



TSX Symbol: **EH**

easyhome Ltd.  
33 City Centre Drive  
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Mississauga, Ontario  
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## Press Release

May 7, 2014

### ***easyhome* Ltd. Reports Results for the First Quarter ended March 31, 2014**

#### ***Record Revenues and Net Income Achieved in Q1 Earnings Per Share Increased by 42%***

**Mississauga, May 7, 2014:** easyhome Ltd. (TSX: EH) (“**easyhome**” or the “**Company**”), the Canadian leader in providing goods and financial services to the cash and credit constrained consumer, today announced its results for the first quarter ended March 31, 2014.

Revenue for the first quarter of 2014 increased to \$60.3 million, an increase of 15.2% from \$52.4 million in the first quarter of 2013. The growth was driven primarily by the expansion of *easyfinancial* and the related growth of its consumer loans receivable portfolio. Total same store sales growth in the quarter was 18.3%. Operating income for the quarter was \$8.0 million, up \$2.9 million or 57% compared to the first quarter of 2013. Net income for the quarter was \$4.6 million, an increase of 59% compared with \$2.9 million reported in the first quarter of 2013. Diluted earnings per share for the quarter, increased by 42% to \$0.34 compared to \$0.24 for the first quarter of 2013.

“Our results for the first quarter continue the trend of increasing revenues and growing net income,” said David Ingram, *easyhome*’s President and Chief Executive Officer. “Both *easyhome* Leasing and *easyfinancial* reported improved operating income. As a result, our adjusted operating income increased by 57%.”

During the first quarter of 2014, the consumer loans receivable portfolio experienced growth of \$12.8 million compared with growth of \$4.0 million in the first quarter of 2013. The gross consumer loans receivable as at March 31, 2014 was \$123.5 million compared with \$74.7 million as at March 31, 2013, growing 65% over the preceding 12 months.

Other highlights for the first quarter of 2014 include:

#### ***easyfinancial* Services**

- Revenue for *easyfinancial* increased by 69% for the first quarter of 2014 compared to the first quarter of 2013.
- Operating margin of 35.8% for the first quarter of 2014 was up from 28.0% reported for the same period in 2013. Strong growth in the quarter coupled with improvements in consumer loan losses positively impacted margins.
- During the quarter, *easyfinancial* opened 9 new stand-alone locations and one new kiosk. The Company plans to continue to open new locations and increase its marketing investment to support growth.

#### ***easyhome* Leasing**

- Although revenue was generally unchanged compared to the first quarter of 2013, it was generated by a smaller and more efficient store network resulting in improved operating income.



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- *easyhome* Leasing achieved same store sales growth of 3.5% for the first quarter of 2014.
- The operating margin of *easyhome* Leasing for the first quarter of 2014 was 18.3%, up from 16.4% reported in the first quarter of 2013.

### Overall

- Return on equity improved from 11.0% in the first quarter of 2013 to 13.4% in the current quarter.
- Corporate costs were impacted by a \$1.6 million increase in incentive compensation plan expenses.
- Since the start of 2014, the Company has made progress on its strategic imperatives including establishing *easymortgages*, engaging its first merchant partners in its indirect lending platform and continuing the development of its e-commerce platforms and credit adjudication strategies.

### Outlook

David Ingram commented, “We are confident that our growth plans for *easyfinancial*, including our omni-channel strategy for the distribution of new loans, will enable us to achieve our loan book target of \$160 - \$170 million by the end of 2014. The new store schedule is on track for at least 35 locations this year and we have engaged our first merchant partners in our in-direct lending platform. This continued growth will enable *easyfinancial* to achieve its goal of becoming Canada’s largest provider of consumer loans as an alternative to traditional banks and payday lenders.”

Mr. Ingram continued, “Our leasing business also continues to show solid consumer demand and we are on track for continued strong results in the ensuing quarters. We remain committed to our strategic plan as previously outlined. The Company will focus on evolving our delivery channels to better meet the needs of our customers, expanding the size and scope of *easyfinancial* and executing with efficiency and effectiveness.”

The Board of Directors has approved a quarterly dividend payment of \$0.085 per share payable on July 11, 2014 to the holders of common shares of record as at the close of business on June 27, 2014.

### About easyhome

As at May 7, 2014, easyhome Ltd. operated 236 easyhome leasing stores (including 9 consolidated franchise locations and 56 other franchise locations) and 129 easyfinancial locations.

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. easyhome Leasing is Canada's largest merchandise leasing Company, offering top quality, brand-name household furnishings, appliances and home electronic products to consumers under weekly or monthly leasing agreements through both corporate and franchise stores. easyfinancial is a leading provider of consumer loans as an



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alternative to traditional banks and payday lenders. easyhome Ltd. is listed on the TSX under the symbol 'EH'. For more information, visit [www.easyhome.ca](http://www.easyhome.ca).

The above analysis refers to certain financial measures, including same store revenue growth and gross consumer loans receivable which are not determined in accordance with International Financial Reporting Standards (“IFRS”). These measures do not have standardized meanings and may not be comparable to similar measures presented by other companies. These measures are defined in our Management’s Discussion and Analysis for the period which is available on SEDAR or on the Company’s website at [www.easyhome.ca](http://www.easyhome.ca) or can be determined by reference to our financial statements. We discuss these measures as we believe that they facilitate the understanding of the results of our operations and financial position.

### **Forward-Looking Statements**

This news release includes forward-looking statements about *easyhome* Ltd., including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as ‘expects’, ‘anticipates’, ‘intends’, ‘plans’, ‘believes’ or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future financial performance (including revenue, earnings or growth rates), ongoing business strategies or prospects about future events is also a forward-looking statement. 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 our operations, economic factors and the industry generally. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by us, due to, but not limited to important factors such as our 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 our customers at a competitive rate, cope with changes in legislation, react to uncertainties related to regulatory actions, 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 our system of internal controls. We caution 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. We are under no obligation (and expressly disclaim any such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise, unless otherwise required by law.

(tables follow)

For further information contact:

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-or-

Steve Goertz  
Senior Vice President and Chief Financial Officer  
(905) 272-2788

**easyhome Ltd.**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(unaudited)

(expressed in thousands of Canadian dollars)

	As at March 31, 2014	As at December 31, 2013
<b>ASSETS</b>		
Cash	5,329	2,329
Amounts receivable	7,274	7,206
Prepaid expenses	2,059	1,699
Consumer loans receivable	116,164	103,936
Lease assets	64,934	68,453
Property and equipment	16,248	15,793
Deferred tax assets	5,410	3,997
Intangible assets	10,061	9,524
Goodwill	19,963	19,963
<b>TOTAL ASSETS</b>	<b>247,442</b>	<b>232,900</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Bank revolving credit facility	22,129	23,496
Accounts payable and accrued liabilities	22,646	24,322
Income taxes payable	7,077	3,929
Dividends payable	1,131	1,130
Deferred lease inducements	2,597	2,749
Unearned revenue	3,944	3,763
Term loan	47,910	37,878
<b>Total Liabilities</b>	<b>107,434</b>	<b>97,267</b>
<b>Shareholders' Equity</b>		
Share capital	80,135	79,923
Contributed surplus	4,527	4,169
Accumulated other comprehensive income	613	307
Retained earnings	54,733	51,234
<b>Total Shareholders' Equity</b>	<b>140,008</b>	<b>135,633</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>247,442</b>	<b>232,900</b>

**easyhome Ltd.**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(unaudited)

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

	Three months ended	
	March 31, 2014	March 31, 2013
<b>REVENUE</b>		
Lease revenue	38,500	38,919
Interest income	12,789	7,867
Other	9,045	5,603
	<b>60,334</b>	<b>52,389</b>
<b>EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</b>		
Salaries and benefits	18,259	15,890
Stock based compensation	1,547	904
Advertising and promotion	1,629	1,775
Bad debts	4,207	3,146
Occupancy	6,923	6,720
Other	6,028	5,598
	<b>38,593</b>	<b>34,033</b>
<b>DEPRECIATION AND AMORTIZATION</b>		
Depreciation of lease assets	12,060	11,933
Depreciation of property and equipment	1,146	1,108
Amortization of intangible assets	480	294
Impairment, net	82	(62)
	<b>13,768</b>	<b>13,273</b>
Total operating expenses	<b>52,361</b>	<b>47,306</b>
Operating income	<b>7,973</b>	<b>5,083</b>
Finance costs	<b>1,558</b>	<b>1,184</b>
Income before income taxes	<b>6,415</b>	<b>3,899</b>
Income tax expense (recovery)		
Current	3,199	1,552
Deferred	(1,414)	(565)
	<b>1,785</b>	<b>987</b>
<b>Net income</b>	<b>4,630</b>	<b>2,912</b>
<b>Basic earnings per share</b>	<b>0.35</b>	<b>0.24</b>
<b>Diluted earnings per share</b>	<b>0.34</b>	<b>0.24</b>