2	Target achieved
Franchise stores	**5**	3	Target achieved
New *easyfinancial* locations opened in year	**36**	30 – 35	Target achieved
Gross consumer loans receivable portfolio at year end	**$192.2 million**	$180 – $190 million	Target surpassed due to stronger than anticipated demand for the *easyfinancial* product
easyfinancial operating margin	**32.7%**	30 – 32%	Target achieved
Total revenue growth	**18.4%**	14 – 16%	Target surpassed due to stronger than anticipated demand for the *easyfinancial* product

Looking to 2015, *easyhome's* strategic focus remains unchanged. The Company will focus on evolving its delivery channels, expanding the size and scope of *easyfinancial* and executing with efficiency and effectiveness.

Update of Two Year Targets

The Company's 2015 and 2016 targets were originally reported in its December 31, 2013 MD&A and were subsequently revised during 2014 due to the strong growth of the Company's *easyfinancial* business. The following table outlines the Company's targets for 2015 and 2016 and provides the material assumptions used to develop such forward-looking statements. In addition to targets on new store openings and revenue growth, the Company has provided additional targets specific to the *easyfinancial* business as this business unit has a relatively short history and is going through a period of rapid expansion. These targets are inherently subject to risks which are identified in the following tables, as well as those risks referred to in the section entitled "Risk Factors".

	Targets for 2015	Targets for 2016	Assumptions	Risk Factors[1]
New *easyfinancial* locations opened in year	**60 – 65**	**20 – 30**	• The Company continues to be able to access growth capital for its *easyfinancial* business at a reasonable cost. • Virtually all new locations will operate as stand-alone branches.	• The earnings drag from newly opened locations is within acceptable levels. • The Company's ability to secure new real estate and experienced personnel.
Gross consumer loans receivable portfolio at year end	**$280 – $295 million**	**$340 – $370 million**	• The new store opening plan and the development of new delivery channels occur as expected. • The Company continues to be able to access growth capital for its *easyfinancial* business at a reasonable cost.	• Retail business conditions are assumed to be within normal parameters with respect to consumer demand and margins. • The Company's ability to secure new real estate and experienced personnel.
Total revenue growth	**18% – 22%**	**18% – 22%**	• Nominal growth for the *easyhome* Leasing business unit. • Continued accelerated growth of the consumer loans receivable portfolio, driven by new delivery channels, additional store openings and increased marketing spend. • No changes to the yield on *easyfinancial*'s products.	• Retail business conditions are assumed to be within normal parameters with respect to consumer demand and margins. • Changes to regulations governing the products offered by the Company.
easyfinancial operating margin	**28% – 32%**	**32% – 35%**	• Although the long term *easyfinancial* margin is expected to be 35%, operating margins in 2015 will be moderated by investments made to drive future growth including the additional cost of the 45 acquired sites • Yield and cost rates at mature locations are indicative of future performance	• The Company's ability to achieve operating efficiencies as its locations mature. • The earnings drag from newly opened locations is within acceptable levels.

[1] Risk factors include those risks referred to in the section entitled "Risk Factors".

Analysis of Results for the Year Ended December 31, 2014

Financial Highlights and Accomplishments

- 2014 was the thirteenth consecutive year of growing revenues and delivering profits. Since 2001, total revenue has seen a compounded annual growth rate of 11.1% while net income has grown from a loss of $1.9 million in 2001 to net income of $19.7 million in 2014. In 2014, the Company delivered record levels of revenue, net income and earnings per share.
- *easyhome* continued to grow revenue during 2014. Revenue for the year increased to $259.2 million from $218.8 million in 2013, an increase of $40.4 million or 18.4%. The growth was driven primarily by the expansion of *easyfinancial* and its consumer loan receivable portfolio. Same store revenue growth for the year, which includes revenue growth from *easyfinancial*, was 19.6%. Excluding the impact of *easyfinancial*, same store revenue growth was 2.6%.
- The Company continued to secure the additional capital needed to fund the growth of its consumer loans receivable portfolio at lower costs throughout the year. In the third quarter of 2014, the Company entered into a new $200 million credit facility, replacing the Company's previous debt facilities and providing $115 million of additional capital to support the growth of *easyfinancial*. The new credit facility, which expires on October 4, 2018, is comprised of a $180 million term loan and a $20 million revolving operating facility. This additional capital will allow *easyfinancial* to continue to expand during 2015.
- In the third quarter of 2014, the Company announced the launch of a new master brand: *goeasy*. The Company's new *goeasy* master brand will provide a corporate umbrella that unites and supports its sub-brands of *easyhome* and *easyfinancial* and allows it to more effectively reach its targeted demographic – the cash and credit constrained consumer. The new master brand launch was complemented by an integrated advertising campaign which included television ads, a new website (www.*goeasy*.com) and social media channels, as well as in-store and direct mail marketing. The brand launch, and incremental marketing to fuel the growth of *easyfinancial*, resulted in higher advertising spend in 2014.
- During 2014, the consumer loans receivable portfolio experienced record growth, increasing by $81.5 million compared with growth of $40.0 million in 2013. The gross consumer loans receivable as at December 31, 2014 was $192.2 million compared with $110.7 million as at December 31, 2013, up 73.6%. Similarly, *easyfinancial* revenue increased by 72.3% in the year compared to 2013, driven by the expanded consumer loans receivable portfolio. During the year, *easyfinancial* opened 37 new branches.
- The key metrics measuring the performance of the Company's consumer loans receivable portfolio both improved in the year. Bad debt expense as a percentage of revenue improved from 25.3% in 2013 to 24.1% in the current year while net charge offs as a percentage of average gross consumer loans receivable improved from 13.9% in 2013 to 13.0% in the current year.
- 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 quarter ended December 31, 2014, a net credit of $1.2 million was recorded as restructuring and other charges within operating income. No further related charges are expected in future periods.

- Operating income for 2014 was $34.6 million compared to $25.0 million in 2013, an increase of $9.6 million or 38.6%. Overall operating margin for the year was 13.3%, up from the 11.4% reported in 2013. Excluding restructuring and other items, adjusted operating earnings for the year was $33.4 million, up $8.4 million or 33.7% compared with 2013. Adjusted operating margin was 12.9% for the year.
- Net income for 2014 reached a record level of $19.7 million or $1.42 per share on a diluted basis compared with $14.2 million or $1.15 per share in 2013, an increase of $5.5 million and $0.27 respectively. Excluding the impact of restructuring and other items, adjusted earnings for 2014 was $18.6 million or $1.34 per share on a diluted basis.
- During the fourth quarter of 2014, the Company implemented a proprietary loan application management system to process applications originated in its retail and online channels. This system is supported by a new credit decision engine built in partnership with a global leader in risk management technology solutions and is fully integrated with Company's customer relationship management platform enabling it to more efficiently meet the needs of its growing customer base.

Summary Financial Results and Key Performance Indicators

(in $000's except earnings per share and percentages)	Year Ended Dec. 31, 2014	Year Ended Dec. 31, 2013	Variance $ / %	Variance % Change
Summary Financial Results				
Revenue	**259,150**	218,814	40,366	18.4%
Operating expenses before depreciation and amortization	**167,916**	140,137	27,779	19.8%
EBITDA	**41,809**	30,599	11,210	36.6%
EBITDA margin	**16.1%**	14.0%	2.1%	–
Depreciation and amortization expense	**56,641**	53,712	2,929	5.5%
Operating income	**34,593**	24,965	9,628	38.6%
Operating margin	**13.3%**	11.4%	1.9%	–
Finance costs	**8,800**	5,638	3,162	56.1%
Effective income tax rate	**23.4%**	26.6%	(3.2%)	–
Net income for the period	**19,748**	14,182	5,566	39.2%
Diluted earnings per share	**1.42**	1.15	0.27	23.5%
Adjusted (Normalized) Financial Results[1]				
Adjusted EBITDA margin	**15.7%**	14.0%	1.7%	–
Adjusted operating earnings	**33,368**	24,965	8,403	33.7%
Adjusted operating margin	**12.9%**	11.4%	1.5%	–
Adjusted earnings	**18,600**	14,182	4,418	31.1%
Adjusted earnings per share	**1.34**	1.15	0.19	16.5%
Key Performance Indicators[1]				
Same store revenue growth	**19.6%**	17.7%	1.9%	–
Same store revenue growth excluding *easyfinancial*	**2.6%**	7.3%	(4.7%)	–
Potential monthly lease revenue	**10,955**	11,430	(475)	(4.2%)
Change in potential monthly lease revenue due to ongoing operations	**143**	243	(100)	(41.1%)
easyhome Leasing operating margin	**15.4%**	16.4%	(1.0%)	
Gross consumer loans receivable	**192,225**	110,704	81,521	73.6%
Growth in consumer loans receivable	**81,521**	40,046	41,475	103.6%
Gross loan originations	**233,805**	142,008	91,797	64.6%
Bad debt expense as a percentage of *easyfinancial* revenue	**24.1%**	25.3%	(1.2%)	–
Net charge offs as a percentage of average gross consumer loans receivable	**13.0%**	13.9%	(0.9%)	
easyfinancial operating margin	**32.7%**	31.0%	1.7%	

[1] See description in section "Key Performance Indicators and Non-IFRS Measures".

Store Locations Summary

	Locations as at Dec. 31, 2013	Locations opened during year	Locations closed / sold during year	Conversions	Locations as at Dec. 31, 2014
***easyhome* Leasing**					
Corporately owned stores	173	–	(6)	(4)	**163**
Consolidated franchise locations	9	2	(3)	(2)	**6**
Total consolidated stores	182	2	(9)	(6)	**169**
Canadian franchise stores	19	–	(1)	5	**23**
U.S. franchise stores[1]	36	5	(42)	1	**–**
Total franchise stores	55	5	(43)	6	**23**
Total *easyhome* Leasing stores	237	7	(52)	–	**192**
easyfinancial					
Kiosks (in store)	65	1	–	(2)	**64**
Stand-alone locations	53	36	(2)	2	**89**
National loan office	1	–	–	–	**1**
Total *easyfinancial* locations	119	37	(2)	–	**154**

[1]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 U.S. franchisees. The stores for which royalties will no longer be received were treated as locations closed or sold during the quarter for reporting purposes.

Summary Financial Results by Operating Segment

($ in 000's except earnings per share)	Year Ended December 31, 2014			
	easyhome Leasing	*easyfinancial*	Corporate	Total
Revenue	**158,322**	**100,828**	**–**	**259,150**
Total operating expenses before depreciation and amortization and restructuring and other items	**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**
Operating income (loss)	**24,306**	**33,006**	**(22,719)**	**34,593**
Finance costs				**8,800**
Income before income taxes				**25,793**
Income taxes				**6,045**
Net income for the period				**19,748**
Diluted earnings per share				**1.42**

($ in 000's except earnings per share)	Year Ended December 31, 2014			
	easyhome Leasing	*easyfinancial*	Corporate	Total
Revenue	160,296	58,518	–	218,814
Total operating expenses before depreciation and amortization	82,778	38,435	18,924	140,137
Depreciation and amortization	51,210	1,918	584	53,712
Operating income (loss)	26,308	18,165	(19,508)	24,965
Finance costs				5,638
Income before income taxes				19,327
Income taxes				5,145
Net income for the period				14,182
Diluted earnings per share				1.15

Revenue

Revenue for the year ended December 31, 2014 was $259.2 million compared to $218.8 million in 2013, an increase of $40.3 million or 18.4%. Same store sales growth for the year was 19.6%. The increase to revenue was driven by the growth of the *easyfinancial* business.

easyhome Leasing – Revenue for the year ended December 31, 2014 was $158.3 million, a decrease of $2.0 million from 2013. The year over year change in revenue can be attributed to several factors:

- Revenue growth across the Canadian store network (excluding the impact of store sales and closures) was $0.8 million in 2014 compared to the prior year.
- The acquisition of leasing portfolios in the year which were merged with existing stores resulted in an additional $0.2 million of revenue in 2014 when compared with 2013.
- Growth in the franchise network, both from consolidated franchise locations and fees generated from unconsolidated franchises, contributed to $1.6 million of revenue growth.
- Revenue gains were offset by store closures and sales which occurred during the past two years (net of the transfer of portfolios to nearby locations) resulting in a $4.6 million decline in revenue.

easyfinancial – Revenue for the year ended December 31, 2014 was $100.8 million, an increase of $42.3 million or 72.3% from 2013. The increase was due to the growth of the consumer loans receivable portfolio, which increased from $110.7 million as at December 31, 2013 to $192.2 million as at December 31, 2014, an increase of $81.5 million or 73.6%. The gross consumer loans receivable portfolio grew by $81.5 million in the year as compared with growth of $40.0 million in 2013.

Total Operating Expenses before Depreciation and Amortization (and Restructuring and Other Items)

Total operating expenses before depreciation and amortization and restructuring and other items was $169.1 million for the year ended December 31, 2014, an increase of $29.0 million or 20.7% from 2013. The increase in operating expenses was driven primarily by the higher costs associated with the expanding *easyfinancial* business and higher corporate costs partially offset by lower operating costs within the Leasing business. Total operating expenses before depreciation and amortization and restructuring and other items represented 65.3% of revenue for 2014 as compared with 64.0% for 2013.

easyhome Leasing – Total operating expenses before depreciation and amortization for the year ended December 31, 2014 were $81.3 million, a decrease of $1.5 million or 1.8% from 2013. Net cost reductions related to lower advertising and marketing expenditures during the year and a reduced number of stores. Consolidated leasing store count declined from 182 as at December 31, 2013 to 169 at December 31, 2014.

easyfinancial – Total operating expenses before depreciation and amortization were $64.5 million for the year ended December 31, 2014, an increase of $26.1 million or 67.9% from 2013. Operating expenses excluding bad debt expense increased by $16.6 million or 70.3% in the year driven by: i) higher advertising and marketing costs including the costs associated with the launch of the Company's master brand – *goeasy*, ii) 35 additional branches when compared to December 31, 2013 and the shift towards higher capacity stand alone branches, iii) higher costs associated with *easyfinancial*'s shared service centre to support the larger loan book and iv) incremental expenditures to develop new distribution channels and manage the growing branch network. Overall, branch count increased from 119 as at December 31, 2013 to 154 as at December 31, 2014. Additionally, stand-alone branches increased from 53 as at December 31, 2013 to 89 as at December 31, 2014.

Bad debt expense increased to $24.3 million for 2014 from $14.8 million in 2013, an increase of $9.5 million or 64.2%. The relative increase in bad debt expense trailed the growth of the consumer loans receivable portfolio which grew by 73.6% over the past 12 months. Bad debt expense expressed as a percentage of *easyfinancial* revenue, was 24.1% for the year, down from the 25.3% reported in 2013. Similarly, net charge-offs as a percentage of the average gross consumer loans receivable improved from 13.9% reported in 2013 to 13.0% in 2014.

Corporate – Total operating expenses before depreciation and amortization and restructuring and other items was $23.3 million for the year ending December 31, 2014 compared to $18.9 million in 2013, an increase of $4.4 million or 23.3%. The increase was due primarily to higher incentive compensation expenses. Stock based compensation expense, which is driven in part by movements in the Company's share price, increased by $2.5 million in 2014 as compared to 2013. Accrued short-term bonus expense, which is based on earnings performance against targets, increased due to the improved operating results of the Company compared with 2013. Corporate expenses before depreciation and amortization and restructuring and other items represented 9.0% of revenue in 2014 compared to 8.6% of revenue in 2013.

Restructuring and other items – 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 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. No further related charges are expected in future periods.

Depreciation and Amortization

Depreciation and amortization for the year ended December 31, 2014 was $56.6 million, up $2.9 million or 5.4% from 2013. The increase was attributable to: i) the growing *easyfinancial* branch network and the increased number of stand-alone locations, ii) the amortization of new *easyfinancial* systems and iii) an increase in the depreciation and amortization expense within the leasing business.

Leasing depreciation and amortization as a percentage of leasing revenue for the year was 33.3% up from 31.9% in 2013 due to a combination of: i) decreasing average lease terms – particularly on used inventory, ii) merchandising activities to optimize inventory levels for the *goeasy* master brand launch in the third quarter of 2013 and iii) increased product costs not passed on to customers.

Overall depreciation and amortization represented 21.9% of revenue for 2014, down from 24.5% in 2013.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for 2014 was $34.6 million compared to $25.0 million in 2013, an increase of $9.6 million or 38.6%. Overall operating margin for the year was 13.3%, up from the 11.4% reported in 2013. Excluding restructuring and other items, adjusted operating earnings for the quarter was $33.4 million, up $8.4 million or 33.7% compared with 2013. Adjusted operating margin was 12.9% for the year up from 11.4% in 2013.

easyhome Leasing – Operating income was $24.3 million for 2014 down $2.0 million from 2013 and driven primarily by lower revenue, higher depreciation and amortization and partially offset by lower store operating costs associated with a reduced number of stores.

easyfinancial – Operating income was $33.0 million for 2014, compared with $18.2 million in 2013, an increase of $14.8 million or 81.3%. Operating margin for the year was 32.7% compared with 31.0% in 2013. The growth in operating income and operating margin was driven by the growing consumer loans receivable portfolio allowing *easyfinancial* to achieve further economies of scale.

Finance Costs

Finance costs for 2014 were $8.8 million, up $3.7 million from 2013. This increase in finance costs was driven by higher average borrowing levels as well as an increased blended borrowing rate.

Income Tax Expense

The effective income tax rate for 2014 was 23.4% compared to 26.6% in 2013. During the fourth quarter of 2014, the Company decided to wind down its operations in the U.S. which involved the sale of the Company's rights to future royalty payments from its U.S. franchisees. This resulted in a gain on sale in the Company's U.S. subsidiary which had adequate tax loss carryforwards to eliminate any tax payable on the transaction thus resulting in a low effective income tax rate in the year. Excluding the impact of the Company's U.S. operations, the Company's effective tax rate for its Canadian operations for 2014 was 26.5%.

Net Income and EPS

Net income for 2014 was $19.7 million or $1.42 per share on a diluted basis compared with $14.2 million or $1.15 per share in 2013, an increase of $5.5 million and $0.27 respectively. Excluding the impact of restructuring and other items, adjusted earnings for 2014 was $18.6 million or $1.34 per share on a diluted basis.

Selected Annual Information

Operating Results

($ in 000's except per share amounts)	2014	2013	2012	2011	2010
Revenue	**259,150**	218,814	199,673	188,325	174,184
Net income	**19,748**	14,182	11,057	9,612	6,072
Dividends declared on common shares	**4,530**	4,178	4,043	4,029	3,562
Cash dividends declared per common share	**0.34**	0.34	0.34	0.34	0.34
Earnings per Share					
Basic	**1.47**	1.16	0.93	0.81	0.58
Diluted	**1.42**	1.15	0.92	0.81	0.58

Assets and Liabilities

($ in 000's)	As At Dec. 31, 2014	As At Dec. 31, 2013	As At Dec. 31, 2012	As At Dec. 31, 2011	As At Dec. 31, 2010
Total Assets	**319,472**	232,900	189,927	159,123	139,088
Liabilities					
Bank debt	**1,756**	23,496	21,281	33,123	18,251
Term loan	**119,841**	37,878	18,330	–	–
Other	**43,907**	35,893	45,303	28,458	29,326
Total Liabilities	**165,504**	97,267	84,914	61,581	47,577

Analysis of Results for the Three Months Ended December 31, 2014

Fourth Quarter Highlights

- *easyhome* continued to grow revenue during the fourth quarter of 2014. Revenue for the quarter reached a record high of $70.0 million, up from the $57.8 million reported in the fourth quarter of 2013 and an increase of $12.2 million or 21.2%. The growth was driven primarily by the expansion of *easyfinancial* and its consumer loans receivable portfolio. Same-store revenue growth for the quarter, which includes revenue growth from *easyfinancial*, was 20.8%. Excluding the impact of *easyfinancial*, same-store revenue growth was 2.6%.

- The gross consumer loans receivable portfolio as at December 31, 2014 was $192.2 million compared with $110.7 million as at December 31, 2013, an increase of $81.5 million or 73.6%. The loan book grew by $26.5 million in the quarter compared with growth of $17.9 million in the fourth quarter of 2013. Loan originations were also strong in the quarter at $74.2 million, up 44.8% compared with the fourth quarter of 2013. Similarly, *easyfinancial* revenue increased by 70.0% in the quarter compared to the same period of 2013, driven by a larger consumer loans receivable portfolio. *easyfinancial* opened 12 new stand-alone branches in the quarter.

- Bad debt expense expressed as a percentage of *easyfinancial* revenue, was 22.0% for the fourth quarter of 2014, down from the 24.6% reported for the fourth quarter of 2013. Similarly, net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis improved from 13.2% reported in the fourth quarter of 2013 to 11.3% in the current quarter. During the fourth quarter of 2014, the Company sold certain previously charged off accounts for total proceeds of $0.9 million which has been included in the net charge offs.

- Operating income for the three month period ended December 31, 2014 was $11.5 million compared to $7.5 million for the comparable period in 2013, an increase of $4.0 million or 53.7%. Excluding restructuring and other items, adjusted operating earnings for the quarter was $10.3 million, up $2.8 million or 37.4% compared with the fourth quarter of 2013. Adjusted operating margin was 14.7% for the quarter up from 13.0% in the fourth quarter of 2013.

- Net income for the fourth quarter of 2014 was $7.1 million or $0.51 per share on a diluted basis compared with $4.3 million or $0.33 per share in the fourth quarter of 2013, an increase of $2.8 million and $0.18 respectively. Excluding the impact of restructuring and other items, adjusted earnings for the fourth quarter of 2014 was $6.0 million or $0.43 per share on a diluted basis.

Summary Financial Results and Key Performance Indicators

(in $000's except earnings per share and percentages)	Three Months Ended Dec. 31, 2014	Dec. 31, 2013	Variance $ / %	Variance % Change
Summary Financial Results				
Revenue	**70,042**	57,796	12,246	21.2%
Operating expenses before depreciation and amortization	**44,024**	36,708	7,316	19.9%
EBITDA	**13,518**	8,930	4,588	51.4%
EBITDA margin[1]	**19.3%**	15.5%	3.8%	–
Depreciation and amortization expense	**14,476**	13,579	897	6.6%
Operating income	**11,542**	7,509	4,033	53.7%
Operating margin[1]	**16.5%**	13.0%	3.5%	–
Finance costs	**2,907**	1,414	1,493	105.6%
Effective income tax rate	**17.6%**	28.9%	(11.3%)	–
Net income for the period	**7,112**	4,336	2,776	64.0%
Diluted earnings per share	**0.51**	0.33	0.18	54.5%
Adjusted (Normalized) Financial Results[1]				
Adjusted EBITDA margin	**17.6%**	15.5%	2.1%	–
Adjusted operating earnings	**10,317**	7,509	2,808	37.4%
Adjusted operating margin	**14.7%**	13.0%	1.7%	–
Adjusted earnings	**5,964**	4,336	1,628	37.5%
Adjusted earnings per share	**0.43**	0.33	0.10	30.3%
Key Performance Indicators[1]				
Same store revenue growth	**20.8%**	20.3%	0.5%	–
Same store revenue growth excluding *easyfinancial*	**2.6%**	6.8%	(4.2%)	–
Potential monthly lease revenue	**10,955**	11,430	(475)	(4.2%)
Change in potential monthly lease revenue due to ongoing operations	**593**	662	(69)	(10.4%)
easyhome Leasing operating margin	**15.4%**	16.4%	(1.0%)	
Gross consumer loans receivable	**192,225**	110,704	81,521	73.6%
Growth in consumer loans receivable	**26,505**	17,912	8,593	48.0%
Gross loan originations	**74,198**	51,242	22,956	44.8%
Bad debt expense as a percentage of *easyfinancial* revenue	**22.0%**	24.6%	(2.6%)	–
Net charge offs as a percentage of average gross consumer loans receivable	**11.3%**	13.2%	(1.9%)	–
easyfinancial operating margin	**35.0%**	34.1%	0.9%	–

[1] See description in section "Key Performance Indicators and Non-IFRS Measures".

Store Locations Summary

	Locations as at Sept. 30, 2014	Locations opened during quarter	Locations closed / sold during quarter	Conversions	Locations as at Dec. 31, 2014
***easyhome* Leasing**					
Corporately owned stores	164	–	–	(1)	**163**
Consolidated franchise locations	9	1	(3)	(1)	**6**
Total consolidated stores	173	1	(3)	(2)	**169**
Canadian franchise stores	22	–	(1)	2	**23**
U.S. franchise stores[1]	40	2	(42)	–	**–**
Total franchise stores	62	2	(43)	2	**23**
Total *easyhome* Leasing stores	235	3	(46)	–	**192**
easyfinancial					
Kiosks (in store)	64	–	–	–	**64**
Stand-alone locations	78	12	(1)	–	**89**
National loan office	1	–	–	–	**1**
Total *easyfinancial* locations	143	12	(1)	–	**154**

[1]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 U.S. franchisees. The stores for which royalties will no longer be received were treated as locations closed or sold during the quarter for reporting purposes.

Summary Financial Results by Operating Segment

($ in 000's except earnings per share)	Three Months Ended December 31, 2014			
	easyhome Leasing	*easyfinancial*	Corporate	Total
Revenue	**39,370**	**30,672**	**–**	**70,042**
Total operating expenses before depreciation and amortization and restructuring and other items	**19,944**	**18,972**	**6,333**	**45,249**
Restructuring and other items	**–**	**–**	**(1,225)**	**(1,225)**
Depreciation and amortization	**13,344**	**968**	**164**	**14,476**
Operating income (loss)	**6,082**	**10,732**	**(5,272)**	**11,542**
Finance costs				**2,907**
Income before income taxes				**8,635**
Income taxes				**1,523**
Net income for the period				**7,112**
Diluted earnings per share				**0.51**

($ in 000's except earnings per share)	Three Months Ended December 31, 2013			
	easyhome Leasing	*easyfinancial*	Corporate	Total
Revenue	39,742	18,054	–	57,796
Total operating expenses before depreciation and amortization	20,384	11,290	5,034	36,708
Depreciation and amortization	12,822	606	151	13,579
Operating income (loss)	6,536	6,158	(5,185)	7,509
Finance costs				1,414
Income before income taxes				6,095
Income taxes				1,759
Net income for the period				4,336
Diluted earnings per share				0.33

Revenue

Revenue for the three month period ended December 31, 2014 was $70.0 million compared to $57.8 million in the same period in 2013, an increase of $12.2 million or 21.2%. Same store sales growth for the quarter was 20.8%. Revenue growth was driven primarily by the growth of *easyfinancial*.

easyhome Leasing – Revenue for the three month period ended December 31, 2014 was $39.4 million, a decrease of $0.4 million from the comparable period in 2013. Factors impacting revenue in the period included:

- Revenue growth across the Canadian store network (excluding the impact of store sales and closures) was $0.4 million in the fourth quarter of 2014 compared with the fourth quarter of 2013. Same store sales growth excluding the impact of *easyfinancial* was 2.6% in the quarter.
- The acquisition of leasing portfolios in the quarter which were merged with existing stores resulted in an additional $0.2 million of revenue in the quarter compared with the comparable period of 2013.
- Growth in the franchise network, both from consolidated franchise locations and fees generated from unconsolidated franchises, contributed to $0.2 million of revenue growth.
- Revenue gains were offset by store closures and sales which occurred during the past 15 months (net of the transfer of portfolios to nearby locations) resulting in a $1.2 million decline in revenue.

easyfinancial – Revenue for the three month period ended December 31, 2014 was $30.7 million, an increase of $12.6 million or 70.0% from the comparable period in 2013. The increase was due to the growth of the consumer loans receivable portfolio, which increased from $110.7 million as at December 31, 2013 to $192.2 million as at December 31, 2014, an increase of $81.5 million or 73.6%. The gross consumer loans receivable portfolio grew by $26.5 million in the quarter as compared with growth of $17.9 million for the fourth quarter of 2013. Loan originations were also strong in the quarter at $74.2 million, up 44.8% compared with the fourth quarter of 2013.

Total Operating Expenses before Depreciation and Amortization (and Restructuring and Other Items)

Total operating expenses before depreciation and amortization and restructuring and other items were $45.2 million for the three month period ended December 31, 2014, an increase of $8.5 million or 23.2% from the comparable period in 2013. The increase in operating expenses was driven primarily by the higher costs associated with the expanding *easyfinancial* business as well as higher corporate costs. Total operating expenses before depreciation and amortization and restructuring and other items represented 64.6% of revenue for the fourth quarter of 2014 compared with 63.5% for the fourth quarter of 2013.

easyhome Leasing – Total operating expenses before depreciation and amortization for the three month period ended December 31, 2014 was $19.9 million, a decrease of $0.4 million or 2.2% from the comparable period in 2013. Increased store level costs were more than offset by cost reductions associated with closed or sold locations and reduced marketing and advertising spend. Consolidated leasing store count declined from 182 as at December 31, 2013 to 169 at December 31, 2014.

easyfinancial – Total operating expenses before depreciation and amortization were $19.0 million for the fourth quarter of 2014, an increase of $7.7 million or 68.0% from the comparable period in 2013. Operating expenses, excluding bad debt, increased by $5.4 million or 78.6% in the quarter driven by: i) $0.8 million in additional advertising and marketing costs to support the strong growth in the consumer loans receivable portfolio, ii) the increased costs associated with 35 additional branches when compared to December 31, 2013 and the shift towards higher capacity stand alone branches, iii) higher costs associated with *easyfinancial's* shared service centre and iv) incremental expenditures to develop new distribution channels and manage the growing branch network. Overall, branch count increased from 119 as at December 31, 2013 to 154 as at December 31, 2014. Additionally, stand-alone branches increased from 53 as at December 31, 2013 to 89 as at December 31, 2014.

Bad debt expense increased to $6.8 million for the fourth quarter of 2014 from $4.4 million during the comparable period in 2013, up $2.4 million or 51.8%. The relative increase in bad debt expense trailed the growth of the consumer loans receivable portfolio which grew by 73.6% over the past 12 months. Bad debt expense expressed as a percentage of *easyfinancial* revenue, was 22.0% for the fourth quarter of 2014, down from the 24.6% reported for the fourth quarter of 2013. Similarly, net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis improved from 13.2% reported in the fourth quarter of 2013 to 11.3% in the current quarter. During the fourth quarter of 2014, the Company sold certain previously charged off accounts for total proceeds of $0.9 million which has been included in the net charge offs. Excluding these proceeds, net charge offs as a percentage of the average gross consumer loans receivable on an annualized basis was 13.2%.

Corporate – Total operating expenses before depreciation and amortization and restructuring and other items was $6.3 million for the fourth quarter of 2014 compared to $5.0 million in the fourth quarter of 2013, an increase of $1.3 million or 25.8%. The increase related primarily to higher accrued incentive compensation expenses as well as higher salaries, information technology and other administrative costs. The increase in accrued incentive compensation expenses was driven by the strong financial performance of the business which exceeded internal targets. Similarly, stock based compensation expense increased by $0.4 million in the quarter driven by the increased vesting of share based units due to the strong financial performance partially offset by the impact on stock based compensation expense of the share price declining by 11.7% in the quarter. Corporate expenses before depreciation and amortization and restructuring and other items represented 9.0% of revenue in the fourth quarter of 2014 as compared to 8.7% of revenue in the fourth quarter of 2013.

Restructuring and other items – 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 quarter ended December 31, 2014, a net credit of $1.2 million was recorded as restructuring and other charges within operating income. No further related charges are expected in future periods.

Depreciation and Amortization

Depreciation and amortization for the three month period ended December 31, 2014 was $14.5 million, up $0.9 million or 6.6% from the comparable period in 2013. The increase was attributable to the growing *easyfinancial* branch network, the amortization of new *easyfinancial* systems as well as higher depreciation and amortization within the leasing business.

Leasing depreciation and amortization as a percentage of leasing revenue for the quarter was 33.8%, up from 32.2% in the fourth quarter of 2013. The increased depreciation rate was due to a combination of decreasing average lease terms, particularly on used inventory, and increased product costs not passed on to customers.

Overall depreciation and amortization represented 20.7% of revenue for the three months ended December 31, 2014, down from 23.5% in the comparable period of 2013.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the three month period ended December 31, 2014 was $11.5 million compared to $7.5 million for the comparable period in 2013, an increase of $4.0 million or 53.7%. Overall operating margin for the quarter was 16.5%, up from the 13.0% reported in the fourth quarter of 2013. Excluding restructuring and other items, adjusted operating earnings for the quarter was $10.3 million, up $2.8 million or 37.4% compared with the fourth quarter of 2013. Adjusted operating margin was 14.7% for the quarter, up from 13.0% in the fourth quarter of 2013.

easyhome Leasing – Operating income was $6.1 million for the fourth quarter of 2014, down $0.5 million or 6.9% when compared with the fourth quarter of 2013. The decline in operating income was the result of store sales or closures during the past 15 months which reduced operating income by $0.2 million and increases to operating expenses and lease asset depreciation which more than offset the organic increase in revenue. Operating margin for the fourth quarter of 2014 was 15.4%, down from 16.4% reported in the fourth quarter of 2013.

easyfinancial – Operating income was $10.7 million for the fourth quarter of 2014 compared with $6.2 million for the comparable period in 2013, an increase of $4.5 million or 74.3%. The growth in operating income was driven primarily by the growth of the consumer loans receivable portfolio. Operating margin for the fourth quarter of 2014 was 35.0% compared with 34.1% in the comparable period of 2013.

Finance Costs

Finance costs for the three month period ended December 31, 2014 were $2.9 million, up $1.5 million from the same period in 2013. This increase in finance costs was driven by higher average borrowing levels.

Income Tax Expense

The effective income tax rate for the fourth quarter of 2014 was 17.6% compared to 28.9% in the fourth quarter of 2013. During the fourth quarter of 2014, the Company decided to wind down its operations in the U.S. which involved the sale of the Company's rights to future royalty payments from its U.S. franchisees. This resulted in a gain on sale in the Company's U.S. subsidiary which had adequate tax loss carryforwards to eliminate any tax payable on the transaction thus resulting in a low effective income tax rate in the quarter.

Net Income and EPS

Net income for the fourth quarter of 2014 was $7.1 million or $0.51 per share on a diluted basis compared with $4.3 million or $0.33 per share in the fourth quarter of 2013, an increase of $2.8 million and $0.18 respectively. Excluding the impact of restructuring and other items, adjusted earnings for the fourth quarter of 2014 was $6.0 million or $0.43 per share on a diluted basis.

Selected Quarterly Information

($ in millions except per share amounts and percentages)	Dec. 2014	Sept. 2014	Jun. 2014	Mar. 2014	Dec. 2013	Sept. 2013	Jun. 2013	Mar. 2013	Dec. 2012
Revenue	**70.0**	65.5	63.2	60.3	57.8	54.9	53.8	52.4	51.7
Net income for the period	**7.1**	3.5	4.5	4.6	4.3	3.8	3.1	2.9	3.8
Net income as a percentage of revenue	**10.2%**	5.3%	7.2%	7.7%	7.5%	6.8%	5.8%	5.6%	7.3%
Earnings per Share[1]									
Basic	**0.53**	0.26	0.34	0.35	0.34	0.32	0.26	0.24	0.32
Diluted	**0.51**	0.25	0.33	0.34	0.33	0.31	0.26	0.24	0.31

[1]Quarterly earnings per share are not additive and may not equal the annual earnings per share reported. This is due to the effect of stock issued during the year on the basic weighted average number of common shares outstanding together with the effects of rounding.

Portfolio Analysis

The Company generates its revenue from a portfolio of lease agreements and consumer loans receivable that are originated through the initial transaction with its customers. To a large extent, the business results for a period are determined by the performance of these portfolios and the make-up of the portfolios at the end of a period are an important indicator of future business results.

The Company measures the performance of its portfolios during a period and their make-up at the end of a period using a number of key portfolio indicators as described in more detail below. Several of these key performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS.

The discussion in this section refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to the Company's financial statements. The Company discusses these measures because it believes that they facilitate the understanding of the results of its operations and financial position.

easyhome Leasing Portfolio Analysis

Potential Monthly Leasing Revenue

The Company measures its leasing portfolio through potential monthly lease revenue. Potential monthly lease revenue reflects the revenue that the Company's portfolio of leased merchandise would generate in a month providing it collected all lease payments due in that period. Growth in potential monthly lease revenue is driven by several factors including an increased number of customers, an increased number of leased assets per customer as well as an increase in the average price of the leased items.

The change in the potential monthly lease revenue during the periods were as follows:

	Three Months Ended		Year Ended	
($ in 000's)	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Opening potential monthly lease revenue	**10,655**	10,843	**11,430**	11,634
Change due to store openings or acquisitions during the period	**73**	26	**104**	26
Change due to store closures or sales during the period	**(366)**	(101)	**(722)**	(473)
Change due to ongoing operations	**593**	662	**143**	243
Net change	**300**	587	**(475)**	(204)
Ending potential monthly lease revenue	**10,955**	11,430	**10,955**	11,430

easyhome Leasing Portfolio by Product Category

At the end of the periods, the Company's leasing portfolio as measured by potential monthly lease revenue was allocated between the following product categories:

	Year Ended	
($ in 000's)	Dec. 31, 2014	Dec. 31, 2013
Furniture	**4,191**	4,247
Appliances	**1,196**	1,298
Electronics	**3,706**	3,729
Computers	**1,862**	2,156
Potential monthly lease revenue	**10,955**	11,430

easyhome Leasing Portfolio by Geography

At the end of the periods, the Company's Leasing portfolio as measured by potential monthly lease revenue was allocated between the following geographic regions:

	December 31, 2014		December 31, 2013	
($ in 000's except percentages)	$	% of total	$	% of total
Newfoundland & Labrador	**944**	**8.6%**	954	8.3%
Nova Scotia	**864**	**7.9%**	934	8.2%
Prince Edward Island	**202**	**1.8%**	197	1.7%
New Brunswick	**734**	**6.7%**	739	6.5%
Quebec	**571**	**5.2%**	541	4.7%
Ontario	**3,956**	**36.1%**	4,085	35.7%
Manitoba	**265**	**2.4%**	283	2.5%
Saskatchewan	**728**	**6.7%**	709	6.2%
Alberta	**1,430**	**13.1%**	1,411	12.3%
British Columbia	**953**	**8.7%**	1,066	9.4%
USA	**308**	**2.8%**	511	4.5%
Potential monthly lease revenue	**10,955**	**100.0%**	11,430	100.0%

easyhome Leasing Charge-Offs

When *easyhome* Leasing enters into a leasing transaction with a customer, a sale is not recorded as *easyhome* retains ownership of the related asset under the lease. Instead, the Company recognizes its leasing revenue over the term of the lease as payments are received from the customer. Periodically, the lease agreement is terminated by the customer or by the Company prior to the anticipated end date of the lease and the assets are returned by the customer to the possession of the Company. In some instances, the Company is unable to regain possession of the assets and so the asset must be charged off. Net charge offs (charge offs less subsequent recoveries of previously charged off assets) are included in the depreciation of lease assets expense for financial reporting purposes.

	Three Months Ended		Year Ended	
($ in 000's except percentages)	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Net charge offs	**1,633**	1,411	**5,145**	4,976
Leasing revenue	**39,370**	39,742	**158,322**	160,296
Net charge offs as a percentage of *easyhome* Leasing revenue	**4.1%**	3.6%	**3.2%**	3.1%

Consumer Loans Receivable Portfolio Analysis

Loan Originations and Net Principal Written

Gross loan originations is the value of all consumer loans receivable advanced to the Company's customers during the period where new credit underwritings have been performed. Included in gross loan originations are loans to new customers and new loans to existing customers, a portion of which is applied to eliminate their prior borrowings. Net principal written details the Company's gross loan originations during a period, excluding that portion of the originations that has been used to eliminate the prior borrowings. The gross loans originations and net principal written during the period were as follows:

	Three Months Ended		Year Ended	
($ in 000's)	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Loan originations to new customers	**33,011**	19,857	**104,194**	60,130
Loan originations to existing customers	**41,187**	31,385	**129,611**	81,878
Less: Proceeds applied to repay existing loans	**(21,091)**	(16,122)	**(63,243)**	(39,629)
Net advance to existing customers	**20,096**	15,263	**66,368**	42,249
Net principal written	**53,107**	35,120	**170,562**	102,379

Gross Consumer Loans Receivable

The measure that the Company uses to measure its *easyfinancial* portfolio is gross consumer loans receivable. Gross consumer loans receivable reflects the period end balance of the portfolio before provisioning for potential future charge-offs. Growth in gross consumer loans receivable is driven by several factors including an increased number of customers and an increased loan value per customer.

The changes in the gross consumer loans receivable portfolio during the periods were as follows:

	Three Months Ended		Year Ended	
($ in 000's)	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Opening gross consumer loans receivable	**165,720**	92,792	**110,704**	70,658
Gross loan originations	**74,198**	51,242	**233,805**	142,008
Gross principal payments and other adjustments	**(41,047)**	(29,808)	**(130,682)**	(89,153)
Gross charge offs before recoveries	**(6,646)**	(3,522)	**(21,602)**	(12,809)
Net growth in gross consumer loans receivable during the period	**26,505**	17,912	**81,521**	40,046
Ending gross consumer loans receivable	**192,225**	110,704	**192,225**	110,704

Net Charge Offs

In addition to loan originations, the consumer loans receivable portfolio during a period is impacted by charge offs of delinquent customers. The Company charges off delinquent customers when they are 90 days contractually in arrears. Subsequent collections of previously charged off accounts are netted with charge offs during a period to arrive at net charge offs.

Net charge-offs are actual loans charged off net of recoveries. Average gross consumer loans receivable has been calculated based on the average of the month end loan balances for the indicated period. This metric is a measure of the collection performance of the *easyfinancial* consumer loans receivable portfolio. For interim periods, the rate is annualized.

	Three Months Ended		Year Ended	
($ in 000's except percentages)	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Net charge offs	**5,167**	3,414	**19,500**	12,106
Average gross consumer loans receivable	**182,548**	103,537	**149,615**	86,968
Net charge offs as a percentage of average gross consumer loans receivable (annualized)	**11.3%**	13.2%	**13.0%**	13.9%

easyfinancial Bad Debt Expenses

The Company's bad debt expense for a period includes the net charge offs for that particular period plus any increases or decreases to its allowance for loan losses.

The details of the Company's bad debt expense for the period were as follows:

	Three Months Ended		Year Ended	
($ in 000's except percentages)	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Net charge offs	**5,167**	3,414	**19,500**	12,106
Net change in allowance for loan losses	**1,590**	1,032	**4,764**	2,694
Bad debt expense	**6,757**	4,449	**24,264**	14,800
easyfinancial revenue	**30,672**	18,054	**100,828**	58,518
Bad debt expense as a percentage of *easyfinancial* revenue	**22.0%**	24.6%	**24.1%**	25.3%

easyfinancial Allowance for Loan Losses

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 is not subject to management's discretion or estimates 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.

	Three Months Ended		Year Ended	
($ in 000's except percentages)	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Allowance for loan losses, beginning of period	**9,941**	5,736	**6,768**	4,074
Net charge offs written off against the allowance	**(5,166)**	(3,417)	**(19,500)**	(12,106)
Change in allowance due to lending and collection activities	**6,757**	4,449	**24,264**	14,800
Allowance for loan losses, ending of period	**11,532**	6,768	**11,532**	6,768
Allowance for loan losses as a percentage of the ending gross consumer loans receivable	**6.0%**	6.1%	**6.0%**	6.1%

Aging of the Consumer Loans Receivable Portfolio

An aging analysis of the consumer loans receivable portfolio at the end of the periods is as follows:

	December 31, 2014		December 31, 2013	
($ in 000's except percentages)	$	% of total	$	% of total
Current	**178,590**	92.9%	**102,588**	92.7%
Days past due				
1 – 30 days	**9,004**	4.7%	**5,445**	4.9%
31 – 44 days	**1,505**	0.8%	**811**	0.7%
45 – 60 days	**1,273**	0.7%	**855**	0.8%
61 – 90 days	**1,853**	0.9%	**1,005**	0.9%
	13,635	7.1%	**8,116**	7.3%
Gross consumer loans receivable	**192,225**	100.0%	**110,704**	100%

easyfinancial Consumer Loans Receivable Portfolio by Geography

At the end of the periods, the Company's *easyfinancial* consumer loans receivable portfolio was allocated between the following geographic regions:

	December 31, 2014		December 31, 2013	
($ in 000's except percentages)	$	% of total	$	% of total
Newfoundland & Labrador	**11,773**	**6.1%**	8,301	7.5%
Nova Scotia	**18,715**	**9.7%**	13,771	12.4%
Prince Edward Island	**2,757**	**1.4%**	2,067	1.9%
New Brunswick	**12,115**	**6.3%**	6,875	6.2%
Quebec	**–**	**–**	–	–
Ontario	**84,393**	**43.9%**	47,034	42.6%
Manitoba	**6,826**	**3.7%**	3,782	3.4%
Saskatchewan	**9,567**	**5.0%**	5,387	4.9%
Alberta	**24,872**	**12.9%**	12,666	11.4%
British Columbia	**19,600**	**10.2%**	10,444	9.4%
Territories	**1,607**	**0.8%**	377	0.3%
Gross consumer loans receivable	**192,225**	**100.0%**	110,704	100.0%

Key Performance Indicators and Non-IFRS Measures

In addition to the reported financial results under IFRS and the metrics described in the Portfolio Analysis section of this MD&A, the Company also measures the success of its strategy using a number of key performance indicators as described in more detail below. Several of these key performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS.

The discussion in this section refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to the Company's financial statements. The Company discusses these measures because it believes that they facilitate the understanding of the results of its operations and financial position.

Several non-IFRS measures that are used throughout this discussion are defined as follows:

Same Store Revenue Growth

Same store revenue growth measures the revenue growth for all stores that have been open for a minimum of 15 months. To calculate same store revenue growth for a period, the revenue for that period is compared to the same period in the prior year. Same store revenue growth is influenced by both the Company's product offerings as well as the number of stores which have been open for a 12-36 month time frame, as these stores tend to be in the strongest period of growth at this time.

	Three Months Ended		Year Ended	
($ in 000's except percentages)	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Same store revenue growth	**20.8%**	20.3%	**19.6%**	17.7%
Same store revenue growth excluding *easyfinancial*	**2.6%**	6.8%	**2.6%**	7.3%

Operating Margin, Adjusted Operating Earnings, Adjusted Operating Margin, Adjusted Earnings, Adjusted Earnings Per Share

At various times, operating income, operating margin, net income and earnings per share may be affected by unusual items which have occurred in the period and which impact the comparability of these measures with other periods. The Company defines operating margin as operating income divided by revenue. Items are considered unusual if they are outside of normal business activities, significant in amount and scope and are not expected to occur on a recurring basis. The Company defines i) adjusted operating earnings as operating income excluding such unusual and non-recurring items, ii) adjusted earnings as net income excluding such items and iii) adjusted earnings per share as diluted earnings per share excluding such items. The Company believes that adjusted operating earnings, adjusted earnings and adjusted earnings per share are important measures of the profitability of operations adjusted for the effects of unusual items.

Items which can be used to adjust operating income, net income and earnings per share for the three months and years ended December 31, 2014 and 2013 include those indicated in the chart below:

	Three Months Ended		Year Ended	
($ in 000's except earnings per share)	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Operating margin				
Operating income as stated	**11,542**	7,509	**34,593**	24,965
Divided by revenue	**70,042**	57,796	**259,150**	218,814
Operating margin	**16.5%**	13.0%	**13.3%**	11.4%
Adjusted operating margin				
Operating income as stated	**11,542**	7,509	**34,593**	24,965
Restructuring and other items included in operating expenses[1]	**(1,225)**	–	**(1,225)**	–
Adjusted operating earnings	**10,317**	7,509	**33,368**	24,965
Divided by revenue	**70,042**	57,796	**259,150**	218,814
Adjusted operating margin	**14.7%**	13.0%	**12.9%**	11.4%
Adjusted earnings and adjusted earnings per share				
Net income as stated	**7,112**	4,336	**19,748**	14,182
Restructuring and other items included in operating expenses[1]	**(1,225)**	–	**(1,225)**	–
Tax impact of above items	**77**	–	**77**	–
After tax impact	**(1,148)**	–	**(1,148)**	–
Adjusted earnings	**5,964**	4,336	**18,600**	14,182
Weighted average number of shares outstanding	**14,002**	13,094	**13,944**	12,309
Diluted earnings per share as stated	**0.51**	0.33	**1.42**	1.15
Per share impact of restructuring and other items	**0.08**	–	**0.08**	–
Adjusted earnings per share	**0.43**	0.33	**1.34**	1.15

[1]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 $1,225 was recorded as restructuring and other charges within operating income. No further related charges are expected in future periods.

Operating Expenses Before Depreciation and Amortization

The Company defines operating expenses before depreciation and amortization as total operating expenses excluding depreciation and amortization expenses for the period. The Company believes that operating expenses before depreciation and amortization is an important measure of the cost of operations adjusted for the effects of purchasing decisions that may have been made in prior periods.

	Three Months Ended		
($ in 000's except percentages)	Dec. 31, 2014	Dec. 31, 2014 (adjusted)	Dec. 31, 2013
Operating expenses before depreciation and amortization as stated	**44,024**	**44,024**	36,708
Restructuring charges and other items included in operating expenses	**–**	**1,225**	–
Adjusted operating expenses before depreciation and amortization	**44,024**	**45,249**	36,708
Divided by revenue	**70,042**	**70,042**	57,796
Operating expenses before depreciation and amortization as % of revenue	**62.9%**	**64.6%**	63.5%

	Year Ended		
($ in 000's except percentages)	Dec. 31, 2014	Dec. 31, 2014 (adjusted)	Dec. 31, 2013
Operating expenses before depreciation and amortization as stated	**167,916**	**167,916**	140,137
Restructuring charges and other items included in operating expenses	**–**	**1,225**	–
Adjusted operating expenses before depreciation and amortization	**167,916**	**169,141**	140,137
Divided by revenue	**259,150**	**259,150**	218,814
Operating expenses before depreciation and amortization as % of revenue	**64.8%**	**65.3%**	64.0%

Operating Margin

The Company defines operating margin as operating income divided by revenue for the Company as a whole and for its operating segments: *easyhome* Leasing and *easyfinancial*. The Company believes operating margin is an important measure of the profitability of its operations which in turn, assists it in assessing the Company's ability to generate cash to pay interest on its debt and to pay dividends.

	Three Months Ended		Year Ended	
($ in 000's except percentages)	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
***easyhome* Leasing**				
Operating income	**6,082**	6,536	**24,306**	26,308
Divided by revenue	**39,370**	39,742	**158,322**	160,296
***easyhome* Leasing operating margin**	**15.4%**	16.4%	**15.4%**	16.4%
easyfinancial				
Operating income	**10,732**	6,158	**33,006**	18,165
Divided by revenue	**30,672**	18,054	**100,828**	58,518
***easyfinancial* operating margin**	**35.0%**	34.1%	**32.7%**	31.0%
Total				
Operating income	**11,542**	7,509	**34,593**	24,965
Divided by revenue	**70,042**	57,796	**259,150**	218,814
Total operating margin	**16.5%**	13.0%	**13.3%**	11.4%
Total (adjusted)				
Operating income as stated	**11,542**	7,509	**34,593**	24,965
Restructuring and other items included in operating expenses	**(1,225)**	–	**(1,225)**	–
Adjusted operating earnings	**10,317**	7,509	**33,368**	24,965
Divided by revenue	**70,042**	57,796	**259,150**	218,814
Total (adjusted) operating margin	**14.7%**	13.0%	**12.9%**	11.4%

Earnings before Interest, Taxes, Depreciation and Amortization ["EBITDA"] and EBITDA Margin

The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization, excluding depreciation of lease assets. The Company uses EBITDA, among other measures, to assess the operating performance of its ongoing businesses. EBITDA margin is calculated as EBITDA divided by revenue.

	Three Months Ended		
($ in 000's except percentages)	Dec. 31, 2014	Dec. 31, 2014 (adjusted)	Dec. 31, 2013
Net income as stated	**7,112**	**7,112**	4,336
Finance costs	**2,907**	**2,907**	1,414
Income Tax Expense	**1,523**	**1,523**	1,759
Depreciation and amortization, excluding dep. of lease assets	**1,976**	**1,976**	1,421
EBITDA	**13,518**	**13,518**	8,930
Restructuring and other items included in operating expenses	**–**	**(1,225)**	–
Adjusted EBITDA	**13,518**	**12,293**	8,930
Divided by revenue	**70,042**	**70,042**	57,796
EBITDA margin	**19.3%**	**17.6%**	15.5%

	Year Ended		
($ in 000's except percentages)	Dec. 31, 2014	Dec. 31, 2014 (adjusted)	Dec. 31, 2013
Net income as stated	**19,748**	**19,748**	14,182
Finance costs	**8,800**	**8,800**	5,638
Income Tax Expense	**6,045**	**6,045**	5,145
Depreciation and amortization, excluding dep. of lease assets	**7,216**	**7,216**	5,634
EBITDA	**41,809**	**41,809**	30,599
Restructuring and other items included in operating expenses	**–**	**(1,225)**	–
Adjusted EBITDA	**41,809**	**40,584**	30,599
Divided by revenue	**259,150**	**259,150**	218,814
EBITDA margin	**16.1%**	**15.7%**	14.0%

Return on Equity

The Company defines return on equity as annualized net income in the period divided by average shareholders' equity for the period. The Company believes return on equity is an important measure of how shareholders' invested capital is utilized in the business.

	Three Months Ended		
($ in 000's except percentages)	Dec. 31, 2014	Dec. 31, 2014 (adjusted)	Dec. 31, 2013
Net income as stated	**7,112**	**7,112**	4,336
Restructuring and other items included in operating expenses	**–**	**(1,225)**	–
Tax impact of above items	**–**	**77**	–
After tax impact	**–**	**(1,148)**	–
Adjusted earnings	**7,112**	**5,964**	4,336
Multiplied by number of periods in year	**X 4/1**	**X 4/1**	X 4/1
Divided by average shareholders' equity for the period	**150,561**	**150,561**	124,216
Return on equity	**18.9%**	**15.8%**	14.0%

	Year Ended		
($ in 000's except percentages)	Dec. 31, 2014	Dec. 31, 2014 (adjusted)	Dec. 31, 2013
Net income as stated	**19,748**	**19,748**	14,182
Restructuring and other items included in operating expenses	**–**	**(1,225)**	–
Tax impact of above items	**–**	**77**	–
After tax impact	**–**	**(1,148)**	–
Adjusted net income	**19,748**	**18,600**	14,182
Divided by average shareholders' equity for the period	**144,110**	**144,110**	114,071
Return on equity	**13.7%**	**12.9%**	12.4%

Financial Condition

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at December 31, 2014 and December 31, 2013.

($ in 000's except for ratios)	Dec. 31, 2014	Dec. 31, 2013
Total assets	**319,472**	232,900
External debt (includes term loan)	**121,597**	61,374
Other liabilities	**43,907**	35,893
Total liabilities	**165,504**	97,267
Shareholders' equity	**153,968**	135,633
Total capitalization (total debt plus total shareholders' equity)	**275,565**	197,007
External debt to shareholders' equity	**0.79**	0.45
External debt to total capitalization	**0.44**	0.31
External debt to EBITDA	**2.91**	2.01

Total assets were $319.5 million as at December 31, 2014, an increase of $86.6 million or 37.2% over December 31, 2013. The growth in total assets was driven primarily by: i) the increased size of the net consumer loans receivable portfolio which increased by $76.8 million over the past 12 months, ii) the Company's investment in property and equipment (specifically stand-alone *easyfinancial* locations) and intangible assets (specifically systems to support *easyfinancial*) which collectively increased by $2.6 million and iii) a $9.3 million increase in amounts receivable which included $4.4 million of proceeds related to the sale of the Company's U.S. royalty rights which were received after December 31, 2014.

The $86.6 million growth in total assets was financed by a $68.2 million increase in total liabilities, including a $60.2 million increase in external debt, and a $18.4 million increase in total shareholder's equity. Although the Company has continued to maintain its dividend payments to its shareholders, a large portion of the Company's earnings over the prior 12 months have been retained to fund the growth of *easyfinancial*.

On July 28, 2014, the Company entered into a new $200 million credit facility which replaced the Company's previous debt facilities. The new credit facility, which expires on October 4, 2018, is comprised of a $180 million term loan and a $20 million revolving operating facility. $105 million of the term loan was drawn at closing with the balance available in periodic advances until July 31, 2015. As at December 31, 2014, $125 million had been drawn under the term loan. Borrowings under the term loan bear interest at the Canadian Bankers' Acceptance rate plus 722 bps. Borrowing under the revolving operating facility bears interest at the lender's prime rate plus 200 to 300 bps, depending on the Company's debt to EBITDA ratio. The new credit facility is secured by a first charge over substantially all assets of the Company. As at December 31, 2014, the Company's interest rate under the term loan credit facility and revolving operating facility were 8.50% and 5.00%, respectively.

Liquidity and Capital Resources

Summary of Cash Flow Components

($ in 000's)	Three Months Ended		Year Ended	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Cash provided by operating activities before issuance of consumer loans receivable	**17,385**	22,276	**94,077**	70,989
Net issuance of consumer loans receivable	**(31,671)**	(21,329)	**(101,021)**	(52,152)
Cash (used in) provided by operating activities	**(14,286)**	947	**(6,944)**	18,837
Cash used in investing activities	**(11,357)**	(21,162)	**(50,290)**	(57,880)
Financing activities	**20,752**	20,741	**56,070**	36,741
Net increase (decrease) in cash for the period	**(4,891)**	526	**(1,164)**	(2,302)

Cash flows used in operating activities for the three month period ended December 31, 2014 were $14.3 million. Included in this amount was a net investment of $31.7 million to increase the *easyfinancial* consumer loans receivable portfolio. If this net investment in the *easyfinancial* consumer loans receivable portfolio was treated as cash flows from investing activities, the cash flows generated by operating activities would be $17.4 million in the fourth quarter of 2014, down $4.9 million compared to the fourth quarter of 2013. While net income increased significantly in the quarter compared to the fourth quarter of 2013, this impact on cash flow was more than offset by the Company's increased investment in working capital.

Cash flows provided by operating activities in the fourth quarter of 2014 enabled the Company to: i) meet the growth demands of *easyfinancial* as described above, ii) invest $15.7 million in new lease assets, iii) invest $3.2 million in additional property and equipment and intangible assets and iv) maintain its dividend payments.

During the quarter the Company generated $20.8 million in cash flow from financing activities as the Company increased its debt under its credit facility to finance the growth of *easyfinancial*.

Cash flows provided by operating activities for the year ended December 31, 2014 were $6.9 million. Included in this amount was a net investment of $101.0 million to increase the *easyfinancial* consumer loans receivable portfolio. If this net investment in the *easyfinancial* consumer loans receivable portfolio was treated as cash flows from investing activities, the cash flows generated by operating activities would be $94.1 million in the year, up $23.1 million as compared to 2013. This increase in cash flow was driven by higher income, a reduction in working capital balances and higher non-cash expenses.

Cash flows provided by operating activities in 2014 enabled the Company to: i) meet the growth demands of *easyfinancial* as described above, ii) invest $49.1 million in new lease assets, iii) invest $12.3 million in additional property and equipment and intangible assets (primarily new *easyfinancial* branches and systems) and iv) maintain its dividend payments.

During 2014, the Company generated $56.1 million in cash flow from financing activities.

The Company believes that the cash flows provided by operations will be sufficient in the near-term to meet operational requirements, purchase lease assets, meet capital spending requirements and pay dividends. Also, the additional availability under the Company's credit facilities will allow the Company to grow its consumer loans receivable portfolio through much of 2015. However, for *easyfinancial* to achieve its full long-term growth potential, additional sources of financing over and above the currently available credit facility and term loan are required. There is no certainty that these long term sources of capital will be available or at terms favourable to the Company.

Outstanding Shares and Dividends

As at February 18, 2015 there were 13,331,166 shares, 138,069 DSUs, 601,462 options, 560,930 RSUs, and no warrants outstanding.

For the quarter ended December 31, 2014, the Company paid a $0.085 per share quarterly dividend on outstanding common shares. The Company reviews its dividend distribution policy on a regular basis, evaluating its financial position, profitability, cash flow and other factors the Board of Directors considers relevant. No dividends may be declared in the event there is a default of the loan facility, or where such payment would lead to a default.

The following table sets forth the quarterly dividends paid by the Company in the fourth quarter of the years indicated:

	2014	2013	2012	2011	2010	2009	2008
Dividend per share	**$ 0.085**	$ 0.085	$ 0.085	$ 0.085	$ 0.085	$ 0.085	$ 0.085
Percentage increase	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	21.4%

Commitments, Guarantees and Contingencies

Commitments

The Company is committed to long-term service contracts and operating leases for premises, equipment, vehicles and signage. The minimum annual lease payments plus estimated operating costs and other commitments required for the next 5 years and thereafter are as follows:

($ in 000's)	Within 1 year	After 1 year but not more than 5 years	More than 5 years
Premises	**25,990**	**44,948**	**2,689**
Other operating lease obligations	**1,065**	**1,615**	**26**
Other	**7,280**	**10,250**	**–**
Total contractual obligations	**34,335**	**56,813**	**2,715**

Contingencies

The Company is 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.

Risk Factors

Overview

The Company's activities are exposed to a variety of commercial, operational, financial and regulatory risks. 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. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee of the Board of Directors reviews the Company's risk management policies on an annual basis.

Commercial Risks

Dependence on Key Personnel

One of the significant limiting factors in the Company's performance and expansion plans will be the hiring and retention of the best people for the job. Over the past few years, the Company has improved its hiring competencies and its training programs.

In particular, the Company is dependent on the abilities, experiences and efforts of its senior management team and other key employees. The loss of these individuals without adequate replacement could materially adversely affect its business and operations.

As a consequence of its growth strategy and relatively high employee turnover at the store and branch level, the Company requires a growing number of qualified managers and other store or branch personnel to operate its retail locations successfully. There is competition for such personnel and there can be no assurances that the Company will be successful in attracting and retaining such personnel as it may require. If the Company is unable to attract and retain qualified personnel or its costs to do so increase dramatically, its operations would be materially adversely affected.

Competition

easyhome Leasing – Competition from U.S. based merchandise leasing companies and others in the Canadian market will increase the competition for customers and employees. Although the Company believes that such competition will stimulate rent to own industry growth, this increased competition could have a material adverse effect on the Company's operational results should the Company not be able to adequately respond to it. Other factors that may adversely affect the performance of the Leasing business are further competition from merchandise rental businesses and, to a lesser extent, rental stores that do not offer a purchase option. The Company also competes with discount stores and other retail outlets that offer an installment sales program or offer a financing transaction to facilitate the purchase of consumer merchandise. Furthermore, additional competitors, both domestic and international, may emerge since barriers to entry are relatively low.

easyfinancial – The Company's financial services business occupies a market niche between traditional financial institutions and short-term payday lenders. As such, it competes with companies from each of these sectors. Competition is based primarily on access, flexibility and cost (interest rate). Since the Company's products are more affordable than payday loans while being more accessible and flexible than banks, the Company offers alternatives to customers that are not being adequately served by the incumbent participants in either of these market sectors. Although there may be other, larger companies that offer products similar to those offered by the Company's financial services business, the Company believes that the potential marketplace is sufficiently large enough that such competition will not adversely affect the Company's operational results in the near term. Additionally, the large volume of data relating to its customers and related loan performance which the Company has compiled and uses to create its loan underwriting models forms an effective barrier to entry.

Macroeconomic Conditions

Certain changes in macroeconomic conditions can have a negative impact on the Company's customers and its performance. The Company's chosen customer segment is the cash and credit constrained individual. These customers are affected by adverse macroeconomic conditions such as higher unemployment rates or costs of living, which can lower the Company's collection rates and result in higher loss rates and adversely affect the Company's performance, financial condition and liquidity. The Company can neither predict the impact current economic conditions will have on its future results, nor predict when the economic environment will change.

Litigation

From time to time the Company may be involved in material litigation. There can be no assurance that any litigation in which the Company may become involved in the future will not have a material adverse effect on the Company's business, financial condition or results of operations.

Operational Risks

Operational risk, which is inherent in all business activities, is the potential for loss as a result of external events, human behaviour (including error and fraud, non-compliance with mandated policies and procedures or other inappropriate behaviour) or inadequacy, or the failure of processes, procedures or controls. The impact may include financial loss, loss of reputation, loss of competitive position or regulatory and civil penalties. While operational risk cannot be eliminated, the Company takes reasonable steps to mitigate this risk by putting in place a system of oversight, policies, procedures and internal controls.

Strategic Risk

The Company believes it has the correct strategy to address the current market opportunities. The Company's growth strategy is focused on *easyfinancial*. The Company's ability to increase its customer and revenue base is contingent, in part, on its ability to secure additional locations for *easyfinancial*, to grow its consumer loans receivable portfolio, to access customers through new delivery channels and to execute with efficiency and effectiveness.

Strategic risk is the risk from changes in the business environment, fundamental changes in demand for the Company's products or services, improper implementation of decisions, execution of the Company's strategy or inadequate responsiveness to changes in the business environment, including changes in the competitive or regulatory landscape. The impact of poor execution by management or an inadequate response to changes in the business environment could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

Credit Risk

Credit risk is the risk of loss that arises when a customer or third party fails to pay an amount owing to the Company.

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.

For *easyhome* Leasing, the credit risk related to assets on lease with customers results from the possibility of customer default with respect to agreed upon payments or in their not returning the leased asset. The Company has a standard collection process in place in the event of payment default, which concludes with the recovery of the lease asset if satisfactory payment terms cannot be worked out, as the Company maintains ownership of the lease assets until payment options are exercised.

For amounts receivable from third parties the risk relates to the possibility of default on amounts owing to the Company. The Company deals with credible companies, performs ongoing credit evaluations of debtors and creates an allowance on its financial statements for uncollectible amounts where determined to be appropriate.

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. The Company develops underwriting models based on the historical performance of groups of customer loans which guide its lending decisions. To the extent that such historical data used to develop its underwriting models is not representative or predictive of current loan book performance, the Company could suffer increased loan losses.

The Company maintains an allowance for loan losses (i.e. expected losses that will be incurred in relation to the Company's consumer loan's portfolio). The process for establishing an allowance for loan losses is critical to the Company's results of operations and financial conditions. The allowance is determined by the Company using a standard calculation that is not subject to management's discretion 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. To the extent that such historical data used to develop its allowance for loans losses is not representative or predictive of current loan book performance, the Company could suffer increased loan losses above and beyond those provided for on its financial statements.

The Company cannot guarantee that delinquency and loss levels will correspond with the historical levels experienced and there is a risk that delinquency and loss rates could increase significantly.

Technology Risk

The Company is dependent upon the successful and uninterrupted functioning of its computer, internet and data processing systems. The failure of these systems could interrupt operations or materially impact the Company's ability to enter into new lease or lending transactions and service customer accounts. Although the Company has extensive information technology security plans and disaster recovery plans, if sustained, such a failure could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

The Company's operations rely heavily on the secure processing, storage and transmission of confidential customer information. While the Company has taken reasonable steps to protect its data and that of its customers, the risk of the Company's inability to protect customer information, or breaches in the Company's information systems, may adversely affect the Company's reputation and result in significant costs or regulatory penalties and remedial action.

Internal Controls over Financial Reporting

The effective design of internal controls over financial reporting is essential for the Company to prevent and detect fraud or material errors that may have occurred. The Company is also obligated to comply with the Form 52-109F2 Certification of interim filings of the Ontario Securities Commission, which requires the Company's CEO and CFO to submit a quarterly certificate of compliance. The Company and its management have taken reasonable steps to ensure that adequate internal controls over financial reporting are in place. However, there is a risk that a fraud or material error may go undetected and that such material fraud or error could adversely affect the Company.

Risk Management Processes and Procedures

The Company has established a risk oversight committee and created processes and procedures to identify, measure, monitor and mitigate significant risks to the organization. However to the extent that such risk go unidentified or are not adequately or expeditiously addressed by management the Company could be adversely affected.

Financial Risks

Inadequate Access to Financing

The Company has historically been funded through various sources such as private placement debt and public market equity offerings. The availability of additional financing will depend on a variety of factors including the availability of credit to the financial services industry and the Company's financial performance and credit ratings.

The Company believes that the cash flow expected to be provided by operations during 2015, coupled with the increased loan facilities obtained in the third quarter of 2014 will be sufficient in the near term to meet operational requirements, purchase leased assets, meet capital spending requirements, satisfy financial obligations and pay dividends. Additionally, the Company is able to manage the growth of its consumer loans receivable portfolio based on the amount of available financing.

The Company has publicly stated that it intends to significantly expand its consumer lending business. To achieve this goal, it will require additional funds which can be obtained through various sources, including debt or equity financing. There can be no assurance, however, that additional funding will be available when needed or will be available on terms favourable to the Company. The inability to access adequate sources of financing, or to do so on favourable terms, may adversely affect the Company's capital structure and the Company's ability to fund operational requirements and satisfy financial obligations. If additional funds are raised by issuing equity securities, shareholders may incur dilution.

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 all credit facilities bear interest at variable rates. The Company does not hedge interest rates and future changes in interest rates will affect the amount of interest expense payable by the Company.

Foreign Exchange

The Company sources some of its merchandise out of the U.S. and as such, the Company's Canadian operations have U.S. denominated cash and payable balances. While the Company sold off most of its U.S. franchise rights in 2014, it continues to have some operations in the U.S. As a result, the Company has both foreign exchange transaction and translation risk.

Although *easyhome* has significant U.S. denominated purchases, the Company has historically been able to price its lease transactions to compensate for the impact of foreign currency fluctuations on its purchases. However in periods of rapid change in the Canadian to U.S. dollar exchange rate, the Company may not be able to pass on such changes in the cost of purchased products to its customers which may negatively impact the Company's financial performance. The Company currently does not actively hedge foreign currency risk and transacts in foreign currencies on a spot basis.

Liquidity Risk

Liquidity risk is the risk that the Company's financial condition is adversely affected by an inability to meet funding obligations and support its business growth. 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 external debt and shareholders' equity, which comprises issued capital, contributed surplus 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 issuances, share repurchases, the payment of dividends, increasing or decreasing debt or by undertaking other activities as deemed appropriate under the specific circumstances. The Company's strategy, objectives, measures, definitions and targets have not changed significantly from the prior period.

The Company's revolving operating facility and term debt facility must be renewed on a periodic basis. These facilities contain restrictions on the Company's ability to, among other things, pay dividends, sell or transfer assets, incur additional debt, repay other debt, make certain investments or acquisitions, repurchase or redeem shares and engage in alternate business activities. The facilities also contain a number of covenants that require the Company to maintain certain specified financial ratios. Failure to meet any of these covenants could result in an event of default under these facilities which could, in turn, allow the lenders to declare all amounts outstanding to be immediately due and payable. In such a case, the financial condition, liquidity and results of operations of the Company could materially suffer.

The Company has been successful in renewing and expanding the revolving credit and term debt facilities in the past. If the Company were unable to renew these facilities on acceptable terms when they became due, however, there could be a material adverse effect on the Company's financial condition, liquidity and results of operations.

The Company has significant debt that is subject to certain financial and non-financial covenants. A violation of any or all of the debt covenants may result in the lender requiring the Company to repay the outstanding debt, which would have a material adverse effect on the Company's financial position, liquidity and results of operation.

Possible Volatility of Stock Price

The market price of the Company's Common Shares, similar to that of many other Canadian (and indeed worldwide) companies, has been subject to significant fluctuation in response to numerous factors, including the recent credit crisis and related recession, as well as variations in the annual or quarterly financial results of the Company, timing of announcements of acquisitions or material transactions by the Company or its competitors, other conditions in the economy in general or in the industry in particular, changes in applicable laws and regulations and other factors. Moreover, from time to time, the stock markets experience significant price and volume volatility that may affect the market price of the Common Shares for reasons unrelated to the Company's performance. No prediction can be made as to the effect, if any, that future sales of Common Shares or the availability of shares for future sale (including shares issuable upon the exercise of stock options) will have on the market price of the Common Shares prevailing from time to time. Sales of substantial numbers of such shares or the perception that such sales could occur may adversely affect the prevailing price of the Common Shares. Significant changes in the stock price could jeopardize the Company's ability to raise growth capital through an equity offering without significant dilution to existing shareholders.

Regulatory Risks

Government Regulation and Compliance

The Company takes reasonable measures to ensure compliance with governing statutes, regulations and regulatory policies. A failure to comply with such statutes, regulations or regulatory policies could result in sanctions, fines or other settlements that could adversely affect both its earnings and reputation. Changes to laws, statutes, regulations or regulatory policies could also change the economics of the Company's merchandise leasing and consumer lending businesses.

Numerous consumer protection laws and related regulations impose substantial requirements upon lenders involved in consumer finance, including leasing and lending. Also, federal and provincial laws impose restrictions on consumer transactions and require contract disclosures relating to the cost of borrowing and other matters. These requirements impose specific statutory liabilities upon creditors who fail to comply with their provisions.

easyhome currently operates in an unregulated environment with regards to capital requirements. The Criminal Code of Canada, however, imposes a restriction on the cost of borrowing in any lending transaction to 60% per year. The application of capital requirements or a reduction in the maximum cost of borrowing could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

Privacy, Information Security, and Data Protection Regulations

The Company is subject to various privacy, information security and data protection laws and takes reasonable measures to ensure compliance with all requirements. Legislators and regulators are increasingly adopting new privacy information security and data protection laws which may increase the Company's cost of compliance. While the Company has taken reasonable steps to protect its data and that of its customers, a breach in the Company's information security may adversely affect the Company's reputation and also result in fines or penalties from governmental bodies.

Critical Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual amounts could differ from these estimates.

Significant changes in assumptions, including those with respect to future business plans and cash flows, could change the recorded amounts by a material amount.

The Company's critical accounting estimates are fully described in the Company's December 31, 2014 Notes to the Financial Statements.

Adoption of New Accounting Standards and Standards Issued But Not Yet Effective

No new accounting standards were adopted by the Company during the reporting period.

The Company will be required to adopt IFRS 9, Financial Instruments, which is the IASB's project to replace IAS 39. IFRS 9 is required to be applied for years beginning on or after January 1, 2018 with early adoption permitted, and will provide new requirements for the classification and measurement of financial assets and liabilities, impairment and hedge accounting. The Company has not yet assessed the impact of this standard.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which clarifies the principles for recognizing revenue and cash flows arising from contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted, and is to be applied retrospectively. The Company has not yet assessed the impact of this standard.

Internal Controls

Disclosure Controls and Procedures ["DC&P"]

DC&P are designed to provide reasonable assurance that information required to be disclosed by the Company in reports filed with or submitted to various securities regulators is recorded, processed, summarized and reported within the time periods specified. This information is gathered and reported to the Company's management, including the Chief Executive Officer ["CEO"] and Chief Financial Officer ["CFO"], so that timely decisions can be made regarding disclosure.

The Company's management, under supervision of, and with the participation of, the CEO and CFO, have designed and evaluated the Company's DC&P, as required in Canada by National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings". Based on this evaluation, the CEO and CFO have concluded that the design of the system of disclosure controls and procedures were effective as at December 31, 2014.

Internal Control over Financial Reporting ["ICFR"]

ICFR is a process designed by, or under the supervision of, senior management, and effected by the Board of Directors, management and other personnel, to provide reasonable assurances regarding the reliability of financial reporting and preparation of the Company's consolidated financial statements in accordance with IFRS. Management is responsible for establishing and maintaining ICFR and designs such controls to attempt to ensure that the required objectives of these internal controls have been met. Management uses the Internal Control – Integrated Framework (1992) to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ["COSO"]. Management is in the process of transitioning to the 2013 COSO framework and implementation will be completed during the 2015 fiscal year.

In designing and evaluating such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance and may not prevent or detect all misstatements as a result of, among other things, error or fraud. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and/or procedures may deteriorate.

Changes to ICFR During 2014

There were no material changes in the Company's ICFR that occurred or were finalized during the year ended December 31, 2014.

Evaluation of ICFR at December 31, 2014

As at December 31, 2014, under the direction and supervision of the CEO and CFO, the Company has evaluated the effectiveness of the Company's ICFR. The evaluation included a review of key controls, testing and evaluation of such test results. Based on this evaluation, the CEO and CFO have concluded that the design and operation of the Company's internal controls over financial reporting were effective as at December 31, 2014.

MANAGEMENT'S RESPONSIBIILTY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements and the information in this Annual Report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ["IFRS"] and include some amounts based on management's best estimates and judgments. When alternative accounting methods exist, management has chosen those it considers most appropriate in the circumstances. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with the financial statements.

easyhome Ltd. maintains a system of internal controls to provide reasonable assurance that transactions are properly authorized, financial records are accurate and reliable, and the Company's assets are properly accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Directors carries out its responsibility for the financial statements through its Audit Committee. This Committee meets periodically with management and the external auditors to review the financial statements and the annual report and to discuss audit, financial and internal control matters. The Company's external auditors have full and free access to the Audit Committee.

The financial statements have been subject to an audit by the Company's external auditors, Ernst & Young LLP, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders.

David Ingram
President and Chief Executive Officer

Steve Goertz
Executive Vice President & Chief Financial Officer

To the Shareholders of easyhome Ltd.

We have audited the accompanying consolidated financial statements of easyhome Ltd., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, 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 easyhome Ltd. as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 18, 2015

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of Canadian dollars)	As At December 31, 2014	As At December 31, 2013
ASSETS		
Cash (note 5)	**1,165**	2,329
Amounts receivable (note 6)	**16,508**	7,206
Prepaid expenses	**1,971**	1,699
Consumer loans receivable (note 7)	**180,693**	103,936
Lease assets (note 8)	**64,526**	68,453
Property and equipment (note 9)	**16,915**	15,793
Deferred tax assets (note 16)	**6,725**	3,997
Intangible assets (note 10)	**11,006**	9,524
Goodwill (note 10)	**19,963**	19,963
TOTAL ASSETS	**319,472**	232,900
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Revolving operating facility (note 11)	**1,756**	23,496
Accounts payable and accrued liabilities	**32,837**	24,301
Income taxes payable	**3,042**	3,929
Dividends payable (note 13)	**1,133**	1,130
Deferred lease inducements	**2,603**	2,749
Unearned revenue	**3,978**	3,763
Provisions (note 12)	**314**	21
Term loan (note 11)	**119,841**	37,878
TOTAL LIABILITIES	**165,504**	97,267
Contingencies (note 20)		
Shareholders' equity		
Share capital (note 13)	**80,364**	79,923
Contributed surplus (note 14)	**6,458**	4,169
Accumulated other comprehensive income	**694**	307
Retained earnings	**66,452**	51,234
TOTAL SHAREHOLDERS' EQUITY	**153,968**	135,633
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**319,472**	232,900

See accompanying notes to the consolidated financial statements

On behalf of the Board:

David Ingram, Director

Donald K. Johnson, Director

CONSOLIDATED STATEMENTS OF INCOME

(expressed in thousands of Canadian dollars except earnings per share)	Year Ended December 31, 2014	Year Ended December 31, 2013
REVENUE		
Lease revenue	**151,068**	153,347
Interest income	**64,237**	37,581
Other	**43,845**	27,886
	259,150	218,814
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION		
Salaries and benefits	**78,012**	66,127
Stock based compensation (note 14)	**6,264**	3,803
Advertising and promotion	**9,089**	7,379
Bad debts	**24,264**	14,800
Occupancy	**28,147**	26,232
Distribution and travel	**7,084**	6,988
Other	**16,281**	14,808
Restructuring and other items (note 15)	**(1,225)**	–
	167,916	140,137
DEPRECIATION AND AMORTIZATION		
Depreciation of lease assets	**49,425**	48,078
Depreciation of property and equipment	**4,789**	4,389
Amortization of intangible assets	**2,133**	1,309
Impairment, net (note 9)	**294**	(64)
	56,641	53,712
Total operating expenses	**224,557**	193,849
Operating income	**34,593**	24,965
Finance costs (note 11)	**8,800**	5,638
Income before income taxes	**25,793**	19,327
Income tax expense (recovery) (note 16)		
Current	**8,774**	4,554
Deferred	**(2,729)**	591
	6,045	5,145
Net income	**19,748**	14,182
Basic earnings per share (note 17)	**1.47**	1.16
Diluted earnings per share (note 17)	**1.42**	1.15

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(expressed in thousands of Canadian dollars)	Year Ended December 31, 2014	December 31, 2013
Net income	**19,748**	14,182
Other comprehensive income (loss)		
Change in foreign currency translation reserve	**627**	444
Transfer of realized translation gains	**(240)**	–
Comprehensive income	**20,135**	14,626

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(expressed in thousands of Canadian dollars)	Share Capital	Contributed Surplus	Total Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
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	**–**	**–**	**–**	**(4,530)**	**–**	**(4,530)**
Balance, December 31, 2014	**80,364**	**6,458**	**86,822**	**66,452**	**694**	**153,968**
Balance, December 31, 2012	60,885	3,035	63,920	41,230	(137)	105,013
Common shares issued	19,038	–	19,038	–	–	19,038
Stock-based compensation (note 14)	–	1,134	1,134	–	–	1,134
Comprehensive income	–	–	–	14,182	444	14,626
Dividends	–	–	–	(4,178)	–	(4,178)
Balance, December 31, 2013	79,923	4,169	84,092	51,234	307	135,633

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(expressed in thousands of Canadian dollars)	Year Ended December 31, 2014	December 31, 2013
OPERATING ACTIVITIES		
Net income	**19,748**	14,182
Add (deduct) items not affecting cash		
Depreciation of lease assets	**49,425**	48,078
Depreciation of property and equipment	**4,789**	4,389
Impairment, net (note 9)	**294**	(64)
Amortization of intangible assets	**2,133**	1,309
Stock-based compensation (note 14)	**2,356**	1,134
Bad debts expense	**24,264**	14,800
Deferred income tax expense (recovery) (note 16)	**(2,729)**	235
Gain on sale of assets	**(4,643)**	(1,259)
	95,637	82,804
Net change in other operating assets and liabilities (note 18)	**(1,560)**	(11,815)
Net issuance of consumer loans receivable	**(101,021)**	(52,152)
Cash (used in) provided by operating activities	**(6,944)**	18,837
INVESTING ACTIVITIES		
Purchase of lease assets	**(49,066)**	(49,423)
Purchase of property and equipment	**(6,893)**	(6,693)
Purchase of intangible assets	**(5,446)**	(4,540)
Proceeds on sale of assets	**11,115**	2,776
Cash used in investing activities	**(50,290)**	(57,880)
FINANCING ACTIVITIES		
Advances (repayments) of revolving operating facility	**(21,740)**	2,215
Advances of term loan	**81,963**	19,548
Payment of common share dividends (note 13)	**(4,527)**	(4,060)
Issuance of common shares (note 13)	**374**	19,038
Cash provided by financing activities	**56,070**	36,741
Net decrease in cash during the period	**(1,164)**	(2,302)
Cash, beginning of period	**2,329**	4,631
Cash, end of period	**1,165**	2,329

See accompanying notes to the consolidated financial statements

December 31, 2014 and 2013
(Expressed in thousands of Canadian dollars except where otherwise indicated)

1. CORPORATE INFORMATION

easyhome Ltd. ["Parent Company"] 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 has common shares listed on the Toronto Stock Exchange ["TSX"]. The Parent Company's head office is located in Mississauga, Ontario, Canada.

The Company's principal operating activities 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, 2014, the Company operated 192 *easyhome* Leasing stores (including 23 franchises and 6 consolidated franchises) and 154 *easyfinancial* locations (December 31, 2013 – 237 *easyhome* Leasing stores including 55 franchises and 9 consolidated franchises, and 119 *easyfinancial* locations).

2. BASIS OF PREPARATION

The consolidated financial statements were authorized for issue by the Board of Directors on February 18, 2015.

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, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the financial statements of the parent company, *easyhome* Ltd., and all companies that it controls [collectively referred to as "*easyhome*" or the "Company"]. *easyhome* 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 *easyhome* Ltd. has control but does not have ownership of a majority of voting rights.

As at December 31, 2014, the Parent Company's principal subsidiaries were:

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

The Company's SPEs consisted of certain franchises for which the Company exerts 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 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. subsidiaries, *easyhome* U.S. Ltd. and *easyfranchise* LLC and several 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 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, excluding promotional discounts, rebates and sales taxes. The Company assesses its revenue arrangements against specific criteria in 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 weekly or monthly lease payments collected in advance. The lease agreements can be terminated by the customer at the end of the weekly or monthly 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.

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 is not subject to management's discretion or estimates 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.

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:

Asset category	Estimated useful lives
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 cost of intangible assets acquired in a business combination is their estimated fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated 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. Acquisition costs for business combinations incurred subsequent to January 1, 2010 are expensed. 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 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 five years with a long-term growth rate applied after the fifth 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.

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, interest-bearing 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 on a straight-line basis 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.

Contingencies

Contingent liabilities are recognized in the consolidated financial statements where the likelihood of the obligation arising is considered probable and measurable by management. Contingent assets are not recognized in the consolidated financial statements even if probable, rather note disclosure is provided. Probable is defined as being more than 50% likely to occur.

Taxes

i) Current Income Tax

Current income tax assets and 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 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.

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 period in which the performance and or service conditions are fulfilled. 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.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified and if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they are a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled awards are treated equally.

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 reflects the extent to which the vesting period has 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.

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

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.

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 five years with a long-term growth rate applied after the fifth year. Key areas of management judgment involve the five-year cash flow forecast, the growth rate applied to cash flows subsequent to the five years 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 five years with a long-term growth rate applied after the third year. Key areas of management judgment involve the five-year cash flow forecast, the growth rate applied to cash flows subsequent to the five years 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, the assessment of which is 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, as determined by management.

ix) Contingencies

Contingent liabilities are recognized in the consolidated financial statements where the likelihood of the obligation arising is deemed probable and measurable by management. Contingent assets are not recognized in the consolidated financial statements even if probable; rather note disclosure is provided. Probable is defined as being more than 50% likely to occur as determined by management.

x) 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.

xi) 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.

xii) 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 project to replace IAS 39. IFRS 9 is required to be applied for years beginning on or after January 1, 2018 with early adoption permitted, and will provide new requirements for the classification and measurement of financial assets and liabilities, impairment and hedge accounting. The Company has not yet assessed the impact of this standard.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which clarifies the principles for recognizing revenue and cash flows arising from contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted, and is to be applied retrospectively. The Company has not yet assessed the impact of this standard.Cash

5 .CASH

	December 31, 2014	December 31, 2013
Cash on hand and at banks	**1,165**	2,329

6. AMOUNTS RECEIVABLE

	December 31, 2014	December 31, 2013
Vendor rebate receivable	**921**	964
Due from franchisees	**5,233**	2,014
Loan interest receivable	**2,916**	1,573
Other	**7,438**	2,655
	16,508	7,206
Current	**15,789**	5,661
Non-current	**719**	1,545
	16,508	7,206

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

7. CONSUMER LOANS RECEIVABLE

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

	December 31, 2014	December 31, 2013
Consumer loans receivable	**192,225**	110,704
Allowance for loan losses	**(11,532)**	(6,768)
	180,693	103,936
Current	**87,473**	55,444
Non-current	**93,220**	48,492
	180,693	103,936

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

	December 31, 2014		December 31, 2013	
	$	% of total loans	$	% of total loans
1 – 30 days	**9,004**	**4.7%**	5,445	4.9%
31 – 44 days	**1,505**	**0.8%**	811	0.7%
45 – 60 days	**1,273**	**0.7%**	855	0.8%
61 – 90 days	**1,853**	**0.9%**	1,005	0.9%
	13,635	**7.1%**	8,116	7.3%

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

	Year Ended	
	December 31, 2014	December 31, 2013
Balance, beginning of the period	**6,768**	4,074
Net amounts written off against allowance	**(19,500)**	(12,106)
Increase due to lending and collection activities	**24,264**	14,800
Balance, end of the period	**11,532**	6,768

8. LEASE ASSETS

	Total
Cost	
As at December 31, 2012	102,059
Additions	49,423
Disposals	(51,606)
Foreign exchange differences	221
As at December 31, 2013	100,097
Additions	49,066
Disposals	(57,487)
Foreign exchange differences	258
As at December 31, 2014	**91,934**
Accumulated depreciation	
As at December 31, 2012	(33,984)
Depreciation for the year	(48,078)
Disposals	50,462
Foreign exchange differences	(44)
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)**
Net book value	
As at December 31, 2013	68,453
As at December 31, 2014	**64,526**

9. PROPERTY AND EQUIPMENT

	Furniture and Fixtures	Computer and Office Equipment	Automotive	Signage	Leasehold Improvements	Total
Cost						
As at December 31, 2012	10,981	9,315	457	4,757	15,539	41,049
Additions	1,818	1,324	–	605	2,946	6,693
Disposals	(420)	(2,850)	(183)	(294)	(881)	(4,628)
Foreign exchange differences	27	11	2	9	51	100
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**
Accumulated Depreciation and Provision for Impairment						
As at December 31, 2012	(6,387)	(6,216)	(332)	(3,518)	(10,867)	(27,320)
Depreciation	(1,170)	(909)	(60)	(413)	(1,837)	(4,389)
Provision for impairment	(53)	(40)	–	(7)	(35)	(135)
Recovery of impairment	7	7	–	47	138	199
Disposals	333	2,784	159	236	730	4,242
Foreign exchange differences	(4)	(1)	(1)	(1)	(11)	(18)
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)**
Net Book Value						
As at December 31, 2013	5,132	3,425	42	1,421	5,773	15,793
As at December 31, 2014	**5,163**	**3,507**	**–**	**1,609**	**6,636**	**16,915**

As at December 31, 2014, the amount of property and equipment classified as under construction or development and not being amortized was $0.2 million (2013 – $0.3 million).

Various impairment indicators were used to determine the need to test a cash-generating unit ["CGU"] for impairment. A CGU was defined as the smallest identifiable group of assets that generated cash inflows that were largely independent of the cash inflows from other assets or groups of assets. The Company determined that this was at the individual store level. 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 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, five-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, 2014, the Company recorded an impairment charge of $527 (2013 – $135) offset by an impairment recovery of $233 (2013 – $199). The net impairment charge for 2014 was $294 (2013 – recovery of $64). Additionally $227 of impairment charges were recorded in restructuring and other items as outlined in Note 15. All impairment charges and recoveries relate solely to the *easyhome* Leasing segment.

10. INTANGIBLE ASSETS AND GOODWILL

	Intangible Assets			
	Trademarks	Customer Lists	Software	Total
Cost				
As at December 31, 2012	1,709	327	6,073	8,109
Additions	–	–	4,540	4,540
Disposals	–	–	(902)	(902)
Foreign exchange differences	118	–	–	118
As at December 31, 2013	1,827	327	9,711	11,865
Additions	81	355	5,010	5,446
Impairment related to restructuring and other items	(1,992)	–	–	(1,992)
Disposals	–	–	(17)	(17)
Foreign exchange differences	165	–	–	165
As at December 31, 2014	**81**	**682**	**14,704**	**15,467**
Accumulated amortization and provision for impairment				
As at December 31, 2012	–	–	(1,896)	(1,896)
Amortization for the year	–	(60)	(1,249)	(1,309)
Disposals	–	–	864	864
Foreign exchange differences	–	–	–	–
As at December 31, 2013	–	(60)	(2,281)	(2,341)
Amortization for the year	–	(79)	(2,054)	(2,133)
Disposals	–	–	13	13
Foreign exchange differences	–	–	–	–
As at December 31, 2014	**–**	**(139)**	**(4,322)**	**(4,461)**
Net book value				
As at December 31, 2013	1,827	267	7,430	9,524
As at December 31, 2014	**81**	**543**	**10,382**	**11,006**

On December 31, 2014, the Company sold its rights to receive royalties from its U.S. franchise network as outlined in Note 15. As the royalties that the Company will receive in the future from the U.S. market have been virtually eliminated, an impairment provision of $1,992 equal to the net book value of the U.S. trademarks was recorded in the year.

The Company continued to hold other trademarks which were purchased and were not internally generated. 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.

Included in software additions for the year ended December 31, 2014 were $4.8 million (2013 – $4.4 million) of internally developed software application and website costs.

Goodwill was $20.0 million as at December 31, 2014 (2013 – $20.0 million). There were no disposals or impairments applied to goodwill during the years ended December 31, 2014 and 2013.

Goodwill and indefinite life intangible assets were allocated to the appropriate 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, 2014 and December 31, 2013. 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 five-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.

11. REVOLVING OPERATING FACILITY AND TERM LOAN

On July 28, 2014, the Company entered into a new $200.0 million credit facility, which replaced the Company's then existing bank revolving credit facility and term loan facility. The new credit facility was comprised of a $180.0 million term loan and a $20.0 million revolving operating facility. $105.0 million of the term loan was drawn at closing with the balance available in periodic advances until July 31, 2015. Borrowings under the term loan bore interest at the Canadian Bankers' Acceptance rate plus 722 bps, while borrowing under the revolving operating facility bore interest at the lender's prime rate plus 200 to 300 bps depending on the Company's debt to earnings before interest, taxes, depreciation and amortization ["EBITDA"] ratio. This credit facility expires on October 4, 2018 and was secured by a first charge over substantially all assets of the Company.

As at December 31, 2014, the Company had drawn the following amounts on the credit facility:

	December 31, 2014	December 31, 2013
Amounts borrowed under revolving operating facility	**1,756**	24,063
Unamortized deferred financing costs	**–**	(567)
Revolving operating facility	**1,756**	23,496
Amounts borrowed under term loan	**125,000**	40,000
Unamortized deferred financing costs	**(5,159)**	(2,122)
Term loan	**119,841**	37,878

As at December 31, 2014, the Company's interest rates under the term loan and revolving operating facility were 8.5% and 5.0%, respectively.

The financial covenants of the credit facility as at December 31, 2014 were as follows:

Financial Covenant	Requirements	December 31, 2014
Total debt to EBITDA ratio	< 3.50	**3.12**
Total debt to tangible net worth ratio	< 1.29	**1.00**
Adjusted EBITDA for preceding 12 months (consolidated)	> 36,070	**40,647**

The financial covenant requirements described above vary each quarter as per the lending agreement and were based on the Company's future forecast over these periods. As at December 31, 2014, 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, 2014	December 31, 2013
Interest expense	**7,621**	4,965
Amortization of deferred financing costs	**1,179**	673
Finance costs	**8,800**	5,638

12. PROVISIONS

	Onerous Leases Due to Impairment	Other Onerous Leases	Total
As at December 31, 2012	68	468	536
Incurred during the year	–	35	35
Utilized during the year	(31)	(348)	(379)
Unused amounts reversed	(25)	(146)	(171)
As at December 31, 2013	12	9	21
Incurred during the year	314	–	314
Utilized during the year	(12)	(9)	(21)
As at December 31, 2014	**314**	**–**	**314**

On December 31, 2014, $314 was recorded as a provision for onerous leases due to impairment in relation to the Company exiting the U.S. market as described in Note 15.

	December 31, 2014	December 31, 2013
Current	**96**	21
Non-current	**218**	–
	314	21

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 Toronto Stock Exchange.

Common Shares Issued and Outstanding

The changes in common shares are summarized as follows:

	Year Ended December 31, 2014		Year Ended December 31, 2013	
	# of shares (in 000's)	$	# of shares (in 000's)	$
Balance, beginning of the period	**13,289**	**79,923**	11,940	60,885
Common share equity offering	**–**	**–**	1,347	19,020
Exercise of stock options	**39**	**403**	–	–
Dividend reinvestment plan	**2**	**38**	2	18
Balance, end of the period	**13,330**	**80,364**	13,289	79,923

Common Share Equity Offering

On November 12, 2013, the Company and a syndicate of underwriters completed a common share equity offering for 1,346,900 common shares of the Company at a price of $14.85 per common share. The Company received gross proceeds of $20.0 million and net proceeds of $19.0 million (including cash proceeds of $18.7 million and a deferred tax benefit of $0.3 million).

Dividends on Common Shares

For the year ended December 31, 2014, the Company paid dividends of $4.5 million (2013 – $4.1 million) or $0.34 per share (2013 – $0.34 per share). The Company declared a dividend of $0.085 per share on November 6, 2014 to shareholders of record on December 29, 2014, payable on January 9, 2015. The dividend paid on January 9, 2015 was $1.1 million.

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, 2014		Year Ended December 31, 2013	
	# of Options (in 000's)	Weighted Average Exercise Price $	# of Options (in 000's)	Weighted Average Exercise Price $
Outstanding balance, beginning of year	**538**	**9.81**	518	13.05
Options granted	**190**	**17.52**	202	9.61
Options exercised	**(39)**	**8.54**	–	–
Options forfeited or expired	**(88)**	**13.39**	(182)	18.81
Outstanding balance, end of year	**601**	**11.81**	538	9.81
Exercisable balance, end of year	**203**	**8.73**	238	10.44

Outstanding options to directors, officers and employees as at December 31, 2014 were as follows:

	Outstanding			Exercisable	
Range of Exercise Prices $	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	410	1.92	9.16	203	8.73
11.00 – 14.99	–	–	–	–	–
15.00 – 19.99	180	4.17	17.12	–	–
20.00 – 24.99	11	4.67	24.45	–	–
8.00 – 24.99	601	2.64	11.81	203	8.73

The Company used the fair value method of accounting for stock options granted to employees and directors. During the year ended December 31, 2014, the Company granted 190,332 options (2013 – 202,296 options), and recorded an expense of $402 (2013 – expense of $208), in stock-based compensation expense in the consolidated statements of income, with a corresponding adjustment to contributed surplus.

Options granted during 2014 were determined using the Black-Scholes option pricing model with the following assumptions, resulting in a weighted average fair value of $4.85 per option.

	2014	2013
Risk-free interest rate (% per annum)	**1.34**	1.25
Expected hold period to exercise (years)	**5.00**	5.00
Volatility in the price of the Company's shares (%)	**37.14**	38.31
Dividend yield (%)	**2.00**	3.54

Restricted Share Unit ["RSU"] Plan

On May 8, 2014, 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 615,000 to 765,000 shares.

During the year ended December 31, 2014, the Company granted 171,460 RSUs (2013 – 414,610 RSUs) to employees of the Company under its RSU Plan. 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. For the year ended December 31, 2014, $1,764 (2013 – $765) was recorded as an expense in stock-based compensation expense in the consolidated statements of income. Additionally, for the year ended December 31, 2014, an additional 5,926 RSUs (2013 – 5,229 RSUs) were granted as a result of dividends declared.

Performance Share Unit ["PSU"] Plan

During the year ended December 31, 2014, the Company granted 171,134 PSUs (2013 – 295,486 PSUs) to senior executives of the Company under its PSU Plan. On July 30, 2014, the PSUs granted in 2014 were cancelled in exchange for an equivalent number of RSUs that 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, 2014, $3,908 (2013 – $2,669) was recorded as an expense in stock-based compensation expense in the consolidated statements of income. Additionally, for the year ended December 31, 2014, an additional 11,270 PSUs (2013 – 28,225 PSUs) were granted as a result of dividends declared.

The PSU liability as at December 31, 2014 was $6,872 (2013 – $2,841).

Deferred Share Unit ["DSU"] Plan

During the year ended December 31, 2014, the Company granted 7,250 DSUs (2013 – 9,710 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, 2014, $190 (2013 – $160) was recorded as stock-based compensation expense under the DSU Plan in the consolidated statements of income. Additionally, for the year ended December 31, 2014, an additional 2,232 DSUs (2013 – 3,678 DSUs) were granted as a result of dividends declared.

	Year Ended	
	December 31, 2014	December 31, 2013
Equity-settled stock based compensation	**2,356**	1,134
Cash-settled stock based compensation	**3,908**	2,669
Stock based compensation	**6,264**	3,803

Contributed Surplus

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

	Year Ended	
	December 31, 2014	**December 31, 2013**
Contributed surplus, beginning of year	**4,169**	3,035
Equity settled stock-based compensation expense		
Stock options	**402**	208
Restricted share units	**1,764**	766
Deferred share units	**190**	160
	2,356	1,134
Reduction due to exercise of stock options	**(67)**	–
Contributed surplus, end of year	**6,458**	4,169

15. RESTRUCTURING AND OTHER ITEMS

	Year Ended	
	December 31, 2014	**December 31, 2013**
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)**	–
Restructuring and other items	**1,225**	–

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. No further related charges are expected in future periods.

Subsequent to December 31, 2014, the Company continued to provide financial support to a small number of U.S. franchise locations in accordance with the contractual relationships. These franchise locations were classified as SPEs for financial reporting purposes.

16. INCOME TAXES

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

	Year Ended	
	December 31, 2014	December 31, 2013
Combined basic federal and provincial income tax rates	**27.2%**	27.2%
Expected income tax expense	**7,005**	5,249
Non-deductible expenses	**263**	241
U.S. and SPE results not tax effected	**(764)**	(64)
Other	**(459)**	(281)
Income tax expense	**6,045**	5,145

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

	Year Ended	
	December 31, 2014	December 31, 2013
Current income tax		
Current income tax charge	**7,990**	3,704
Adjustments related to intercompany management fees and other	**784**	850
Deferred income tax		
Relating to origination and reversal of temporary differences	**(2,729)**	591
Income tax expense	**6,045**	5,145

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

	December 31, 2014	December 31, 2013
Tax cost of lease assets and property and equipment in excess of net book value	**444**	(177)
Amounts receivable and provisions	**3,342**	2,054
Deferred salary arrangements	**2,546**	1,043
Lease inducements	**100**	659
Unearned revenue	**239**	232
Financing fees	**213**	382
Other	**(159)**	(196)
Deferred tax asset	**6,725**	3,997

During 2014, all changes to the deferred tax assets were recorded as an expense in deferred tax expense in the consolidated statements of income. In 2013, the recognition of the deferred tax asset related to the commons share equity offering completed on November 12, 2013 was recorded as a credit to share capital on the consolidated statements of financial position.

At December 31, 2014, there was no recognized deferred tax liabilities (2013 – 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, 2014	December 31, 2013
Net income	**19,748**	14,182
Weighted average number of ordinary shares outstanding (in 000's)	**13,449**	12,243
Basic earnings per ordinary share	**1.47**	1.16

For the year ended December 31, 2014, 130,285 DSUs (2013 – 121,111 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 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, 2014	December 31, 2013
Net income	**19,748**	14,182
Weighted average number of ordinary shares outstanding (in 000's)	**13,449**	12,243
Dilutive effect of stock-based compensation (in 000's)	**495**	66
Weighted average number of diluted shares outstanding	**13,944**	12,309
Dilutive earnings per ordinary share	**1.42**	1.15

For the year ended December 31, 2014, 182,332 stock options to acquire common shares (2013 – 237,367 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, 2014	December 31, 2013
Amounts receivable	**(9,302)**	(1,670)
Prepaid expenses	**(272)**	(735)
Accounts payable and accrued liabilities	**8,536**	(8,854)
Dividends payable	**3**	118
Income taxes payable	**(887)**	(287)
Deferred lease inducements	**(146)**	287
Unearned revenue	**215**	(159)
Provisions	**293**	(515)
Net change in other operating assets and liabilities	**(1,560)**	(11,815)

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

	Year Ended	
	December 31, 2014	December 31, 2013
Income taxes paid	**9,694**	5,438
Income taxes refunded	**61**	331
Interest paid	**7,637**	4,978
Interest received	**62,568**	36,639

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	25,990	44,948	2,689
Other operating lease obligations	1,065	1,615	26
Other	7,280	10,250	–
Total contractual obligations	34,335	56,813	2,715

During the year ended December 31, 2014, $24.0 million (2013 – $22.9 million) was recognized as an expense in the consolidated statements of income in respect of operating leases.

The Company maintains an irrevocable standby letter of credit, issued from its credit facilities in the amount of $0.1 million, for its corporate office lease.

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, term debt and shareholders' equity, which comprises issued share capital, contributed surplus 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 its bank and term loan covenants as described in Note 11.

For the years ended December 31, 2014 and 2013, 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, 2014 represented 3.2% (2013 – 3.1%) 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, 2014, the Company's gross loan portfolio was $192.2 million (2013 – $110.7 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 consumer loans receivable portfolio in 2015. 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 are 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 200 to 300 bps, depending on the Company's total debt to EBITDA ratio and the term loan bears interest at 722 bps over the Canadian Bankers' Acceptance rate. As at December 31, 2014, the interest rate on the revolving operating facility was 5.0% per annum (2013 – 5.0% per annum) and the interest rate on the term loan was 8.5% per annum (2013 – 9.98% 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, 2014, all of the Company's borrowings were subject to movements in floating interest rates. A 1% movement in the prime interest rate and bankers' acceptance rate would have increased or decreased net income for the year by approximately $928.

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 has foreign exchange transaction exposure. These purchases are funded using regular spot rate purchases. 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.

During 2014, the Company had foreign currency transaction exposure through its SPEs and franchise locations in the United States.

The earnings of the Company's U.S. subsidiaries and SPEs are 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 $152.

23. FINANCIAL INSTRUMENTS

Recognition and Measurement of Financial Instruments

The Company classified its financial instruments as follows:

Financial Instruments	Measurement	December 31, 2014	December 31, 2013
Cash	Fair value	**1,165**	2,329
Amounts receivable	Amortized cost	**16,508**	7,206
Consumer loans receivable	Amortized cost	**180,693**	103,936
Accounts payable and accrued liabilities	Amortized cost	**32,837**	24,301
Revolving operating facility	Amortized cost	**1,756**	23,496
Term loan	Amortized cost	**119,841**	37,878

The carrying values of these financial instruments approximated their fair values.

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, 2014:

	Total	Level 1	Level 2	Level 3
Amounts receivable	**16,508**	–	–	**16,508**
Consumer loans receivable	**180,693**	–	–	**180,693**
Accounts payable and accrued liabilities	**32,837**	–	–	**32,837**
Revolving operating facility	**1,756**	–	–	**1,756**
Term loan	**119,841**	–	–	**119,841**

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

24. RELATED PARTY TRANSACTIONS

The following summarizes the expense related to key management personnel during the reporting periods.

	Year Ended	
	December 31, 2014	December 31, 2013
Short-term employee benefits including salaries	**3,631**	2,864
Share-based payment transactions	**4,281**	2,381
	7,912	5,245

25. SEGMENTED REPORTING

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

Accounting policies for each of these business segments were the same as those disclosed in note 3. 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. Management assessed the performance based on segment operating income (loss). The following tables summarize the relevant information for the years ended December 31, 2014 and 2013:

Year Ended December 31, 2014	*easyhome* Leasing	*easyfinancial*	Corporate	Total
Revenue	**158,322**	**100,828**	–	**259,150**
Total operating expenses before depreciation and amortization and restructuring and other items	**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**

Year Ended December 31, 2013	*easyhome* Leasing	*easyfinancial*	Corporate	Total
Revenue	160,296	58,518	–	218,814
Total operating expenses before depreciation and amortization	82,778	38,435	18,924	140,137
Depreciation and amortization	51,210	1,918	584	53,712
Segment operating income (loss)	26,308	18,165	(19,508)	24,965
Finance costs	–	–	5,638	5,638
Income (loss) before income taxes	**26,308**	**18,165**	**(25,146)**	**19,327**

The Company operated across Canada and in certain U.S. states. During the year ended December 31, 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. (2013 – 97% or $212.1 million of revenue was generated in Canada and 3% or $6.7 million of revenue was generated in the U.S.). Additionally, as at December 31, 2014, $309.0 million of the Company's assets were located in Canada and $10.5 million were located in the U.S. (2013 – $224.3 million in Canada and $8.6 million in the U.S.).

As at December 31, 2014, the Company's goodwill of $20.0 million (2013 – $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, 2014 and 2013 was as follows:

	Year Ended	
	December 31, 2014 (%)	December 31, 2013 (%)
Furniture	**38**	38
Electronics	**34**	32
Computers	**16**	18
Appliances	**12**	12
	100	100

26. SUBSEQUENT EVENT

On February 10, 2015, the Company acquired the lease rights and obligations as well as certain related assets for 45 retail locations across Canada. These retail locations will be opened as new *easyfinancial* branches which will provide consumer loans to Canadian consumers.

CORPORATE INFORMATION

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David Ingram
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